



## CARES Act – Impact on Homeowners, Landlords, Tenants & Students (April 2020)

### **MORTGAGE FORBEARANCE**

The federal stimulus bill (CARES Act) allows borrowers with federally-backed mortgage loans to delay payment on mortgage payments (“forbearance”). Under the CARES Act, forbearance will be given regardless whether the mortgage is currently delinquent. To request forbearance, you must speak to your mortgage servicer and attest that you are experiencing a financial hardship due to COVID-19.

- Initial forbearance period is 180 days and may be extended for an additional 180 days at the borrower’s request.
- No fees, penalties or interest may accrue during the forbearance period.

### **MORATORIUM ON FORECLOSURES**

For the 60-day period after March 18, 2020, servicers of federally-backed mortgage loans may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure sale, or start a foreclosure-related eviction.

### **MORTGAGE FORBEARANCE FOR LANDLORDS**

The CARES Act allows borrowers of federally-backed multifamily mortgage loans to obtain forbearance so long as they were current on their payments as of February 1, 2020 and are experiencing financial hardship due to COVID-19.

- Initial forbearance period is 30 days, with two 30-day extensions available.
- During the forbearance period, the borrower may not evict or initiate the eviction of any tenant on the grounds of non-payment of rent.
- During the forbearance period, the borrower may not charge any late fees or penalties to tenants who submit late payments.

### **MORATORIUM ON EVICTIONS**

The CARES Act imposes a 120-day moratorium (beginning on March 27, 2020) on any action to evict a tenant for non-payment of rent if the subject property:

- Has a federally-backed mortgage loan;
- Has a federally-backed multifamily mortgage loan; or
- Participates in one of the specified federal housing programs (most subsidized housing programs will fall under this category).

Once the moratorium ends, landlords must give tenants 30-days’ notice to vacate and no tenant shall be required to vacate prior to the end of the 30-day period.

### **STUDENT LOANS – SUSPENSION OF PAYMENTS**

For loans held by the U.S. Department of Education, the CARES Act suspends all payments due until September 30, 2020. The borrower does not have to request the suspension of payments.

- Does not apply to private student loans or Perkins loans.
- No interest shall accrue during this period.

Written by: Hannah Chung ([hycbanklaw@gmail.com](mailto:hycbanklaw@gmail.com)) | Edited by: KABA-GA

DISCLAIMER: The information presented is not intended to substitute for professional legal advice and does not create an attorney-client relationship. You should not act or rely upon the information provided, which is instead to be informational only. You should accept legal advice only from a licensed legal professional with whom you have an attorney-client relationship.