

Assistance for Homeowners, Multifamily Property Owners, and Renters with COVID-19 Hardships

Prepared by the Minority Staff of the Senate Committee on Banking, Housing, and Urban Affairs

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Homeowners and renters may experience financial hardship due to COVID-19. The information below describes the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L.116-136) provisions and other policies in place to help both homeowners and renters identify the options that are available to help them stay in their homes.

Homeowners

Homeowners - which includes owners of a single-family home, 1-to-4 unit building, or condo - may have different options depending on the agency backing their loan.

How does a homeowner know if they have a federally backed loan?

Homeowners should be able to tell if their loan is insured or guaranteed by a Federal program from the loan documents. Federal insurance or guarantee programs include:

- The Federal Housing Administration (FHA)
- Veterans Affairs (VA)
- USDA Guaranteed Loan or USDA Direct Loan
- HUD Section 184 Indian Home Loan Guarantee Program
- HUD Section 184A Native Hawaiian Housing Loan Guarantee Program
- HUD Home Equity Conversion Mortgage (HECM) Program (also called a reverse mortgage)

Homeowners won't be able to tell if their loan is backed by Fannie Mae and Freddie Mac just from the loan documents. To determine whether a loan is backed by Fannie Mae or Freddie Mac, the borrower can use the tools below:

- Fannie Mae Loan Lookup: <https://www.knowyouroptions.com/loanlookup>
- Freddie Mac Loan Lookup: <https://ww3.freddie.mac.com/loanlookup/>

Borrowers can also ask the company they make payments to (called the loan servicer) for this information.

Can a homeowner with a federally backed loan be foreclosed on during the pandemic?

The CARES Act provides homeowners with a loan insured or guaranteed by FHA, VA, USDA, HECM, the 184 program, the 184A program, or backed by Fannie Mae or Freddie Mac with a 60-day foreclosure moratorium beginning March 18, 2020. This moratorium means that the servicer should not move to evict the homeowner from their home, sell their home, or file for foreclosure during that period. At the end of the 60-day period, all foreclosure actions will recommence, so borrowers should still work with their loan servicer throughout this time.

What can a homeowner with a federally backed loan do if they are having trouble making payments because of the pandemic?

Homeowners who are having trouble making payments who have a loan insured or guaranteed by FHA, VA, USDA, the 184 program, the 184A program, or that has been backed by Fannie Mae or Freddie Mac, can request forbearance or a deferral of payments from their loan servicer. The CARES Act allows any borrower with one of the federally backed loans listed above to request up to 180 days of forbearance from their servicer, which can be extended for up to an additional 180 days. Borrowers can receive forbearance without any documentation. Borrowers will need to attest that they are having a financial hardship due to the COVID-19 pandemic. During forbearance, borrowers won't be charged late fees or accrue interest. In addition to the options above, USDA 502 Direct borrowers (these are borrowers with loans that are owned by USDA and who make their monthly payments to USDA directly) may request forbearance for up to 180 days, and it may be extended for up to 2 years as necessary. USDA 502 Direct borrowers can also request payment assistance, which is additional help making monthly payments, rather than a temporary halt to payments.

Regardless of the type of loan, borrowers will have to reach an agreement with their servicer to get back on track at the end of the forbearance period and will eventually be required to make up for missed payments. Borrowers should continue to make timely payments if they are financially able to do so. Programs available to get borrowers back on track will vary by the type of loan they have.

What will happen to borrowers with a federally backed loan at the end of forbearance?

******NOTE: This section will be updated as agencies release new guidance. Current as of April 13, 2020.******

- FHA – After forbearance, FHA borrowers who were less than one month delinquent on their loans will have the option to add their missed payments to the end of the loan (called a “standalone partial claim”). FHA borrowers who are not eligible for or whose loan would not be brought current by the partial claim will be evaluated for other loan modifications available for FHA borrowers. Guidance is available at <https://www.hud.gov/sites/dfiles/OCHCO/documents/20-06hsngml.pdf>.
- VA – Thirty days before the end of forbearance, a servicer must evaluate borrowers for options to get them back on track. Servicers cannot require borrowers to repay in a single lump sum at the end of the forbearance (although lump sum payments are an option if the borrower wants to make up all missed payments at once). Servicers are to consider all loss mitigation options available, including repayment plans, loan modifications, streamline modifications, VA affordable modifications, disaster modifications, and disaster extend modifications, to get a borrower back on track. Guidance is available at https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_20_12.pdf.
- USDA 502 Program – USDA operates two homeownership programs – the 502 Direct program, where USDA owns and services the loans, and the 502 Guaranteed program, where USDA guarantees the loan but the loan is serviced by a private company.
 - USDA 502 Direct – If a borrower selects a payment moratorium (this is the same as forbearance) and is able to return to making payments at the end of that

moratorium, USDA may modify the loan, including the loan term and interest rate, to get the borrower back to making monthly payments they can afford and make up for missed payments. Guidance is available at

https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions04082020.pdf.

- *USDA 502 Guaranteed* – If a borrower has a 502 Guaranteed loan and is able to return to making their regular payments at the end of the forbearance period, borrowers should be evaluated for a repayment plan or for the ability to extend the loan term by the number of missed payments. If borrowers can't return to making their regular payments, they should be evaluated for a loan modification to see if the loan can be modified to make payments affordable based on the borrower's new circumstances. Guidance is available at https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions04082020.pdf.
- *184 and 184A* – Awaiting new guidance based on CARES Act.
- *Fannie Mae or Freddie Mac* – Both Fannie Mae and Freddie Mac require servicers to try to contact the borrower at least 30 days before the end of their forbearance to discuss ways for the borrower to get back on track. If a borrower was current or less than 31 days delinquent on their loan as of March 13, 2020, and can return to making their regular monthly payments at the end of the forbearance, they may be able to modify their loan by extending out the term (called an “Extend Mod”) or to modify their loan by extending out the term and including missed escrow payments in the loan amount (“Cap and Extend Mod”). Borrowers who cannot return to making regularly scheduled payments or who were 31 days or more delinquent prior to March 13, 2020, will be evaluated for other modification options. Borrowers may also be evaluated for a repayment plan or offered the opportunity to repay the amount missed in a single payment at the end of the forbearance if that is a financial option for them. For more information visit:
 - Fannie Mae: <https://www.knowyouroptions.com/covid19assistance>
 - Freddie Mac: <https://myhome.freddiemac.com/own/getting-help-disaster.html>

Is there any help available for borrowers with a reverse mortgage (also called a Home Equity Conversion Mortgage, or HECM)?

A HECM is not “due and payable” until the borrower dies; transfers the title of the property; moves from the residence; falls behind on property taxes or insurance; or fails to maintain the property. If any of these events happen, the loan will become due and, if the borrower is still residing in the property, the borrower can face foreclosure. Due to the COVID-19 emergency, HECM borrowers may contact their servicer to request a delay in the time at which the loan becomes “due and payable” for up to 6 months, which may be extended for up to an additional 6 months, at the request of the borrower.

What options are available if a homeowner does NOT have a federally backed loan?

Homeowners whose loans are owned directly by a bank, credit union, or other investor, or securitized in a private-label security, do not have a federally backed loan and are not covered under the CARES Act. However, a number of states and localities have established a foreclosure moratorium, and many financial institutions are working with borrowers to modify their loans.

To find out if you are covered by a state or local foreclosure moratorium, visit your state or locality's COVID-19 response website. To find out if your financial institution or servicer is offering forbearance, deferrals, or other assistance for homeowners who are facing a financial hardship due to COVID-19, contact your lender or servicer directly. Any forbearance will have to be paid back at some point during the loan and may include fees or additional interest. Ask your servicer for the details of the forbearance and the repayment terms for the loan after forbearance.

What if borrowers are having trouble paying their property taxes?

Many homeowners have an escrow account from which their servicer pays their property taxes and required insurance payments. When borrowers have an escrow account, even if they are in forbearance, property taxes and insurance will be forwarded on their behalf. But some homeowners with a mortgage, as well as homeowners who no longer have a mortgage on their property, may pay property taxes directly to their locality. If homeowners fall behind on these property taxes, they can face fees and ultimately tax foreclosure.

If a homeowner is unable to make their property tax payments as scheduled, they should contact their local government immediately to discuss a payment plan. If they have trouble reaching a repayment plan agreement, homeowners can also contact a [HUD-approved housing counselor](#) or [legal aid attorney](#).

Are there resources we can provide to homeowners who need individualized advice or legal help?

There are numerous state, local, and non-profit housing counseling agencies that give free advice and assistance to homeowners and those facing foreclosure. To contact one of these agencies, homeowners can contact a [HUD-approved housing counselor](#). If you are in need of legal assistance, you may wish to contact your local bar association or a [legal aid attorney](#).

Owners of Multifamily Properties

The CARES Act provides mortgage payment forbearance to owners of multifamily properties (those properties with 5 or more units), provided that they have a federally backed loan. Federally backed loans are those issued or backed by federal agencies (including FHA and USDA) or backed by Fannie Mae and Freddie Mac.

Will multifamily property owners be foreclosed on if they can't make loan payments?

The bill provides owners of multifamily properties with federally backed loans having a financial hardship up to 90 days of forbearance on their loan payments, provided that they had been current on their loan payments on February 1, 2020. In order to qualify, a property owner will need to contact their loan servicer to request the forbearance orally or in writing and affirm they have a hardship. The initial forbearance period is 30 days, which may be renewed for two additional 30-day periods if requested by the property owner 15 days ahead of the expiration date. Owners may request such forbearance from the date of enactment through the earlier of: a) the expiration of the federally-declared COVID-19 emergency or b) December 31, 2020.

Are there any protections for tenants while a federally backed multifamily property is under forbearance?

The property owner must provide additional protections to tenants during the forbearance period. During a forbearance period, property owners may not evict or initiate evictions or charge fees to renters for nonpayment of rent, and cannot issue a 30 day notice to leave the property to a renter until after the forbearance period ends. This protection applies to loans issued or backed by federal agencies (such as HUD FHA and USDA) or backed by Fannie Mae and Freddie Mac.

Will multifamily property owners who do not have a federally backed loan be able to request forbearance?

The CARES Act does not require private lenders such as banks, life insurance companies, or investors in CMBS securities to provide loan forbearance. Property owners should contact their lender or servicer to see what options may be available.

What guidance on forbearance is available to the owners of federally backed multifamily mortgages?

As of April 13, 2020:

- **HUD** –
 - **Federal Housing Administration** – On April 10, 2020, the FHA issued Mortgagee Letter 2020-09 providing guidance on “Implementation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Forbearance”, available at: <https://www.hud.gov/sites/dfiles/OCHCO/documents/2020-09hsngml.pdf>
- **USDA** –
 - **Section 538 Guaranteed Loans** - Multifamily guidance has not been updated for the CARES Act
 - **Section 515 Loans** - An overview of the requirements of the CARES Act is available in USDA’s April 8, 2020 - Immediate Measures to Help Rural Residents, Businesses and Communities Affected by COVID-19, available at: https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions04082020.pdf
- **Fannie Mae** –
 - Latest information available at: <https://multifamily.fanniemae.com/multifamily-covid-19>
- **Freddie Mac** –
 - Initial information about the CARES Act implementation as of April 2, 2020 can be found [here](#).
 - Information for borrowers and renters is available at: https://myhome.freddie.com/rent/relief_mf_landlords_renters.html
 - Latest information available at: <https://mf.freddie.com/COVID-19/>

Renters

Renters who are having difficulty paying their rent may have protections under the bill, depending upon the type of property they live in, and whether the owner of the property is receiving additional mortgage forbearance help during the crisis.

What are the protections in the rental eviction moratorium in Section 4024 of the CARES Act?

Renters who have trouble paying rent have protections under the CARES Act if they live in a property that participates in certain federal housing programs or has a federally backed loan. Owners of these properties cannot file evictions or charge fees for nonpayment of rent to renters for 120 days following enactment of the bill, and cannot issue a 30-day notice to leave the property to a renter until after the 120 day moratorium.

Who does the rental eviction moratorium in Section 4024 of the CARES Act apply to?

This moratorium applies to all renters who live in properties that participate in certain “covered” federal housing programs (see definition) or where the owner has a loan issued or backed by a federal agency or backed by Fannie Mae or Freddie Mac (see definition). This includes any size of property, from single family houses to multifamily apartment buildings.

What is a “covered housing program” under Section 4024 of the CARES Act?

The term “covered housing program” in Section 4024 includes the following programs:

Programs administered by the Department of Housing and Urban Development (HUD)

- Public Housing (42 U.S.C. § 1437d)
- Section 8 Tenant Based Rental Assistance/Housing Choice Vouchers (42 U.S.C. § 1437f)
- Section 8 Project Based Rental Assistance (42 U.S.C. § 1437f)
- Section 202 Housing for the Elderly (12 U.S.C. § 1701q)
- Section 811 Housing for Persons with Disabilities (42 U.S.C. § 8013)
- Housing Opportunities for Persons with AIDS (42 U.S.C. § 12901, et seq.)
- HUD McKinney Vento Homelessness Programs (42 U.S.C. § 11360, et seq.)
- HOME Investments Partnership Program (42 U.S.C. § 12741 et seq.)
- Section 221(d)(3) Below Market Interest Rate Loan Program (12 U.S.C. § 1715l(d))
- Section 236 Program (12 U.S.C. § 1715z-1)

Programs administered by USDA/Rural Housing Service:

- Section 514 and 516 farm labor housing (42 U.S.C. §§ 1484, 1486)
- Section 515 direct loans for the development of rental housing (42 U.S.C. § 1485)
- Section 533 housing preservation grants (42 U.S.C. § 1490m)
- Section 538 guaranteed loans for the development of multifamily rental housing (42 U.S.C. § 1490p-2)
- Section 542 Rural Housing Voucher Program (42 U.S.C. § 1490r)

Programs administered by the Department of Treasury:

- the Low Income Housing Tax Credit Program (26 U.S.C. § 42)

What is a federally backed loan under Section 4024 of the CARES Act?

Federally backed mortgage loans and multifamily mortgage loans includes loans:

- issued, insured, guaranteed, or assisted in any way by:
 - the U.S. Department of Agriculture (USDA),
 - the U.S. Department of Housing and Urban Development (including FHA and Section 184 and 184A loans); and
 - the U.S. Department of Veterans' Affairs or
- guaranteed by Fannie Mae or Freddie Mac

How will a renter know whether the property they live in has a federally backed loan?

It will likely be difficult for renters to determine whether the owner has a federally backed loan, because this data is generally not public. If a renter is faced with eviction for nonpayment of rent, the renter or their attorney should consider asking whether the property is subject to the protections in this act.

Does the moratorium provide any relief for upcoming rent payments?

The eviction moratorium does not cancel or forgive rental payments. It does, however, prevent property owners from charging renters any fees related to nonpayment of rent during the moratorium. Renters should bear in mind that they will be responsible for any missed payments.

Can renters who participate in federal rental assistance programs get relief from rental payments?

Renters who participate in federal rental housing assistance (such as public housing or Section 8 project-based or voucher assistance, or rural rental assistance) have protections under the terms of their assistance program. Assisted renters experiencing a financial hardship should request an income recertification and minimum rent hardship exemption from their public housing agency or property owner, because it may lower the amount of rent they owe. The Act provides over \$3 billion in assistance to housing agencies and providers to help over 4.5 million assisted renter households remain safely housed during the COVID-19 emergency.

To find contact information for your local public housing agency (administering public housing and Section 8 Housing Choice Vouchers), see:

https://www.hud.gov/program_offices/public_indian_housing/pha/contacts

What is the difference between rental eviction moratorium in Section 4024 of the CARES Act and the tenant protections offered to tenants of multifamily properties under forbearance in Section 4023 of the CARES Act?

Both provisions prevent owners from evicting renters or charging them extra fees for nonpayment of rent. The primary differences between the two are that the rental eviction moratorium of Section 4024 covers all properties that participate in certain federal housing programs or have federally backed loans for a set period of 120 days after March 27, 2020, while the multifamily forbearance provision in Section 4023 covers only renters in a building with a federally backed loan while it is under forbearance. The latest that a building can enter forbearance under Section 4023 is December 31, 2020.

Is there any eviction protection for renters in privately owned or financed buildings in the CARES Act?

Section 4024 does not provide eviction protections for unassisted renters living in privately owned or financed buildings, so not all renters will be covered by the federal ban. However, many cities and states have adopted eviction moratoriums during the COVID-19 emergency. Renters should check to see whether their state or local governments have adopted such moratoriums.

Is help available for renters who need additional guidance?

There are numerous state, local, and non-profit housing counseling agencies that give free advice and assistance to renter, homeowners, and those facing foreclosure. To contact one of these agencies, renters can contact a [HUD-approved housing counselor](#). If you are in need of legal assistance, you may wish to contact your local bar association or a [legal aid attorney](#).

Does the act provide any assistance for people experiencing homelessness or at risk of homelessness?

The CARES Act provides additional support for people experiencing homelessness or are at risk of homelessness, so some assistance may be available from local homelessness agencies. The CARES Act includes \$4 billion in Emergency Solutions Grants to communities to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance.

To locate a local “Continuum of Care” that coordinates homeless assistance in your area, see: <https://www.hudexchange.info/housing-and-homeless-assistance/homeless-help/>

Housing and Community Funding in the CARES Act

What assistance for housing, homelessness, and community needs is provided by the CARES Act?

The CARES Act includes \$12 billion in targeted homelessness, community development, and housing provider assistance. This includes \$4 billion in Emergency Solutions Grants (ESG) to communities to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance. The Act also includes \$5 billion in Community Development Block Grant (CDBG) assistance to provide additional support to nearly 1,240 states, counties, and cities to rapidly respond to COVID-19 needs. The Act provides over \$3 billion in assistance to housing agencies and providers to help over 4.5 million assisted renter households remain safely housed during the COVID-19 emergency.

Federal Information Websites

Is HUD providing COVID-19 guidance to public housing agencies, homelessness organizations, CDBG grantees, or other HUD-assisted housing providers?

HUD is publishing COVID-19 related waivers and notifications on its website at: <https://www.hud.gov/coronavirus>

Is USDA providing COVID-19 guidance to assisted households, grantees, property owners, and single family and multifamily borrowers?

USDA is publishing COVID-19 related information on its website at:

<https://www.rd.usda.gov/coronavirus>

- [On April 8, 2020, USDA published](https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions04082020.pdf) Immediate Measures to Help Rural Residents, Businesses and Communities Affected by COVID-19, providing an overview of CARES Act requirements. This document is available at:
https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions04082020.pdf