

Credit and Housing Protections under the CARES Act

SmithAmundsen Financial Services & Real Estate Alert
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In order to provide assistance and security to those adversely affected by the COVID-19 emergency, the CARES Act includes certain credit and housing related protections.

Credit Reporting

If a furnisher makes an agreement for payment deferral, partial payment, forbearance of delinquent amounts, modification, or other assistance or relief granted to a consumer affected by COVID-19 during the period of January 31, 2020 through 120 days after the enactment of the act or the termination of the national emergency concerning COVID-19, whichever is later, with respect to one or more payments on a credit obligation or account of a consumer, credit protection is granted to such consumer. If the consumer complies with such accommodation, the furnisher must (i) report the credit obligation or account as current or (ii) if the credit obligation or account was already delinquent, maintain the same delinquent status during the period of accommodation, unless the consumer becomes current.

Forbearances and Foreclosures for 1- to 4- Family Occupancy Properties

During the covered period, borrowers with certain federally-backed mortgage loans have the right to request forbearance on their loan due to financial hardship from the COVID-19 emergency. Forbearance may be granted for an initial period of up to 180 days and an additional period of up to 180 days, unless the borrower requests a shorter period. Notably, the covered period for these provisions is not defined. Additionally, foreclosures, and related actions, on properties with certain federally-backed mortgage loans are prohibited for at least the 60-day period beginning on March 18, 2020.

Forbearances and Foreclosures for Multifamily Occupancy Properties

During the covered period, borrowers with certain federally-backed multifamily mortgage loans have the right to request forbearance on their loan due to financial hardship from the COVID-19 emergency if they are current on their payments as of February 1, 2020. Forbearance may be granted for an initial period of up to 30 days and up to two additional periods of up to 30 days. The

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covered period terminates on the earlier of the termination date of the national emergency concerning COVID-19 or December 31, 2020. During the duration of the forbearance, a borrower may not evict or initiate eviction of a tenant from a unit in the applicable property solely for nonpayment of rent or other fees or charges or charge late fees, penalties, or other charges for late payment of rent.

Moratorium on Certain Eviction Filings

A landlord with a dwelling which is occupied by a tenant and is on or in a property that participates in a covered housing program under the Violence Against Women Act of 1994 or the rural housing voucher program or has a certain federally-backed mortgage loan or federally-backed multifamily mortgage loan, cannot initiate legal action to recover possession of the dwelling from the tenant for nonpayment of rent or other fees or charges or charge the tenant fees, penalties, or other charges for nonpayment of rent. These provisions apply for 120 days following the date the act is enacted.

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