

COVID-19 Assistance for Homeowners and Landlords

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Issue

Describe assistance available to homeowners and landlords impacted by COVID-19. Additionally, identify relevant COVID-19-related resources.

Summary

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, among other things, provides mortgage relief to homeowners (i.e., owners of residential properties designed for the occupancy of one to four families) and multi-family homeowners (i.e., owners of residential properties designed for the occupancy of five or more families) with certain federally backed mortgages in the form of forbearances. Additionally, the act institutes a foreclosure moratorium for certain homeowners and provides several forms of financial assistance that may be accessible to certain residential landlords.

In the state, single- and multi-family Connecticut Housing Finance Authority (CHFA) borrowers may be eligible for forbearances and other forms of loan modification, while some banks and credit unions are voluntarily providing mortgage relief measures for Connecticut borrowers that are ineligible for CARES Act relief. Additionally, the Judicial Branch has extended the stay on issued executions of evictions and ejectments and foreclosure sale dates and law days.

Federal CARES Act Assistance

Mortgage Relief and Foreclosure Moratorium for Homeowners

Mortgage Relief. The CARES Act enables certain borrowers to request a forbearance on their mortgage loans ([P.L. 116-136](#), § 4022). To qualify, a borrower must (1) be experiencing a financial hardship due, directly or indirectly, to COVID-19 and (2) have a federally backed mortgage loan. Under the act, federally-backed mortgage loans include those owned, insured, or guaranteed by the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture, the Federal Housing Administration, the Department of Veterans Affairs, and Fannie Mae and Freddie Mac.

Upon request from a qualified borrower, the act requires mortgage servicers to grant a 180-day mortgage loan forbearance with no additional fees, penalties, or interest (beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full). Borrowers may request to (1) extend the forbearance an additional 180 days and (2) shorten either the initial or extended forbearance period.

Foreclosure Moratorium. The CARES Act also institutes a 60-day moratorium on foreclosures of homeowners with federally backed mortgage loans, with the exception of vacant or abandoned property, beginning March 18, 2020. Thus, a servicer of a federally backed mortgage loan cannot initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale until May 18, 2020.

While the CARES Act has not been amended, all covered federal agencies have announced an extension of the foreclosure moratorium through June 30, 2020. For more information on actions by federal agencies related to the homeowner mortgage payment relief and foreclosure protection provisions of the CARES Act, see this May 18, 2020, [analysis by the National Housing Law Project](#).

Mortgage Relief for Multi-Family Homeowners

The CARES Act enables certain multi-family borrowers to request a forbearance on their mortgage loans ([P.L. 116-136](#), § 4023). To qualify, a borrower must (1) be experiencing a financial hardship due, directly or indirectly, to COVID-19 and (2) have a federally backed mortgage loan from HUD, Fannie Mae, or Freddie Mac that was current as of February 1, 2020.

Upon request from a qualified multi-family borrower, the act requires mortgage servicers to grant a 30-day mortgage loan forbearance. Borrowers may (1) request two additional 30-day forbearance

extensions provided they follow specified procedures and (2) discontinue forbearance at any time. Multi-family borrowers receiving a forbearance under the act cannot:

1. evict or charge late fees to tenants of the mortgaged property during the forbearance period,
2. issue tenants a notice to vacate until after the expiration of the forbearance period, or
3. require tenants to vacate until 30 days after a tenant has received notice.

For more information on renter protections in the CARES Act, see OLR Report [2020-R-0137](#).

Prior to enactment of the CARES Act, Fannie Mae and Freddie Mac announced three-month forbearances for their multi-family property owners under the condition that these property owners agree to suspend all evictions of tenants unable to pay rent due to the impacts of COVID-19 during the forbearance period. Both [Fannie Mae](#) and [Freddie Mac](#) have since updated their COVID-19 forbearance programs.

Additional Financial Assistance

Federal regulations generally deem multi-family homeowners acting as residential landlords ineligible for assistance under the U.S. Small Business Administration's (SBA) [Paycheck Protection Program \(PPP\)](#) (P.L. 116-136, § 1102; [13 C.F.R. 120.110](#)). (The Department of Economic and Community Development's (DECD) [Connecticut Recovery Bridge Loan Program](#) also deem "real estate" businesses ineligible for assistance.) However, certain landlords may be eligible for assistance under the SBA's [Economic Injury Disaster Loan \(EIDL\)](#) Program (P.L. 116-136, § 1110). This program allows small business owners experiencing a temporary loss of revenue to apply for an immediate advance of up to \$10,000, which does not need to be repaid. The SBA [announced](#) on June 16, 2020, that the EIDL advance will be limited to \$1,000 per employee, which may limit the utility of the program for residential landlords. Additionally, borrowers with certain SBA loans (excluding PPP loans and EIDL) automatically receive certain [debt relief measures](#) under the CARES Act (P.L. 116-136, § 1112).

Other Programs and Actions Affecting Homeowners and Landlords

Connecticut Housing Finance Authority Mortgage Relief

Connecticut Housing Finance Authority (CHFA) multi-family borrowers may submit a request for a 30-day mortgage loan forbearance if they are (1) experiencing a COVID-19-related financial hardship beyond their control or ability to mitigate and (2) current on payments and in compliance with their regulatory obligations. Borrowers may request an additional two 30-day forbearance

periods with sufficient documentation. (For more details on the application process, see [CHFA's overview](#).) Additionally, CHFA's single-family homeowners struggling to make mortgage payments due to a COVID-19-related financial hardship may be eligible for forbearance or loan modification upon request. On March 20, 2020, [CHFA suspended all foreclosure and eviction activity for 60 days](#).

State Mortgage Relief Program

Certain Connecticut banks and credit unions have committed to participate in a voluntary mortgage relief program launched on March 31, 2020. The program, which currently expires July 30, 2020, provides the following assistance to residents with consumer mortgages facing COVID-19-related financial hardship:

1. mortgage payment forbearances of up to 90 days, with the opportunity for further extension;
2. waived or refunded mortgage-related late fees and other fees;
3. a 60-day moratorium on foreclosure sales and evictions; and
4. a moratorium on reporting derogatory information to credit reporting agencies.

For an updated list of participating banks and credit unions, see the [Department of Banking's program overview](#).

Judicial Branch: Evictions, Ejectments, and Foreclosure Proceedings

The state's Judicial Branch has issued the following orders affecting homeowners and landlords:

1. [extending foreclosure sale dates](#) to August 22, 2020, and foreclosure committee bar dates to July 15, 2020;
2. [extending strict foreclosure law days](#) to August 4, 2020; and
3. [extending the stay of the service of all issued executions on evictions and ejectments](#) through August 1, 2020.

For updates to these orders, see [the Judicial Branch's COVID-19 webpage](#).

Additional COVID-19 Resources for Homeowners and Landlords

- [Connecticut Department of Housing. "COVID-19: Homeowners and Renters."](#) (summary of federal and state actions to help protect homeowners and renters impacted by the COVID-19 outbreak)
- [National Housing Law Project \(NHLP\). "Protecting Renter and Homeowner Rights During our National Health Crisis." \(June 18, 2020\)](#) (updated resources for attorneys, advocates, policymakers, and others concerning assistance during the COVID-19 national public health crisis)
- [Shipman & Goodwin. "COVID-19: Real Estate Leasing Resource Page for Connecticut & New York."](#) (analysis of key issues affecting both landlords and tenants during the COVID-19 crisis)

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