

MORTGAGE RELIEF FOR RESIDENTIAL HOMEOWNERS IMPACTED BY COVID-19



California Governor Gavin Newsom recently announced far-reaching **mortgage relief for residential homeowners impacted by COVID-19 who are struggling to pay their mortgages**. In an effort to keep people in their homes and to stabilize California's residential and commercial real estate markets, private-public partnerships are bringing much-needed assistance to both real estate owners and tenants.

In addition, the Federal Housing Finance Agency announced that Fannie Mae ("Fannie") and Freddie Mac ("Freddie") – which together guarantee about \$5 trillion in mortgage loans – **will offer mortgage**

forbearance to owners of multifamily properties who suspend tenant evictions.

Mortgage Relief for Residential Homeowners Impacted by COVID-19

Effective March 25, 2020, **homeowners who have mortgages with Citigroup, JP Morgan Chase, US Bank, Wells Fargo, and nearly 200 state-chartered banks and credit unions** may be eligible for the following relief:

- **90-day Grace Period for All Mortgage Payments:** Homeowners impacted by COVID-19 can claim mortgage payment forbearances of up to 90 days that allow homeowners to reduce or delay their monthly mortgage payments. This will be a streamlined process, and it appears likely homeowners will be able to extend forbearances beyond 90 days if they continue to experience COVID-related hardships.
- **Relief from Fees and Charges for 90 Days:** For at least 90 days, financial institutions will waive or refund mortgage-related late fees.
- **No New Foreclosures for 60 Days:** Financial institutions will not commence any foreclosures or evictions for at least 60 days.
- **No Credit Score Changes for Obtaining Relief:** Homeowners' credit scores will not be affected by taking advantage of COVID-19-related relief, late or missed payments.

Mortgage Relief for Commercial Property Owners

This program will widely apply to all Fannie-backed and Freddie-backed mortgages where **the owner can show that its tenants cannot afford to make rent payments due to the financial impact of COVID-19.**

Governor Newsom's March 13, 2020 executive order authorized local governments to **prohibit residential or commercial evictions** due to the nonpayment of rent by tenants impacted by COVID-19. So far, most major California cities have enacted or are in the process of enacting eviction moratoriums, including San Francisco, Oakland, San Jose, and Los Angeles.

The FHA's forbearance program gives **much-needed relief to some commercial property owners (of multifamily properties) who are suddenly barred by the State and/or local jurisdictions from evicting nonpaying tenants.**

We anticipate similar new programs and laws will come into effect as COVID-19's financial impact grows and presents new problems to be solved. Stay tuned.

Hoge Fenton's **COVID-19 Resources** website has additional legal information.

If you have any questions about how these programs may impact you, please contact any of us in Hoge Fenton's Real Estate team, below.



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