



Insights: Alert

CARES Act | Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans

March 29, 2020

Please note: The below information may require updating, including additional clarification, as the COVID-19 pandemic continues to develop. Please monitor our main [COVID-19 Task Force](#) page and/or your email for updates.

The federal CARES Act contains several provisions that assist borrowers of Federally backed multi-family mortgage loans who are experiencing financial hardship because of COVID-19. A copy of the current legislation can be found [here](#) – the provisions are located in Subtitle A, Title IV – Coronavirus Economic Stabilization Act of 2020. The following is a summary of the key provisions.

- The CARES Act provides that a Federally backed mortgage multifamily loan borrowers who have been (A) current on their payments as of February 1, 2020, and (B) who affirm they are experiencing financial hardship due to the COVID-19 emergency may request a forbearance from loan servicers.
- The CARES Act provides that upon receipt of a request meeting the above requirements, a servicer will grant a forbearance of up to 30 days. The forbearance can be extended for up to two additional 30-day periods provided the extension request(s) is made during the “covered period” and at least 15 days before the current forbearance period would expire.
- The forbearance period can be terminated at any time upon the request of the borrower.
- A multifamily borrower receiving a forbearance has restrictions imposed on it including that it may not, for the duration of the forbearance: (A) evict or initiate the eviction of a tenant from a dwelling unit located in the applicable property solely for nonpayment of rent or other charges; (B) impose any fees, penalties or other charges to a tenant for late payment of rent; (C) require a tenant to vacate a dwelling unit located in the applicable property before the date that is 30 days after the date the tenant is provided a notice to vacate; and (D) may not issue a notice to vacate until after the expiration of the forbearance.
- **Key Terms:**
 - The CARES Act defines a “Federally backed multi-family mortgage loan” as any loan (other than temporary financing such as a construction loan) that is secured by a first or subordinate lien on residential multifamily real property designed principally for the occupancy of five or more families that is made, insured, guaranteed or assisted in any way by any officer or agency of the Federal Government.

- The CARES Act defines “applicable property” as the residential multifamily property against which secures a Federally backed multifamily mortgage loan.
- The CARES Act defines “covered period” as the period commencing on March 27, 2020 and ending on the first to occur of (A) the termination date of the national emergency concerning the coronavirus disease outbreak declared by the President on March 13, 2020 and (B) December 31, 2020.