

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT ("CARES ACT")

FAQ'S ON CARES ACT EMPLOYER LOANS AND GRANTS

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") into law providing approximately \$2 trillion in assistance to individuals and businesses during the COVID-19 pandemic. The CARES Act includes a new loan program called the Paycheck Protection Program – administered through the Small Business Administration ("SBA") – that provides up to \$349 billion in 100% federally-backed loans to eligible employers.

On March 31, 2020, the Department of Treasury set forth guidance on certain provisions of the CARES Act. Please note that additional guidance may be issued as the Treasury Department and the SBA implement the PPP Loan Program. The O'Hagan Meyer Team will update the below information as necessary and we encourage our clients to discuss the PPP Loans with certified SBA lenders.

PAYCHECK PROTECTION PROGRAM LOANS

Paycheck Protection Program Loans ("PPP Loans") provide **loans of up to \$10,000,000 to employers with less than 500 employees**, to be used to pay for **payroll, rent and utilities**. Borrowers who use PPP Loan funds for these purposes are eligible for **loan forgiveness**. Under this provision, borrowers would not be required to repay the forgiven amount of their PPP Loans, and would not be liable for income taxes on the forgiven amount.

Here are the details:

ELIGIBILITY REQUIREMENTS

Who can apply for a PPP Loan?

- (1) Business concerns, nonprofit organizations, veterans' organizations, tribal businesses that employ not more than the greater of:
 - a. 500 employees (includes full-time, part-time, and those employed on other bases); or
 - b. If applicable, the size standard in number of employees established by the SBA for the industry in which the entity operates.
- (2) Sole proprietors, independent contractors, and eligible self-employed individuals (subject to some documentation requirements to substantiate eligibility).
- (3) Accommodation and food services employers (NAICS codes beginning with 72) that have no more than 500 employees per physical location.

NOTE: The SBA uses not only the primary business but affiliated entities in this determination. Affiliation standards are waived for the purposes of determining number of employees of a business concern for:

- (1) Accommodation and food services employers that have no more than 500 employees per physical location.
- (2) Franchises that are assigned a franchise identified code by the SBA.
- (3) Employers that received financial assistance from a Small Business Investment Corporation.

Entities are affiliates of each other when one controls or has the power to control the other, or a third party. It does not matter whether control is exercised, so long as the power to control exists.

When can eligible employers apply for a PPP Loan?

Eligible employers may apply for a Paycheck Protection Loan between February 15, 2020 and June 30, 2020.

In addition, the Department of Treasury provides that:

- (1) Starting April 3, 2020, small business and sole proprietorships can apply for a PPP Loan.
- (2) Starting April 10, 2020, independent contractors and self-employed individuals can apply for a PPP Loan.

As a result, employers should apply for a loan immediately because there is a funding cap.

Where does an eligible employer apply for a PPP Loan?

An eligible employer can apply for a loan directly through an SBA-approved 7(a) lender. Lenders have been delegated authority to make loans without SBA review.

The list of the most active SBA-approved lenders can be found here:

<https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>

What do I need to apply for a PPP Loan?

The PPP Loan application can be found here:

<https://home.treasury.gov/system/files/136/Borrower%20Paycheck%20Protection%20Program%20Application%20%28v1%29.pdf>

The Department of Treasury also states that businesses will need to provide the lender with payroll and other documentation as may be required by the lender.

Are there any other requirements for qualified employers when applying for a PPP Loan?

In the application for a PPP Loan, employers will have to certify the following:

- (1) Current economic uncertainty makes the loan necessary to support your ongoing operations.
- (2) The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.

- (3) You have not and will not receive another loan under this program.
- (4) You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- (5) Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount maybe for non-payroll costs.
- (6) All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- (7) You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

The PPP Loan program waives certain usual requirements of SBA loans – borrowers:

- (1) DO NOT have to personally guarantee their loans;
- (2) DO NOT have to provide collateral for their loans;
- (3) DO NOT have to pay an SBA application fee;
- (4) DO NOT have to certify that they were unable to obtain a loan from any other source.

USE AND REPAYMENT OF LOAN FUNDS

What can a qualified employer use PPP Loan funds for?

- (1) Payroll costs including:
 - a. Salary, wage, commission, “similar compensation;”
 - b. Cash tip or equivalent;
 - c. Vacation, parental, family, medical or sick leave;
 - d. Employee severance;
 - e. Group health care benefits, including insurance premiums and continuation benefits for employees on sick, medical or family leave;
 - f. Any retirement benefit, or;
 - g. State or local payroll taxes.
- (2) Mortgage interest (NOT principal) (incurred on mortgage loans originated before February 15, 2020);
- (3) Rent (the lease agreement must be in force prior to February 15, 2020);
- (4) Utilities (the service must have begun prior to February 15, 2020);

- (5) Interest on any debt incurred before February 15, 2020 (the Department of Treasury guidance eliminates this use); and
- (6) Compensation of a sole proprietor or independent contractor that is not more than \$100,000 in 1 year, as prorated for the February 15, 2020–June 30, 2020 period.

What can a qualified employer NOT use PPP Loan funds for?

Payroll costs exclude the following:

- (1) Compensation of an employee making \$100,000 or more per year, as prorated for the covered period. The Department of Treasury guidance states that only the amount of compensation in excess of \$100,000 per year is excluded.
- (2) Payroll taxes, railroad retirement taxes, and income taxes.
- (3) Compensation of an employee whose principal place of residence is outside the US.
- (4) Qualified sick leave wages for which a credit is allowed under the Families First Coronavirus Response Act.

How much can a qualified employer receive as a PPP Loan?

The CARES Act states that an employer can receive 2.5 times the average monthly payroll costs for the PPP Loan. However, the Department of Treasury modifies this amount to “up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount.”

For qualified employers , the lesser of:

- (1) 2.25 times the average total monthly payroll costs incurred during the 1-year period before the loan date PLUS any outstanding EIDL amount made between January 31, 2020 and the date on which such loan may be refinanced.

[total payroll costs for the prior year] ÷ 12 x 2.25 + [outstanding EIDL amount]

(economic injury disaster loans (“EIDLs”) are discussed below)

Or

- (2) \$10,000,000

For seasonal qualified employers the lesser of:

- (1) 2.25 times the average total monthly payroll costs incurred during the 12-week period beginning February 15, 2019 (or at the election of the eligible recipient, March 1, 2019) PLUS any outstanding EIDL loan received between January 31, 2020 and the date on which such loan may be refinanced.

[total payroll costs for 12-week period] ÷ 3 x 2.25 + [outstanding EIDL amount]

Or

- (2) \$10,000,000

For qualified employers that were not in business between February 15, 2019 and June 30, 2019, the lesser of:

- (1) 2.25 times the average total monthly payroll costs incurred between January 1, 2020 and February 29, 2020 PLUS any outstanding EIDL amount received between January 31, 2020 and the date on which such loan may be refinanced.

[total payroll costs for 2-month period] ÷ 2 x 2.25 + [outstanding EIDL amount]

Or

- (2) \$10,000,000

Is there a maximum interest rate for PPP Loans?

The CARES Act provides that the maximum interest rate on a PPP Loan is 4% per year. The Department of Treasury modifies this interest rate to a 0.50% fixed rate.

Can borrowers defer payment of a PPP Loan?

Yes. Lenders must provide loan deferment for not less than six months, and not more than one year.

The CARES Act provides that deferment includes payment of principal, interest and fees and the loan will have a maturity date of 10 years from the date when the borrower applied for forgiveness.

The Department of Treasury modifies these provisions, stating that interest will accrue over the 6 months of deferment and the loan will be due in 2 years.

Can the SBA seek recourse from the eligible employer for unpaid amounts?

Generally, no. The SBA has no recourse against individual shareholders, members, or partners of an eligible recipient of a covered loan for nonpayment of any covered loan, except to the extent that such shareholder, member, or partner uses the covered loan proceeds for a purpose not authorized under the Act. There is no personal guaranty or collateral required for the loan.

The Department of Treasury asserts that if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges.

DEBT FORGIVENESS

Can an eligible employer receive debt forgiveness for any part of the loan?

Yes. An eligible employer can receive debt forgiveness for amount paid towards:

- (1) Payroll costs, including:
 - a. Salary, wage, commission, other compensation,
 - b. Cash tip or equivalent,
 - c. Payment for vacation, parental, family, medical or sick leave,
 - d. Allowance for dismissal or separation,
 - e. Payment required for the provisions of group health care benefits, including insurance premiums,
 - f. Payment of any retirement benefit, or

- g. Payment of state or local tax assessed on the compensation of employees.
- (2) Payment of interest on any mortgage obligation (does not include payment of principal obligation);
- (3) Rent;
- (4) Utilities.
- (5) The CARES Act also clarifies that employers with tipped employees may receive forgiveness for additional wages paid to those employees.

The remainder of the loan that is not forgiven will have a maturity date of 2 years and an interest rate of 0.5%. There is no prepayment penalty on the loan and all payments are deferred for 6 months with interest continuing to accrue.

Are there any limits on the debt forgiveness?

The amount of loan forgiveness cannot exceed the principal amount of financing made available under the loan. The loan forgiveness amount will also be reduced for any employee cuts or reductions of greater than 25% of employee wages. Also, emergency advances received under the expanded SBA Disaster Loan Program discussed below will be excluded from forgiveness amounts.

The Department of Treasury clarifies that payroll costs are capped at \$100,000 on an annualized basis for each employee. The Department anticipates that due to the anticipated number of applications no more than 25% of the forgiven amount may be for non-payroll costs.

What factors will reduce the amount of debt forgiveness?

Forgiveness is based upon the employer maintaining or rehiring employees. If the employer reduces the number of employees or cuts wages, the company still would be eligible for loan forgiveness, but the amount of that forgiveness would be reduced in proportion to the reduction in employees and/or wages.

For employers who reduce the number of employees:

The amount of forgiveness will be reduced by using a ratio of the average number of full-time equivalent employees employed during the covered period (the 8-week period beginning on the date of the loan) compared to the number of employees employed during **either** the period February 15, 2019 – June 30, 2019 **or** January 1, 2020 – February 29, 2020. The company can choose which period to use as the comparison period.

For employers who reduced the amount of wages:

The amount of forgiveness will be reduced by the amount of any reduction in total salary or wages of any employee during the covered period (the 8 week period of the loan) that is more than 25% of total salary or wages of the employee during the most recent full quarter during which the employee was employed before the 8 week period of the loan. (That will likely be either first quarter 2020 or fourth quarter 2019.)

The amount forgiven will be reduced by each employee's wage reduction that is greater than 25%; in other words, the wage reductions are aggregated and that amount forgiven is reduced by the aggregated

reductions. If the company reduces an employee's wages, but by 25% or less, that will not impact loan forgiveness.

Employees whose total salary or wages in 2019 was more than \$100,000 (or whose pay in any period during 2019 would annualize to more than \$100,000) are excluded from this provision.

Thus, the company may reduce different employees' wages by different amounts. Each reduction of greater than 25% will be part of the aggregated amount by which the loan forgiveness will be reduced.

What if I had made cuts to the workforce or salaries recently?

The reduction will NOT apply if (1) the employer made cuts of FTEs between February 15, 2020 and April 26, 2020, and (2) by June 30, 2020, the employer remedies the FTE cuts and/or wage reductions. In other words, if the number of employees or amount of wages reduced between February 15, 2020 and April 24, 2020 are restored to pre-cut levels by June 30, 2020, it will not impact loan forgiveness.

How can an eligible employer apply for debt forgiveness?

Borrowers seeking forgiveness of amounts must submit to their lender:

- (1) Documentation verifying FTE on payroll and their pay rates;
- (2) Documentation on covered costs/payments (e.g., documents verifying mortgage, rent, and utility payments);
- (3) Certification from a business representative that the documentation is true and correct and that forgiveness amounts requested were used to retain employees and make other forgiveness-eligible payments; and
- (4) Any other documentation the SBA may require.

The lender must make a decision on the forgiveness within 60 days of application for the forgiveness.

How is the debt forgiveness treated for tax purposes?

Forgiveness amounts that would otherwise be includible in gross income, for federal income tax purposes, are excluded.

ECONOMIC INJURY DISASTER LOANS AND GRANTS

The Economic Injury Disaster Loan ("EIDL") program offers loans of up to \$2,000,000 issued by the SBA to businesses with 500 or fewer employees to recover from temporary losses following a statewide economic injury declaration. Unlike the PPP Loan program, EIDLs are not forgivable under any circumstances.

The CARES Act modifies the existing program to expand eligibility and reduce requirements to obtain the EIDLs. The CARES Act also provides that qualified employers can receive up to \$10,000 in advanced funds that do not need to be repaid.

The CARES Act modifications are detailed here:

At this time the SBA and Department of Treasury have not issued any guidance and regulations on the modified EIDLs and grants.

Who can apply for an EIDL?

- (1) Business with less than 500 employees;
- (2) Individuals operating as a sole proprietorship;
- (3) Cooperatives with less than 500 employees;
- (4) ESOPs with less than 500 employees;
- (5) Tribal small business concerns with less than 500 employees;
- (6) Small business concerns;
- (7) Private nonprofit organizations; and
- (8) Small agricultural cooperatives.

The employer must be suffering substantial economic injury in the U.S. and must have been in operation as of January 31, 2020.

What expenses can an employer pay with an EIDL?

The EIDLs are intended to help businesses pay their payroll, debts, accounts payable and other expenses that the business cannot pay because of the COVID-19 crisis.

How can an employer apply for an EIDL?

The EIDL application is available online at: <https://covid19relief.sba.gov/#/>

When can an employer apply for the modified EIDLs?

The SBA is currently accepting EIDL applications. If an employer requests an advance on the loan, then the employer will receive the advance of up to \$10,000 within three days. SBA has not issued specific guidance on how long it may take to approve or deny the EIDL application.

The modified terms of EIDLs under the CARES Act apply from January 31, 2020 to December 31, 2020.

What applications requirements for EIDLs does the CARES Act waive?

For any EIDL application resulting from COVID-19, the following requirements are waived:

- (1) Personal guarantees on loans of not more than \$200,000;
- (2) That the business be in operation 1-year period before the disaster; however, the CARES Act still requires the business have been in operation as of January 31, 2020;
- (3) That the applicant be unable to obtain credit elsewhere;

The CARES Act also provides that an EIDL can be approved by the SBA based solely on an applicant's credit score (not repayment ability and not tax return is required).

How much money can an employer borrow under the EIDL program?

A qualified employer may borrow a maximum EIDL of \$2,000,000.

What interest rate will apply to the EIDL?

The EIDL will be subject to an interest rate of no more than 3.75%, calculated based on several factors related to the application. The maximum interest rate is 2.75% for nonprofits.

What is the maturity of an EIDL?

EIDLs can have a maturity of up to 30 years.

What is the Emergency EIDL grant?

If a business is applying for an EIDL loan, the business can request an advance/grant of up to \$10,000. This advance can be requested in the EIDL application.

It is unclear how the SBA will calculate the EIDL advance for each applicant. The EIDL application only asks for two pieces of financial information: the applicant's gross revenue and cost of goods sold (or, for service businesses, cost of services or cost of sales) for the period of January 31, 2019 to January 31, 2020. However, the SBA does not offer any guidance regarding how it uses these numbers to calculate the advance amount.

The SBA must provide the funds within 3 days after receiving the application. An employer can only use the advance for:

- (1) Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19;
- (2) Maintaining payroll;
- (3) Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains;
- (4) Making rent or mortgage payments; and
- (5) Repaying obligations that cannot be met due to revenue losses.

Does the EIDL advance have to be repaid?

An employer does NOT have to repay the EIDL advance under any circumstances. If the SBA rejects the EIDL application, the employer does not have to repay the EIDL advance. If the SBA approves the EIDL application and the employer chooses to accept loan funds, the employer does not have to repay the EIDL advance. If the SBA approves the EIDL application and the employer chooses not to accept loan funds, the employer does not have to repay the EIDL advance. *The EIDL functions as a government grant that employers receive simply for submitting an EIDL application.*

However, if the employer applied for a PPP Loan, the advance amount will be reduced from the loan forgiveness amount.

Other than the advance funds, is there a way to avoid repayment of the EIDL?

No. Unlike the PPP Loan program, the EIDL program does not include a loan forgiveness provision. As noted above, an employer does not have to repay the EIDL advance under any circumstances. However, if the employer borrows any additional funds under the EIDL program, the employer must repay those funds at the applicable interest rate.

Can an employer apply for both an EIDL and a PPP Loan?

Yes. An employer can apply for both an EIDL and a PPP Loan.

What if an employer applied for and/or received an EIDL before Congress passed the CARES Act?

If an employer applied for an EIDL before Congress passed the CARES Act but have not yet received any funds, it may visit <https://covid19relief.sba.gov/#/> to fill out the streamlined EIDL application, which will allow the employer to request an EIDL advance. If the employer applied for an EIDL and received funds before Congress passed the CARES Act, then the employer should contact the SBA and ask if the employer can refinance the EIDL pursuant to the terms of the CARES Act.

OTHER RESOURCES FOR EMPLOYERS

What other financial resources are available for businesses at this time?

SBA Express Bridge Loans (“EBL”)

If a small business has an urgent need for cash while waiting for decision and disbursement of EIDLs, it may qualify for an SBA Express Disaster Bridge Loan of up to \$25,000. EBL loans are expedited loans available while waiting for a direct SBA EIDL loan. To apply, a small business must have a current relationship with an SBA Express Lender. See the following link for more information:

<https://www.sba.gov/sites/default/files/2020-03/Express-Bridge-Loan-Pilot-Program-Guide-FINAL-3.25.20.pdf>

Small Business Debt Relief Program (Subsidies for Non-CARES Act SBA Loans)

The SBA will pay the principal, interest, and associated fees for SBA loans that are not made pursuant to the CARES Act for a 6-month period (including loans made before and after enactment of the CARES Act). These loans include:

- (1) 7(a) Loans not made under the PPP
- (2) Community Advantage Loans
- (3) 504 Loans
- (4) Microloans

Loan Deferment

The SBA grants 7(a) lenders and 504 Program Certified Development Companies (“CDC’s”) unilateral authority to provide temporary relief in the form of deferred payment to existing borrowers under certain circumstances.

Lenders may assist borrowers experiencing temporary cash flow issues by deferring payments for a stated period of time:

- For a loan not sold on the secondary market, lenders can grant up to 6 consecutive months of deferment.
- For loans that are sold on the secondary market, lenders can grant up to 90 days of deferment without requiring investor consent.

Individual lenders may provide further deferment and forbearance relief upon request.

Targeted Grants

The CARES Act also provides grant opportunities for the following entities:

- (1) Small Business Development Centers
- (2) Women’s Business Centers
- (3) Minority Business Centers and Minority Chambers of Commerce

For more information on any of the above information, please contact an O’Hagan Meyer attorney.

ECONOMIC STABILIZATION AND ASSISTANCE TO SEVERELY DISTRESSED SECTORS OF THE UNITED STATES ECONOMY

How much money is being allocated to loans under the Act?

Subtitle A of Title IV of CARES Act, entitled the Coronavirus Economic Stabilization Act 2020 (“CASA”) allows the Secretary of the Treasury to make loans, loan guarantees and other investments to eligible businesses, municipalities and States, totaling \$500 Billion. That \$500 Billion is allocated as follows:

- not more than \$25 Billion for passenger air carriers;
- not more than \$4 Billion for cargo air carriers;
- not more than \$17 Billion for businesses critical to national security; and
- balance to other eligible businesses, municipalities and States.

Can these loans, loan guarantees and other investments be forgiven?

No. The act specifically disallows forgiveness.

When can I apply and how long do the loans last?

The authority to grant new loans, loan guarantees, etc., terminates on December 31, 2020, and loans, loan guarantees, etc., cannot be extended beyond five years from initial origination.

What are the eligibility requirements for loans available for air carriers and businesses critical to national security?

Loans, loan guarantees etc., for passenger air carriers, cargo air carriers, and businesses critical to national security are handled by the Secretary of the Treasury and offered in the Secretary’s discretion.

To be eligible, such businesses must:

- not have reasonably available alternative credit;
- avoid share buy backs (or other forms of equity interests) for the period to 12 months after the loan is repaid;
- not pay dividends for the period to 12 months after the loan is repaid;
- maintain employment levels at a minimum of 90% of that at March 24, 2020 until September 30, 2020;
- certify that they are created or organized under the laws of the United States **and** have significant operations in the USA **and** a majority of its employees are based in the United States; and
- **have incurred or are expected to incur losses such that business operations are jeopardized.**

The above requirements may be waived, however, the Secretary of the Treasury may be required to testify before Congress as to the basis for the waiver.

The Secretary of Transportation may require any air carrier receiving loans or loan guarantees under Section 4003 to maintain scheduled air transportation services as the Secretary deems necessary to

maintain service to any destination the carrier served before March 1, 2020. The needs of “small and remote communities” and “health care and pharmaceutical supply chains” are to be considered.

Such loans are subject to the Secretary of the Treasury obtaining a form of security, either by way of a warrant or equity interest – granting equity appreciation or some form of premiums, but not a right to vote -, or a ‘senior debt instrument.’”

What are the eligibility requirements for loans to other “eligible businesses,” municipalities and States?

Loans, loan guarantees, etc., to other eligible businesses, municipalities and States are handled through Federal Reserve.

To be eligible for these loans, loan guarantees, etc., the eligible business must:

- not engage in share buy backs (or other forms of equity interests) for the period to 12 months after the loan is repaid;
- limit the payment of dividends for the period to 12 months after the loan is repaid;
- comply with limitations on compensation; and
- comply with requirements of the Federal Reserve Act, such as loan collateralization, taxpayer protection and solvency;
- only make loans or other advances to businesses created or organized under the laws of the United States **with** significant operations in the USA **and** a majority of its employees are based in the United States.

Are loans available through banks and other lenders?

Yes. These loans are available to mid-sized businesses and non-profits that have between 500 and 10,000 employees. The Secretary may determine that no interest or principal is payable for the first six months for these loans but the interest rate will not exceed 2%. To be eligible, the business must provide a good faith certification that, among other things:

- The loan is necessary to support ongoing operations;
- They are not a bankruptcy debtor;
- They will use the funds to retain at least 90% of their workforce **at full compensation and benefits until September 30, 2020;**
- They will restore 90% of the workforce as at February 1, 2020 at full compensation, no later than 4 months after the termination of the public health emergency;
- They will not pay dividends or repurchase stock (or other equity securities) except where required by pre-existing contractual obligation while the loan is outstanding;
- They will not outsource or offshore jobs during the loan period or two years thereafter;
- They will not abrogate existing collective bargaining agreements with labor unions; and remain neutral regarding current or future union organizing activity.

What are the limits on employee compensation?

CASA imposes compensation caps for officers and employees of eligible businesses (other than air carriers and related businesses) for the period of the loan to 12 months after it is no longer outstanding:

- Officers or employees receiving \$425,000 or more in total compensation in 2019, will have annual compensation capped at the 2019 level, or termination benefits limited to double that amount;
- Officers or employees who were paid more than \$3 Million in total compensation in 2019 will be limited to the sum of \$3M and 50% of the amount in excess of \$3M. For example, an officer making \$4M would be limited to \$3.5M (being \$3M plus 50% of \$1M)
- Total compensation for the above includes salary, bonuses, awards of stock and other financial benefits.

Rules with respect to mortgages and tenancies

Can I request forbearance on mortgage loan payments?

CASA prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020.

Additionally, mortgagors (other than multifamily homes for more than five families) may request up to 360 days (180 plus an additional 180 at request of mortgagor) of forbearance who have experienced a financial hardship related to the COVID-19 emergency. Applicable mortgages include, those insured by HUD, VA, or USDA, or directly made by USDA, or those purchased by Fannie Mae and Freddie Mac.

For mortgages relating to five or more families, CASA provides up to 90 days of forbearance (initial 30 days, plus two extensions of 30 days) for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Such borrowers may not evict or change late fees to tenants during the pendency of the forbearance period. Applicable mortgages include loans to real property designed for **five or more families** that are purchased, insured, or assisted by HUD, Fannie Mae or Freddie Mac.

Can I evict tenants for non-payment of rent?

For 120 days beginning on the date of enactment, landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent where the landlord's mortgage on that property is insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.

Further, landlords may not issue any notice to vacate, such notice being 30 days, prior to expiration of the 120 day period.