

CARES ACT:

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY

HOW IT AFFECTS INDEPENDENT MORTGAGE PROFESSIONALS AND THEIR BORROWERS

AIME
ASSOCIATION OF INDEPENDENT
MORTGAGE EXPERTS

The CARES Act appropriates \$220.6 billion to labor, health and human services, education, transportation, housing and urban development, and related agencies. The Act granted \$454 billion to the Federal Reserve and Treasury to improve liquidity and \$349 billion to small-business assistance programs. AIME has compiled some additional information as it relates to the mortgage industry and about how some of these dollars are being allocated.

MORTGAGE FORBEARANCE

Single-Family

Applies to federally backed mortgage loans (Fannie/Freddie/FHA/VA/USDA) for those directly or indirectly impacted by the COVID-19 virus. If requested and granted by a loan servicer the initial period is up to 180 days, with the option to extend for an additional 180 days.

Multifamily

Investors and owners of multifamily residences can apply for a total of 90 days of forbearance, which will be granted in 30-day increments. This applies to federally insured, guaranteed, supplemented, or assisted mortgages, including mortgages purchased or securitized by the GSEs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

HUD was granted a total of \$17.4 billion to distribute across the following:

- \$5 billion for Community Development Block Grants
- \$4 billion in homelessness assistance
- \$1.25 billion in tenant-based assistance
- \$1 billion in project-based rental assistance
- \$50 million for housing for the elderly
- \$15 million for housing for persons with disabilities

SMALL BUSINESS ADMINISTRATION (SBA)

Economic Injury Disaster Loans (EIDL)

The SBA has increased funding for its Economic Injury Disaster Loans (EIDL). These loans can be used for:

- Paid sick leave to employees impacted by COVID-19
- Payroll
- Rent/Mortgage Payments
- Debt Obligations Due To Lost Revenues
- Increased costs due to supply chain disruptions and materials

Payroll Protection Program

- Businesses with 500 employees or less, including sole proprietors and independent contractors, are eligible for SBA 7(a) loans in response to COVID-19 covering expenses for the period of February 15, 2020 through June 30, 2020.
- The loan amount will be 250% of the average salary expenditures/month for 2019, up to \$10 million. For businesses not open yet in that period, the SBA will look at earlier receipts from 2020.
- 7(a) loans can be used for:
 - Payroll, including payment independent contractors and employees who work on commission
 - Rent/Mortgage Interest
 - Utilities
- All or a portion of these loans will be forgivable for businesses that maintain the same average payroll levels as in the previous year; forgivable amounts phase out as employers lower that.

STUDENT LOANS

Student loan payments will suspend all payments on federal student loans for 6 months with no interest during the forbearance period.

CASH PAYMENTS

Americans with incomes below the thresholds will receive cash payments from the federal government in the amount of \$1,200 per adult plus \$500 for each child under the age of 17. These payments should be sent out starting in April. More information can be found [here](#).

OTHER CASH SOURCES

- Retirement accounts can take an early withdrawal of up to \$100,000 without the early withdrawal penalty and pay the normal tax on the amount over a three year period.
- Businesses with 100 or fewer employees, can claim a refundable employee retention tax credit against payroll taxes of up to \$5,000 per employee under certain circumstances.

UNEMPLOYMENT INSURANCE

The unemployment assistance benefits are provided to individuals who are unemployed, partially unemployed, or unable to work for the weeks those individuals were impacted as a result of COVID-19 between January 27- December 31, 2020. Individuals who apply for unemployment benefits through their state will also qualify for Federal Pandemic Unemployment Assistance for up to four months that the authority of the issuing states. Unemployment benefits will also be extended for an additional 13 weeks for a maximum of 39 weeks.