

GALLAGHER

GALLAGHER EVELIUS & JONES
ATTORNEYS AT LAW

MEMORANDUM

TO: Humphrey Management

FROM: James Bragdon and Sarah Nyren

RE: Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”)

DATE: March 31, 2020

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act into law.

The Act imposes obligations on “covered properties” including properties that “are insured, guaranteed, supplemented, protected, or assisted in any way by HUD, the Federal Housing Administration, Fannie Mae, or Freddie Mac; or participate in the Section 202 Supportive Housing for the Elderly Program; the Section 811 Housing for Persons with Disabilities Program; Housing Opportunities for Persons With AIDS (HOPWA) Program; McKinney-Vento Homelessness Assistance Programs; Section 236 properties; Section 221(d)(3) below market and reduced interest rate program (BMIR); the Section 8 Housing Choice Voucher (HCV) Program; Section 8 project-based housing; HOME grantees; rural housing assistance programs; and Low Income Housing Tax Credit (LIHTC) properties.”¹

Pursuant to the Act, “covered properties” must:

- (a) follow a moratorium on evictions for 120 days from March 27, 2020;
- (b) not charge late fees;
- (c) not file for eviction for failure to pay rent or other fees or charges; and
- (d) not issue Notices to Vacate for nonpayment of rent or other charges.

For “covered properties,” the site team should waive late fees universally, and should not request residents to complete or submit paperwork. The moratorium does not relieve residents of their obligations to pay rent and comply with the Lease. For properties with program requirements, the Act provides HUD with discretion to waive certain requirements. If you have a specific concern, please contact us.

The Act also contains provisions regarding taxation of businesses and real estate partnerships. If you are not already in contact with GEJ on these subjects, we will make sure to provide guidance on these provisions separately.

¹ <https://www.naahq.org/news-publications/congress-passes-third-covid-19-federal-relief-package>

GALLAGHER

GALLAGHER EVELIUS & JONES
ATTORNEYS AT LAW

We expect additional updates from State and local jurisdictions, either in the form of additional emergency orders or legislative action. Future measures could be modeled off of the CARES Act moratorium or provide a broader scope of relief. We will continue to review and update you on any new developments.