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## **IMPORTANT UPDATE REGARDING “CARES” ACT**

To Our Valued Clients:

Our Firm has been closely monitoring the Stimulus Bill, H.R. 748, the CARES Act, which on March 27, 2020, was signed into law by President Trump.

The Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) takes direct aim at stabilizing the housing market. Our Firm would like to draw your specific attention to Sections 4021-4024 of the CARES Act (see below hyperlink for the entire CARES Act) which, in our opinion, readings and interpretations, offer to provide this stabilization to the market at this time as follows:

### **Section 4021: Credit Reporting During COVID-19**

- Amends the Fair Credit Reporting Act as it relates to forbearance given on or after January 31, 2020. This new amendment is effective for 120 days from the law’s passage (March 27, 2020) or 120 days from the day the national emergency is terminated.
- Grants borrowers experiencing hardship as a direct result of COVID-19 additional relief by being allowed to make a partial payment, to skip a payment, to modify the loan, or to receive other assistance, whereby the servicers are to report the obligation as current if it would otherwise be current. If the loan was already delinquent, the delinquent status may be maintained, but if the borrower brings the loan current during the forbearance period, the loan is then to be reported as current, unless it has been charged off.

## **Section 4022: Foreclosure moratorium and consumer right to request forbearance**

### **Moratorium**

- Except with respect to a vacant or abandoned property, a servicer of a Federally-backed mortgage loan (defined in the CARES Act as FHA, VA, USDA, Fannie Mae, or Freddie Mac) may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute on a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on March 18, 2020 (i.e., on or after May 17, 2020).

### **Forbearance**

- To receive forbearance, the borrower need only submit a request, written or orally, and affirm she is experiencing financial hardship during the COVID-19 emergency. If the borrower does so, forbearance shall be granted.
- The borrower may request up to 180 days, and upon the borrower's request, the period must be extended for up to 180 additional days.
- No fees, penalties, or interest beyond the amounts scheduled or calculated as if the borrower made all contractual payments on time and in full under the terms of the mortgage contract, will be permitted to accrue on the borrower's account.

## **Section 4023: Forbearance of residential mortgage loan payments for multifamily properties with Federally-backed loans**

- The servicer will only be required to grant forbearance if the loan was current as of February 1, 2020. If the loan was current as of that date, the servicer must grant forbearance of up to 30 days. If the borrower makes a request at least 15 days prior to the end of that period, the servicer must extend the forbearance up to two additional 30-day periods.

## **Section 4024: Temporary moratorium on eviction filings**

- The law initiates a 120-day moratorium on evictions. Being effective for 120 days from the law's passage (March 27, 2020), the lessor may not institute an eviction on any covered dwellings. After the 120-day period, the lessor must first

provide the tenant with notice of 30 days prior to requiring the tenant to vacate the covered dwelling unit.

As our valued clients, we will ensure that your interests are always protected and served in South Carolina. Please advise if you need more information or further clarification on these very challenging and constantly evolving matters.

**WE ARE IN THIS CRISIS TOGETHER, and WE ARE HERE TO SERVE AND ASSIST YOU!**

[CARES Act FULL TEXT - CLICK HERE](#)