

*The following Q&As provide guidance on Section 4024 of the CARES Act. Section 4024 of the CARES Act imposes a temporary moratorium on evictions. The temporary eviction moratorium applies to certain dwelling units assisted by Community Development Block Grant (CDBG) loans (including Section 108 guaranteed loans), Neighborhood Stabilization Program (NSP) loans, and CDBG-Disaster Recovery (CDBG-DR) loans, as discussed below.*

## **Introduction**

On March 27, 2020, the president signed the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136) (CARES Act) into law. Section 4024 of the CARES Act imposes a temporary moratorium on evictions. This moratorium went into effect immediately upon the enactment of the CARES Act on March 27, 2020 and lasts for 120 days (through July 24, 2020).

Link to CARES Act: <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

### **Q1: How does Section 4024 of the CARES Act apply to CDBG funds (including Section 108 guaranteed loans), Neighborhood Stabilization Program and CDBG-Disaster Recovery funds?**

CDBG is not a “covered housing program” under section 4024(a)(2)(A)(i) of the CARES Act, as defined in section 41411(a) of the Violence Against Women Act of 1994 (VAWA) (34 USC 12491(a)). Thus, for these programs, the CARES Act temporary moratorium on evictions applies only to a “covered property” with a “Federally backed mortgage loan” or “Federally backed multifamily mortgage loan”.

### **Q2. Does the CARES Act moratorium apply to dwelling units in a project with a CDBG-, NSP-, or CDBG-DR-assisted loan?**

Yes, the CARES Act eviction moratorium applies to dwelling units in projects with CDBG-, NSP-, or CDBG-DR-assisted loans.

### **Q3. Which CDBG-, NSP-, or CDBG-DR-assisted projects contain units that are covered by the CARES Act eviction moratorium?**

Any project that-

received CDBG, NSP or CDBG-DR assistance through a loan made by the grantee or a subrecipient and is in repayment or a period of affordability, including loans made with Section 108;

AND,

is secured by a first or subordinate lien on residential real property (including individual condominiums and cooperatives).

However, projects that received temporary financing (such as a construction loan) with CDBG, NSP or CDBG-DR assistance are not covered by the moratorium.

**Q4. Does the CARES Act eviction moratorium apply to all the residential units in a project with a CDBG-, NSP- or CDBG-DR-assisted loan?**

The CARES Act eviction moratorium applies to all residential rental units in or on properties (i.e. multifamily and multiunit single family) that have a CDBG-, NSP- or CDBG-DR-assisted loan. The residential rental units in or on the property are covered dwelling units under Section 4024(a)(1) & (2)(B) of the CARES Act.

**Q5. How does the CARES Act eviction moratorium affect covered dwelling units in projects with a CDBG-, NSP- or CDBG-DR-assisted loan?**

For a period of 120 days, beginning on March 27, 2020 and continuing through July 24, 2020, an owner cannot:

- Make, or cause to be made, any filing with the court of jurisdiction to initiate an eviction (e.g., an unlawful detainer action, complaint) for non-payment of rent or other fees or charges; or
- Charge fees, penalties, or other charges to the tenant related to non-payment of rent.

If an owner did not provide the tenant with an eviction notice, including but not limited to a notice to vacate, quit, or terminate tenancy, for nonpayment of rent or other fees or charges before March 27, 2020, the owner may not issue such notice until after July 24, 2020.

**Q6. During the CARES Act 120-day eviction moratorium period, can fees related to nonpayment of rent accumulate and be charged to the tenant after the moratorium?**

No; per Section 4024(b)(2) of the CARES Act, fees, penalties, or charges in relation to nonpayment of rent cannot be charged. Therefore, owners may not assess charges, penalties, or fees for non-payment of rent during the 120-day period which ends July 24, 2020.

**Q7. During the CARES Act 120-day eviction moratorium period, can monthly rent and fees and other charges (except those related to nonpayment of rent) accrue and be charged to the tenant after the CARES Act moratorium ends?**

Yes, unpaid monthly rent and fees and other charges (except fees and charges related to nonpayment of rent) may accrue during the 120-day period and be charged to the tenant after the CARES Act 120-day moratorium period ends on July 24, 2020.

**Q8. During the moratorium period, may owners evict tenants for lease violations that are not related to nonpayment of rent, fees, or charges?**

Yes, the CARES Act moratorium does not apply to evictions based on violations of permitted lease terms other than nonpayment of rent or other fees, penalties, and charges. CDBG, NSP and CDBG-DR grantees, subrecipients, and owners of properties with CDBG, NSP, or CDBG-DR-assisted loans should also review their state and local laws, as many are also enacting their own moratoriums on evictions.

**Q9. How should a grantee notify owners of the CARES Act eviction moratorium?**

We encourage grantees or subrecipients to provide written notification to owners of projects with CDBG-assisted loans that the CARES Act prohibits the actions described above. In addition, CDBG grantees and subrecipients should direct owners of projects with CDBG-assisted loans to provide tenants with information about their due process rights under state/local laws and should encourage owners to provide as much flexibility as possible to tenants with respect to repayment of delinquent rent payments after expiration of the moratorium.

**Q10. Will HUD issue additional guidance on the use of CDBG funds in response to the COVID-2019 pandemic and application of the CARES Act?**

HUD will continue to update guidance on the use of CDBG funds and the CARES Act as needed.