

CORONAVIRUS (COVID-19) RESOURCES

RENTAL INCOME

Q: Is it true I can't evict someone in the city of Santa Barbara during the COVID-19 crisis?

A: The Santa Barbara City Council passed a moratorium on evictions on March 23, 2020. It's important to note that the moratorium does not absolve a tenant's responsibility to pay the rent, once the moratorium is lifted. It will be your responsibility (and choice) to determine how you manage a tenant's inability to pay the rent.

Q: What if my tenant says they can't pay rent because of COVID-19?

A: Be sure they are aware that you will not act against them for non-payment of rent through May 31, 2020 -- but the way the laws are written, the deferred rent becomes immediately due June 1st. Negotiate reasonable payment amounts over a reasonable period of time, understanding that the bigger debt they have on June 1, the less likely they will be able to repay. Consider any additional concessions you are comfortable with and actively work with your residents.

Alert your tenants to resources that might be available to them. Currently, funds are available from the state, from employers, from the federal government, and from non-profit agencies. Click the links below for more information.

Apply for unemployment benefits:

https://www.edd.ca.gov/unemployment/filing_a_claim.htm

Grants for small business owners:

<https://www.sba.gov/funding-programs/disaster-assistance>

Paid family leave under existing California law:

https://www.edd.ca.gov/Disability/about_pfl.htm

Rapid response grant for individuals & families:

<https://rapidresponsevc.org/individuals-and-families/>

New federal paid family leave law:

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>

Q: What if my tenant wants to break their lease early?

A: We recognize that this may be a very real possibility for some owners, especially if you rent to students. With classes at the University being moved to online forums only, and the threat of summer school also being cancelled, some tenants may need to make different plans for their living situation. Leases are contracts, therefore it is up to you on a case-by-case basis to decide what to do. If SBRPA or our industry partners develop further guidance, we will let you know. Options to consider:

- Rent payment plan
- Offer to break lease with termination fee
- Discounted rent
- Allow them to break lease at no cost.
- Surrender Premises and pay reduced rent while Owner finds a new tenant

Rental Income (continued)

Q: What if I can't pay my mortgage or expenses on the rental housing? Are there any resources for me?

A: Unfortunately, at this time there are no specific resources being provided to rental housing owners. The SBA (Small Business Association) does provide emergency low-interest, no fee, 30-year loans to enable qualified borrowers to continue in business until your cashflow improves. On teleconference with head of California SBA last week and he said they would offer 3.75% 30 year, no fee loans up to \$2 million. They are expecting loans asking for @6 months working capital and the first payment would probably be due in 5th month. If the emergency lasts longer, the applicant can apply to expand the loan request. (www.SBA.gov/coronavirus).

Governor Newsom secured support from Citigroup, JPMorgan Chase, U.S. Bank, and Wells Fargo and nearly 200 state-chartered banks, credit unions, and servicers to protect homeowners and consumers. Under the Governor's proposal, Californians who are struggling with the COVID-19 crisis may be eligible for the following relief upon contacting their financial institution. (Note: at this time this relief is available for home-ownership, however, the Governor is considering extending to rental property ownership.)

90-DAY GRACE PERIOD FOR MORTGAGE PAYMENTS

Financial institutions will offer, consistent with applicable guidelines, mortgage payment forbearances of up to 90 days to borrowers economically impacted by COVID-19. In addition, those institutions will:

- Provide borrowers a streamlined process to request a forbearance for COVID-19-related reasons, supported with available documentation;
- Confirm approval of and terms of forbearance program; and
- Provide borrowers the opportunity to request additional relief, as practicable, upon continued showing of hardship due to COVID-19.

NO NEGATIVE CREDIT IMPACTS RESULTING FROM RELIEF

Financial institutions will not report derogatory tradelines (e.g., late payments) to credit reporting agencies, consistent with applicable guidelines, for borrowers taking advantage of COVID-19-related relief.

MORATORIUM ON INITIATING FORECLOSURE SALES OR EVICTIONS

For at least 60 days, financial institutions will not initiate foreclosure sales or evictions, consistent with applicable guidelines.

RELIEF FROM FEES AND CHARGES

For at least 90 days, financial institutions will waive or refund at least the following for customers who have requested assistance:

- Mortgage-related late fees; and
- Other fees, including early CD withdrawals (subject to applicable federal regulations).

Click [here](https://covid19.ca.gov/get-financial-help/#top) for details on how to apply for relief. Loans held by a financial institution may be serviced by another company. (<https://covid19.ca.gov/get-financial-help/#top>)