



## **Coronavirus Resources for Consumers and Small Businesses Updated 4/27/20**

### **Contact Your Bank/Your Lenders/Creditors**

Consumers and businesses are urged to contact their bank so that they can work with Marylanders to address their individual needs. Maryland Bankers Association has a special coronavirus resource center on our website with links to our members' coronavirus resource pages as well as to their branch, digital, ATM and call center access information and contact information. For a great resource for your constituents, please go to - [www.mdbankers.com](http://www.mdbankers.com) [[mdbankers.com](http://mdbankers.com)].

Maryland banks have implemented a variety of measures to assist their customers including waiving fees, deferring payments, offering low or no-interest loans and many other measures to help their clients get through this emergency depending on their specific needs.

There is no one-size-fits-all solution and that's why the outreach is so important - so the best solution can be tailored to meet specific needs and circumstances. For some, the solution may be a payment deferral. For others it may be an increase in their line of credit or offering a bridge loan until funding from an SBA Disaster Loan, Payroll Protection Loan or other SBA resource arrives. Our members have been proactive in contacting their customers urging them to let the bank know if they need help. Banks across Maryland support Governor Hogan's outreach initiative announced on April 3 to work with their customers in offering loan deferrals, fee waivers and more.

### **Resources for Consumers**

#### **Mortgage Relief**

As with their small business customers, Maryland banks are hard at work helping Maryland homeowners who are experiencing financial hardship. The same types of tools are used routinely by banks to help their customers on a case-by-case basis, in ways to best meet their needs. For federally-backed mortgage loans (Fannie Mae, Freddie Mac, FHA, VA), the CARES Act allows a borrower to request an initial forbearance period of up to 180 days (and up to another 180 days after the first 180 days).

A borrower just needs to make a request to their lender/servicer and indicate that they are experiencing financial hardship as a result of the COVID-19 crisis. They don't have to provide any other documentation or complete a full loss mitigation application. *The payments that are suspended during any forbearance period are added on to the end of the loan.* Many lenders/servicers are setting up initial 90 day forbearance periods, and allowing borrowers to request the additional 90 for the first 180 day window. For other loan types (not federally-backed), some lenders are deferring payments, some are switching to interest only during the deferral period, and some are allowing repayment of the deferred

amounts in additional installments at the regularly scheduled maturity date (extending maturity by additional months in the number of deferred payments). The solutions result from a conversation with their lenders so that the best structure for the borrower can be put in place. Borrowers should look at their monthly mortgage statements for contact information for their lender/servicer.

Please note – there are questions if the loan payment deferrals are expected to be repaid in a lump sum once the deferral period is over. In talking with our members, in recognition that the borrower will need time to readjust after the emergency is over, the general approach is to add the deferred payments onto the end of the loan. Borrowers should ask their mortgage servicer if their mortgage is federal, e.g. Fannie Mae, Freddie Mac, VA, HUD, etc. The federal agencies, and other secured parties, offer forbearance and other types of mortgage payment relief. The types of assistance provided are a waterfall of options, based on the borrower’s circumstance.

#### **4/27/20 – FHFA Statement - “NO LUMP SUM REQUIRED AT THE END OF FORBEARANCE”**

“To combat ongoing misinformation, the Federal Housing Finance Agency (FHFA) reiterated that borrowers in forbearance with a Fannie Mae or Freddie Mac (the Enterprises)-backed mortgage are not required to repay the missed payments in one lump sum.

“During this national health emergency, no one should be worried about losing their home,” said Director Mark Calabria. “No lump sum is required at the end of a borrower's forbearance plan for Enterprise-backed mortgages. To help homeowners navigate the forbearance process, FHFA partnered with CFPB on the Borrower Protection Program to provide homeowners accurate information about forbearance and address concerns noted in some consumer complaints. While today's statement only covers Fannie Mae and Freddie Mac mortgages, I encourage all mortgage lenders to adopt a similar approach.”

“In response to the COVID-19 national emergency, the Enterprises permitted borrowers with a financial hardship due to the pandemic a forbearance option, which is a pause or reduction in their monthly mortgage. The missed payments will have to be paid back by the borrower. For those borrowers who opt for forbearance, their mortgage servicer will contact them about 30-days before the end of the forbearance plan to see if the temporary hardship has been resolved and discuss a variety of repayment options. If the hardship has not been resolved, the forbearance plan can be extended. If the hardship has been resolved, the servicer will work with the borrower to:

- Set up a repayment plan;
- Modify the loan so the borrower's payments are added to the end of the mortgage; or
- Set up a modification that reduces the borrower's monthly mortgage payment.”

#### **Additional Information Resources:**

- Fannie Mae: [Understand Your COVID-19 Mortgage Options](#)
- Freddie Mac: [Lump Sum Repayment is Not Required in Forbearance](#)
- To learn more about the forbearance process you can read the script the Enterprises provided to mortgage servicers [here](#).
- Read more about FHFA and CFPB's Borrower Protection Program [here](#).
- To see the actions FHFA has taken to help Americans impacted by the coronavirus remain in their homes please visit FHFA's [Webpage on Coronavirus Actions](#).

- The federal Consumer Financial Protection Bureau published a [Guide to Coronavirus Mortgage Relief Options](#). This webpage provides information to help homeowners understand what their mortgage relief options and to assess their situation.
- YouTube link describing forbearance options for federally backed loans: [https://youtu.be/3H\\_a93TTNMg](https://youtu.be/3H_a93TTNMg)
- Link to [Federal Housing Finance Agency \(FHFA\)](#) announcement. FHFA regulates Fannie Mae, Freddie Mac and the Federal Home Loan Banks: [https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-and-CFPB-Announce-Borrower-Protection-Program.aspx?utm\\_campaign=NEWSBYTES-20200416&utm\\_medium=email&utm\\_source=Eloqua](https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-and-CFPB-Announce-Borrower-Protection-Program.aspx?utm_campaign=NEWSBYTES-20200416&utm_medium=email&utm_source=Eloqua)

### **Other Consumer Resources for Mortgage and Student Loan Relief**

Additionally, the [Consumer Financial Protection Bureau \(CFPB\)](#) has taken numerous steps to protect and assist consumers during the COVID-19 national emergency including making it easier for consumers to receive pandemic-relief payments; informing consumers about their options as it relates to mortgage forbearance; releasing a policy statement outlining the responsibility of credit reporting companies and furnishers; and, providing needed flexibility to enable financial companies to work with customers in need. The Bureau continues to process consumer complaints through the consumer compliant system. The CFPB has also released timely information on new programs aimed at helping struggling consumers during this time. These programs include [student loan payment suspension](#); [mortgage forbearance](#); [stimulus payments](#); and [the paycheck protection program](#). Additionally, the Bureau has a centralized [webpage with information on how consumers can protect their finances during the pandemic](#).

If consumers aren't satisfied with their lender, the CFPB has a consumer complaint system. Through the consumer complaint system, the CFPB gets responses from companies to resolve consumer issues and takes the information into account in supervisory and enforcement work.

### **Maryland Protections Against Foreclosure and Eviction – Governor's Executive and Maryland Court Orders**

On March 16, Governor Hogan issued an executive order and announced a financial relief package. The March 16 executive order builds on an order that prohibits residential evictions arising from a tenant's substantial loss of income due to COVID-19. [The latest order is now extended to commercial and industrial evictions](#). The executive order remains in place until, "the state of emergency is terminated and the catastrophic health emergency is rescinded." The order also:

- Stops lenders from initiating the mortgage foreclosure process;
- Authorizes the Maryland Commissioner of Financial Regulation to suspend certain lending limits for Maryland banks and credit unions, on a case-by-case basis, in an effort to make more credit available to businesses;
- Prohibits repossession of cars and trucks; and
- Prohibits repossession of homes that are not considered "real property," such as mobile homes, trailers, and live-aboard boats.

[Read the amended March 16 executive order.](#)

The Governor's Financial Relief announcement stated that "consistent with applicable guidelines, Marylanders may be eligible for the following opportunities upon contacting their financial service providers:

- **90 Days of Payment Forbearance or Deferral.** Mortgage lenders and servicers will provide up to a 90-day forbearance or deferral period for mortgage payments.
- **Waiving Late Fees.** Mortgage lenders and servicers will not charge late fees during the forbearance or deferral period.
- **Credit Reporting.** Mortgage lenders and servicers will not report negative information to the credit bureaus during the forbearance or deferral period.
- **90 Days Forbearance from Foreclosure Initiation.** All mortgage lenders and servicers will follow the forbearance and reduced payment programs established by federal authorities.

In addition, the Maryland Court System [order](#) issued on March 25th built on an earlier court issued order and further suspended foreclosures and evictions in Maryland *until further notice by the court*.

- **March 25, 2020**  
[Suspension During the COVID-19 Emergency of Foreclosures, Evictions, and Other Ejectments Involving Residences](#)

## **Federal Economic Impact Payments to Consumers**

Below is a link to a downloadable PDF with FAQs for consumers on the economic stimulus payments that began arriving in bank accounts this past week. Please encourage your constituents to go to the IRS website to see when their payment will arrive. This site is also where they can elect to receive their payment electronically into a bank account or on to a loadable debit card rather than via a paper check.

<https://www.aba.com/-/media/documents/reference-and-guides/economic-impact-payment-faqs.pdf?rev=96001ec567524d67a8a6cc477c687018&hash=269F5630980652A309FF906CF74DCA72>

The Maryland banking industry is worried about scams related to the stimulus payments so anything you can do to amplify the IRS sanctioned portals where consumers can go to check on the status of their payment and change from receiving a paper check to receiving it electronically would be welcomed. Treasury has indicated that payments processed by paper checks can only be sent out in batches of 5 million checks each week and thus slowing the delivery time to Marylanders.

## **CFPB Video Outlines Steps for Non-Files to Receive EIP Payments**

The Consumer Financial Protection Bureau (CFPB) [released a video](#) summarizing the steps that non-tax filers need to take to receive their Economic Impact Payments authorized by the previously passed federal stimulus package. The CFPB also published a blog post with frequently asked questions for consumers with details on the stimulus payments. Visit the CFPB's [Guide to COVID-19 Economic Stimulus Checks](#).

## **Bank On– Helping Unbanked Open Accounts Online to Receive Stimulus Payments**

A number of banks and credit unions – have been working with Bank On and nonprofit partners to promote financial inclusion and bring a significant share of unbanked Americans into the mainstream financial system as we prepare for individuals to receive stimulus checks.

Bank On is promoting the Bank On 10 coalition, ten safe and affordable accounts that can be opened online. Specifically, the specific banks and credit unions involved with Bank On to help ensure those in need, **including those without a traditional banking account, receive stimulus payments quickly and efficiently.** A good article can be found here: Los Angeles Sentinel: [The stimulus check is in the mail. Here’s how you can deposit it safely from your home.](#)

Bank On has developed a [consumer-facing page](#) that provides key information about the Economic Impact Payments and opportunities to open banking accounts online. The website is available in both English and Spanish.

### Frequently Asked Questions

#### ***What is Bank On promoting?***

- Bank On is promoting the Bank On 10 coalition, ten safe and affordable accounts that can be opened online. Learn more here: <https://covidbanking.joinbankon.org/>
- After opening an account, you can enter the information on IRS’ website to get your economic impact check faster and safer.
- If you have already received a check, you can use the online account to quickly deposit the check without needing to leave your home.
- You may also be able to use these accounts to collect unemployment benefits.

#### ***How does it work?***

1. Pick a bank or credit union (<https://covidbanking.joinbankon.org/#faq-section>)
2. Open your own safe Bank On certified account
3. Enter your new account number on the IRS website (<https://covidbanking.joinbankon.org/#irs-banner-section>)
4. You can provide the necessary information to the IRS easily and quickly for no fee through Non-Filers: Enter Payment Info. IRS will use this information to determine your eligibility and payment amount and send you an Economic Impact Payment. After providing this information you won’t need to take any additional action.

#### ***What information do I need to provide?***

- Full name, current mailing address and an email address
- Date of birth and valid Social Security number
- Bank account number, type and routing number, if you have one
- Identity Protection Personal Identification Number (IP PIN) you received from the IRS earlier this year, if you have one
- Driver’s license or state-issued ID, if you have one
- For each qualifying child: name, Social Security number or Adoption Taxpayer Identification Number and their relationship to you or your spouse

### ***Why open a bank account now?***

- The COVID-19 pandemic greatly increases the importance of a safe and affordable mainstream bank or credit union account for managing your money remotely, including to receive wages and government benefits securely through direct deposit and make payments remotely.
- If you opt for a check, you might not get it until September. Then, you'll need to cash your check in person and possibly pay fees, buy money orders to pay bills, or use cash in person.

### ***What are the benefits of a secure account?***

- Bank and credit unions take your personal security seriously with cutting-edge software and tools to help you protect your personal financial data and keep your money safe; these accounts also are federally insured.
- These Bank On certified accounts don't allow overdraft or insufficient fund penalties, and almost all of them cost only \$5 or less per month.
- These accounts have online tools to help you control your money, deposit your paycheck, and pay your bills - all free of charge.

## **Maryland Bank Assistance for Maryland Small Businesses – Success of a Bank is Inherently Linked to the Success of its Clients**

Maryland banks stand by Maryland's small businesses. Maryland banks were there for their small business customers before the federal Paycheck Protection Program (PPP) and will continue to be there for them after the Paycheck Protection Program. The PPP is a critical source of partially forgivable loans for small businesses. However, other programs and tools are in place to assist small businesses; banks continue to work with their small business customers in a variety of ways to help meet their needs. It is important to recognize that it is in banks' best interest to work with their clients in the COVID-19 emergency, just as they have during hurricanes, floods and other disasters. Banks do not want to see loans go into foreclosure. They are keenly focused on helping their clients through this emergency.

Banks routinely provide customized help to fit specific financial situations, through:

- Loan modifications
- Loan payment forbearance/deferrals
- Fee waivers
- Increases in lines of credit
- Bridge loans
- Hardship programs
- And more

The key is talking with your bank. Banks in Maryland have been assisting their customers proactively since individuals, families and small businesses were first impacted by the coronavirus. Banks have been dedicated and determined partners in implementing PPP which has provided billions of dollars in forgivable loans to support the payrolls, rent and utilities of small businesses here. Banks were a key source of financial assistance for small businesses prior to the PPP program's existence and banks will continue to be there to support Marylanders.

## **SBA/Treasury Paycheck Protection Program**

The federal Paycheck Protection Program (PPP) was launched on April 3 and reached the initial funding threshold of \$350 billion on April 16, 2020. Additional funding for the program was authorized on April 24, 2020. Banks are continuing to work with small businesses with application requests still pending in hopes that Congress will approve new funding as early as this weekend. Please let your small businesses know that policymakers have said that if more time or more funding are needed for the program, it will be there.

On April 17, the Small Business Administration released a report on the number and dollar amount of Paycheck Protection Program (PPP) loan approvals. <https://www.sba.gov/sites/default/files/2020-04/PPP%20Deck%20copy.pdf> Through April 16, 2020, 1,661,367 loans were approved nationally totaling \$342,277,999,103. According to this report, **in Maryland 26,068 loans have been approved totaling \$6,537,733,687**. Banks must fund the loans within 10 days of approval, so the funding has been flowing to these Maryland small businesses. Maryland is 26<sup>th</sup> in the number of applications approved relative to the other states and 21<sup>st</sup> in relation to the total dollar amount of approvals

- For a top-line overview of the program [CLICK HERE](#)
- If you're a borrower, more information can be found [HERE](#)
- The application for borrowers can be found [HERE](#)
- SBA PPP website: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>
- U.S. Treasury PPP website: <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

### **SBA Issues Guidance on Eligibility of Self-Employed**

The PPP program is also open to self-employed (ex. sole proprietors and independent contractors). Guidance on this aspect of the PPP was issued on April 15. See beginning on page 4: <https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf> Self-employed applicants use the same PPP application form, they just have to provide different information for verification. It is described in the guidance.

### **4/24: SBA Issues Guidance on Calculating Max PPP Loan Size – by Business Type**

The SBA issued guidance on April 24<sup>th</sup> to help borrowers calculate and document the maximum PPP loan amount a business may be eligible for. The guidance covers several situations about which lenders have sought clarity, including calculations and documentation requirements for applicants that are self-employed, partnerships, LLCs, Subchapter S corporations, and nonprofit and religious organizations.

Because this guidance came after many borrowers had already filed their PPP applications with lenders, it is important to be aware that SBA's FAQ 17, issued on April 6, which stated that "[b]orrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application." Based on that guidance, banks are not required to recalculate the applications that borrowers have already submitted but that banks have not yet entered into E-Tran. [Read the guidance.](#)

## **Newly Developed Federal Reserve Main Street Lending Program**

There are also a number of government programs designed specifically to help small businesses during the COVID-19 emergency. For example, the Main Street Lending Program (MSLP) has just been established by the Federal Reserve. While the details are still being released, Maryland banks will be active participants in this program, as well as the other programs. Our members are telling us that the MSLP is viewed as a key program to assist small businesses “restart” after the emergency has ended.

The [Main Street Lending Program](#) will enhance support for small and mid-sized businesses that were in good financial standing before the crisis by offering 4-year loans to companies employing up to 10,000 workers or with revenues of less than \$2.5 billion. Principal and interest payments will be deferred for one year. Eligible banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans to businesses. Banks will retain 5 percent of the loan, selling the remaining 95 percent to the Main Street facility, which will purchase up to \$600 billion of loans. Firms seeking Main Street loans must commit to make reasonable efforts to maintain payroll and retain workers. Borrowers must also follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act. Firms that have taken advantage of the PPP may also take out Main Street loans.

## **Other SBA/Treasury Resources**

SBA/Treasury offer a number of other resources including Economic Injury Disaster Loans and bridge loans to assist small businesses. Here is a link to all of the resources and FAQs for small businesses.

<https://advocacy.sba.gov/2020/04/16/resources-for-small-businesses-in-response-to-the-novel-coronavirus-pandemic/>

## **Summary**

The support put in place for Maryland consumers and small businesses is unprecedented. The first step in attaining the needed relief is to talk with your lender, landlord, utility company and others to explain that you are experiencing a financial hardship as a result of the COVID-19 emergency. Without this contact, your creditors will not know your unique circumstances.

For a helpful FAQ for consumers and small businesses, the following ran in the Washington Post on April 19, 2020, see the link below.

[https://www.washingtonpost.com/business/2020/04/17/your-money-pandemic/?no\\_nav=true&p9w22b2p=b2p22p9w00098&tid=a\\_classic-iphone](https://www.washingtonpost.com/business/2020/04/17/your-money-pandemic/?no_nav=true&p9w22b2p=b2p22p9w00098&tid=a_classic-iphone)

Thank you.