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Practice Update

CARES Act Relief for Individuals

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020, with the intent of helping American individuals and businesses navigate the crisis caused by COVID-19.

The CARES Act provides unemployment, foreclosure, eviction, qualified plan and tax-related benefits for individuals to alleviate the economic difficulties individuals are currently facing due to the recent COVID-19 outbreak. This article provides a high-level summary of the benefits available to individuals as they navigate the COVID-19 crisis.

Unemployment Benefits

- Until July 31, 2020, unemployment benefits include the amount payable under the applicable state law plus $600 per week.
- Provides a maximum of 39 weeks of unemployment benefits (which includes the total number of weeks an individual receives under state law) for unemployment caused by COVID-19 during the period from January, 27, 2020 to December 31, 2020.
- Individuals are required to first exhaust any available state unemployment benefits before being able to receive these new unemployment benefits. However, individuals may receive the new benefits during any state-required "waiting

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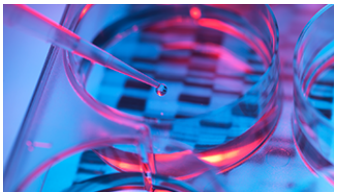

period" (though several states have already such period).

- Covered individuals are broadly defined to include any individual who is available to work but is unemployed or partially unemployed because of COVID-19-related reasons, including, among others, (a) the individual, or a member of the individual's household, is diagnosed with COVID-19, (b) the individual cannot commute to his or her work location due to an imposed COVID-19-related quarantine, (c) the individual has been ordered to self-quarantine, (d) the individual had just been hired and scheduled to start working but could not do so due to the COVID-19 outbreak, and (e) the individual's place of employment was shut down because of COVID-19.
- Extends unemployment benefits to those who may otherwise not be eligible to receive them or who otherwise exhausted the applicable state benefits.
- Individuals must be "actively seeking work" to be eligible; however, the CARES Act gives states the flexibility to relax this requirement and several states have begun to waive this eligibility requirement.

Foreclosures and Evictions

- Permits a borrower with a Federally-backed mortgage loan who is experiencing a financial hardship due to COVID–19 to request forbearance from its lender. The borrower must submit a request to its loan servicer and then lenders and servicers are required to grant forbearance for 180 days. The borrower can request that forbearance be extended by an additional 180 days. During this period, servicers cannot impose fees, penalties, or interest beyond amounts that would be due if the borrower made all payments on time and in full.

- Prohibits a servicer of a federally-backed mortgage loan from initiating a judicial or non-judicial foreclosure until May 17, 2020.
- Prohibits landlords from filing or initiating an eviction of a tenant for nonpayment of rent or other fees or charges. Additionally, landlords cannot charge fees, penalties, or other charges to the tenant related to nonpayment of rent. This rule applies to properties occupied by a tenant subject to a residential lease or without a lease that is on a property that (a) is subject to a federally-backed mortgage loan or federally backed multifamily mortgage loan, or (b) is part of certain government housing programs. This prohibition lasts until July 25, 2020. Additionally, once the period expires, landlords must provide at least 30 days' notice before initiating eviction proceedings.

Qualified Plan Withdrawals

- Allows eligible participants of a qualified retirement plan (e.g., a 401k) to request penalty-free distributions of up to $100,000 for qualifying COVID-19-related reasons, including adverse financial consequences due to being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to a lack of childcare, or closing or reducing hours of a business owned or operated by the individual.
- Participants may repay the amount withdrawn within three years and tax on the income from the withdrawal may be paid over a three-year period.

Individual Rebate Checks

- Provides individuals a $1,200 ($2,400 in the case of a joint return) rebate check, with an additional $500 rebate per qualifying child.
- The rebate is subject to a phase-out based on income. Taxpayers with adjusted gross incomes in excess of $99,000 ($198,000 in the case of a joint return) would not receive the rebate.

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