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Consumer Economic Relief Efforts to Include Certain Mortgage and Student Loan Forbearance, Direct Payments to Consumers

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As the COVID-19 pandemic continues, the government and private enterprise are scrambling to fashion appropriate relief for consumers impacted by the economic fallout of the crisis.

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On March 19, 2020, the government-sponsored mortgage giants Fannie Mae and Freddie Mac announced that borrowers suffering economic hardship could qualify for a reduction or suspension of mortgage payments for up to 12 months. This relief covers the approximately half of home loans in the U.S. guaranteed by Fannie and Freddie. Many private lenders are separately implementing forbearance policies to prevent borrowers from defaulting due to present and anticipated economic conditions. Use the following links to see if [Freddie Mac](#) or [Fannie Mae](#) holds your mortgage.

The same day, New York Governor Andrew Cuomo announced that New York banks would waive mortgage payments for the next 90 days, for borrowers experiencing financial hardship. He also said that he is ordering that bank overdraft fees, ATM fees, and credit card fees be waived during that period. Earlier this week, Gov. Cuomo also announced that New York would halt collection of state student loan and medical debt through at least April 15, 2020. We previously wrote about the [Massachusetts legislative proposal to halt evictions and foreclosures](#) during the COVID-19 crisis, and other state-level relief is doubtless forthcoming.

Meanwhile, congressional leaders have been developing proposals for an economic stimulus package including consumer relief. The [legislation proposed by Senate Republicans](#) the night of March 19, 2020 would include payments of up to \$1,200 for individuals with gross income between \$75,000 and \$95,000, plus an additional \$500 for each child. It would also suspend payments of principal and interest on federal student loans for at least three months. However much of the bill is targeted toward businesses. Congressional Democrats are expected to propose a different package potentially including further relief for homeowners and renters, a boost in infrastructure spending, and

expansion of unemployment and Social Security benefits.

We will continue to follow these developments as they may impact our clients and community. Also, stay tuned for a subsequent article in which we will summarize the relief that has been granted and may be expected for businesses, through legislative proposals and otherwise.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorney [David Glod](#).