

Rent Collection Amid COVID-19

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Purpose: To provide guidance to National Apartment Association (NAA) members regarding rent collections amid COVID-19, also referred to as coronavirus.

Applies to: All NAA members who are involved in managing apartments.

Overview: In response to the COVID-19 global pandemic and the financial hardships some residents are experiencing, NAA is working to assist owners and managers with guidance on operations related to resident collections. With employees experiencing mass layoffs due to COVID-19, millions of Americans face the prospect of no longer being able to pay rent. Local, state and federal authorities have introduced eviction moratoriums across the country in response to the coronavirus crisis that leaves many owners and managers planning for worst-case scenarios.

It is important to recognize that NAA, its affiliates and individual members are not health care professionals. The CDC and other qualified health officials should continue to be the primary source of information and guidance. NAA is offering guidance for the industry, as well as insight and information from officials and experts.

Guidance:

- 1. Collecting Rent** – While rent collection should continue in accordance with your lease agreement, we ask that you recognize that some residents have been or will be financially impacted by COVID-19, and you may consider working with those residents on alternate payment schedules, considering waiving late fees and providing financial resources to residents where applicable. In addition, remember to check applicable emergency orders in your jurisdiction(s) that may direct further operations regarding rent collection. To prevent continued exposure, residents should be encouraged to pay rent online if this option is available at their community. If the leasing office is closed, or if an online payment option is not available, a drop box or other method for money collection should be available for residents. Employees should handle all money collection with disposable gloves and wash their hands accordingly.
- 2. Late Fees** – As a courtesy, NAA has provided a Notice of Temporary Waiver of Late Fees form. This form allows operators to waive late fees incurred by residents who, as a result of COVID-19, are

experiencing loss of wages, unemployment or unexpected medical expenses. Please visit [NAA's COVID-19 Resources page](#) for additional information related to this form, as this form has not been approved for use in every jurisdiction. As with all other NAA Click & Lease forms, please consult your local attorney before implementing such forms into your leasing operations.

3. **Payment Plans** – Many rental housing professionals already have individual plans in place to work with their residents during this unprecedented crisis. There is no “one approach fits all.” The best strategy, and NAA’s recommendation, is for owners, managers and residents to partner together to find the optimal solution. As a courtesy, NAA has also provided a NAA’s Payment Plan Agreement (COVID-19 Pandemic) form. This form allows a resident who, as a result of COVID-19, is experiencing loss of wages, unemployment or unexpected medical expenses to pay rent and other monies owed at a later date. Payment plans should be agreed on by both the owner or management company and the resident affected. All parties should sign the document. Please visit NAA’s COVID-19 Resources page for additional information related to this form, as this form has not been approved for use in every jurisdiction. As with all other NAA lease forms, please consult your local attorney before implementing such forms into your leasing operations.

NAA has also fast-tracked the release of one aspect of its newest compliance solution, NAA Click & Comply. The Rent Relief form, which property management companies can utilize across their portfolio, will easily document and track requests from residents who are financially affected by COVID-19, including special arrangements or payment plans that have been agreed on by the property and its residents. The form, powered by Leonardo247, is free for six months and will allow property management companies to pull one report for each property, enabling an overview of the entire portfolio. If you are interested in this form, please contact Nicholas Tovar at ntovar@naahq.org.

Things You May Wish to Consider During an Individualized COVID-19 Assessment

- a. Did the resident lose a job or have the resident’s working hours been reduced?
 - b. Can the resident provide any verification of employment status change? Does verification exist?
 - c. Does the reduction in income put the resident below the typical 1/3 rent to income ratio?
 - d. What other external factors related to COVID-19 social distancing contribute to the loss of income?
 - e. Does the resident have an on-time payment history?
 - f. Should you ask the resident to suggest a payment structure they believe they could meet?
4. **Resident Communication** – The most important thing that owners and managers can do is communicate with residents. Ask residents to communicate with their property manager if they are unable to pay rent in full because of the COVID-19 pandemic. Consider asking affected residents to provide documentation from an employer or other documentation that shows how they have been impacted by this crisis. However, before asking for such documentation, be sure to check the local laws and executive orders in effect in your jurisdiction, which may provide additional information on what you can ask/how you can ask for documentation. Frequent and timely communication is the best course of action.
 5. **Evictions** – We highly suggest you contact a local attorney before you decide to initiate an eviction action against a resident in the current environment as overlaying federal, state and county laws or restrictions on the judicial process may apply. This includes: issuing a notice to vacate, initiating any eviction-related action, or assessing fees or penalties on residents for nonpayment of rent or other lease violations.

On March 25, the Federal Housing Finance Agency (FHFA) [announced](#) that owners of multifamily properties backed by [Fannie Mae](#) and Freddie Mac mortgages would be granted mortgage forbearance relief. In exchange, housing providers must place a 90-day hold on evictions.

On March 27, President Trump signed the H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law. Similar to the announcement by FHFA, the CARES Act includes a provision that allows owners of properties that have a federally backed multifamily mortgage loan to seek forbearance because of a financial hardship during the COVID-19 emergency for up to 90 days. This provision of the law prohibits issuing a notice to vacate, initiating an eviction filing, or assessing fees, penalties or other charges on residents for nonpayment or late payment of rent during the forbearance period. Additionally, a multifamily borrower that receives forbearance under this section may not issue a notice to vacate until after the expiration of the forbearance or require a renter to vacate until 30 days after the notice to vacate has been issued.

Separate and apart from the forbearance requirements, the CARES Act also creates a temporary eviction moratorium for 120 days beginning on the date of enactment which applies to covered dwellings in covered properties. The mandate prohibits issuing a notice to vacate, initiating an eviction filing, or assessing fees or penalties on residents for nonpayment of rent. Additionally, rental housing providers covered under this section may not issue a notice to vacate until after the expiration of the moratorium or require a renter to vacate until 30 days after the notice to vacate has been issued.

The moratorium applies to: rental housing providers whose properties are insured, guaranteed, supplemented, protected, or assisted in any way by HUD, the Federal Housing Administration, Fannie Mae, or Freddie Mac; or ****participate in the Section 202 Supportive Housing for the Elderly Program; the Section 811 Housing for Persons with Disabilities Program; Housing Opportunities for Persons With AIDS (HOPWA) Program; McKinney-Vento Homelessness Assistance Programs; Section 236 properties; Section 221(d)(3) below market and reduced interest rate program (BMIR); the Section 8 Housing Choice Voucher (HCV) Program; Section 8 project-based housing; HOME grantees; rural housing assistance programs; and Low Income Housing Tax Credit (LIHTC) properties (*** references in the law to rental housing providers of covered properties who must comply with the requirements of the Violence Against Women Act of 1994*).**

You should communicate to residents that for covered properties under the CARES Act, the 120-day suspension of evictions in no way removes a resident's responsibility to pay rent or comply with the terms of the lease agreement.

Bear in mind that states and localities continue to push their own eviction moratoriums, applicable to all privately-owned housing. Nationally, at least 95 jurisdictions announced eviction moratoriums in light of the spread of COVID-19 with more considering legislation or mandate by judicial action or law enforcement.

- 6. Resident Resources** – In times of uncertainty, residents may need resources to assist them through hardships. It is recommended that your community provide a list of local and national resources that may help aid in these circumstances, where feasible. National organizations such as the Salvation Army, United Way and American Red Cross may be available to assist. Local departments of social services and local religious and charitable organizations should also be researched and shared. Although not directly related to rent collection, additional resources should be shared such as organizations to assist with food, utilities, unemployment and other essential items. It is important to bear in mind that many of these organizations may be unable to assist, depending on a variety of circumstance, and any resident communications along these lines should avoid making any promises of aid.

7. **Renewals** – For leases that are ending during this time, you may want to consider if a short-term lease or even month-to-month leases are an option to assist residents that may not have the financial means or flexibility to commit to a long-term lease. Setting renewal increases may not be the best strategy for communities where occupancy could be an issue because of future vacancies.
8. **Payment Incentives** – Residents that have the financial capability to pay their rent on time may be encouraged to do so if there is an incentive available. Some companies are offering enticing options such as a gift card to a local business a future discount or special offer that will take place once the pandemic is over.

Related Links and Forms

[Forms for Payment Plan Agreement and Notice of Temporary Waiver of Late Fees](#)

[The Latest Court Closures and Restrictions](#)

[March 23, 2020 Economic Impact Report](#)

About NAA

The National Apartment Association (NAA) serves as the leading voice and preeminent resource through advocacy, education and collaboration on behalf of the rental housing industry. As a federation of more than 150 state and local affiliates, NAA encompasses over 82,000 members representing more than 10 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity and innovation. NAA thanks its strategic partners Maintenance Supply Headquarters and Yardi. To learn more, visit www.naahq.org.