

To: Partners in Affordable Housing
FROM: Cory Phelps, VP Project Finance
RE: Forbearance of Federally Assistance Loans
DATE: April 3, 2020

All:

I am sure you are all aware, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in late March 2020. IHFA recognizes the coronavirus pandemic has potentially caused a loss of income for many Idaho renters resulting in their inability to make full and timely rent payments. Further, we recognize such circumstances could materially impact property cash flows and challenge the normal operations of rental properties. IHFA intends to fairly and cooperatively work with owners and management agents on any difficulties that may arise from such circumstances. We are currently exploring possible interim funding solutions provided through the recent federal CARES Act, as well as digesting the forbearance and moratorium requirements affecting owners of multifamily housing developments.

The CARES Act includes a section detailing the ability to request the forbearance of payments. I have attached an excerpt of the Act at the bottom of this memo for your review. I have also included the section detailing the Moratorium on Evictions. I will detail other areas of potential issues you may be facing, and continue to do so as we move forward.

Payment Forbearance of HOME Loans

In order for IHFA to review and analyze requests we must receive the following information for each property you are requesting the forbearance.

- 1) The 1st quarter profit and loss and balance sheet from both 2019 and 2020
- 2) The current rent rolls for each month of 2020
- 3) The most current Accounts Receivable listing and aging for the project
- 4) The most current Accounts Payable listing and aging for the project
- 5) During the forbearance period we will need updated information on all the items above to continue with the forbearance.

No request will be considered until ALL required information/financials/documentation is received by IHFA.

Rent Adjustments

This process is the same in looking at adjusting the rents for your particular property. We request submittal of the proposal to IHFA and detail how you want to implement this proposed change, including whether the change will be for certain units and for what period of time. IHFA has suspended all rent increases until further notice. Vacant units may be raised to maximum published rent. If there is an extenuating circumstance, we are willing to review the request on a case by case basis.

Maintenance of the Properties

IHFA would expect the properties to be maintained at a level and manner consistent with expectations prior to this economic issue. If there are specific maintenance issues your property is experiencing please detail the issue and your proposed solution. IHFA will review the proposal. IHFA will also be reviewing the last physical audit of the property. Deferred maintenance that occurred prior to this situation will not be exempt from repair.

Replacement Reserve and Escrow Payments

IHFA will expect the property to maintain the Replacement Reserves and Escrow Payments for each property. Again, if there are circumstances justifying short term forbearance of these payments please detail the need and when the property will restart the reserve payments.

IHFA's is here to work with and support you; our principal goal is to maintain the safety and soundness of our rental units in which many Idahoans live, throughout this difficult time. Working together in these challenging and uncertain times, hopefully we can accomplish this goal.

Forbearance of Federally Backed Multifamily Mortgage Loans

The legislation would allow owners of multifamily properties with federally backed loans to request forbearance of their servicers if the owner/borrower is experiencing a financial hardship during the COVID-19 emergency, as long as the borrower was current on their mortgage payments as of February 1, 2020. The owner must request forbearance during the "covered period," which is from the date of enactment of the bill until either the termination of the COVID- 19 natural emergency declaration or December 31, 2020, whichever is sooner.

Once a borrower requests forbearance in writing — the servicer must document the financial hardship and provide up to 30 days of forbearance. The servicer must, upon request, extend the forbearance period for up to two additional 30-day periods, for a total possible forbearance period of 90 days. The borrower may discontinue the forbearance at any time.

In order to be eligible for forbearance, the owner must not evict or initiate eviction of any tenant solely for nonpayment of rent or fees for the full period of the forbearance. They also cannot charge the tenant late fees or penalties for late payment of rent.

The bill applies the forbearance opportunity to borrowers with multifamily mortgage loans that are insured, guaranteed, supplemented, or assisted in any way by the federal government or in connection with any HUD program or related program administered by

any federal agency, or for loans purchased or securitized by either Fannie Mae or Freddie Mac.

Moratorium on Evictions

For 120 days after the enactment of the bill, owners of certain rental properties may not initiate any legal action to evict a tenant for nonpayment of rent or charge any fees or penalties to a tenant for nonpayment of rent. Rental properties covered under this provision include properties financed with any housing program covered under the Violence Against Women Act (which includes HUD-financed properties as well as Housing Credit properties), properties participating in the rural housing voucher program, and properties with federally backed mortgage loans.