

Q: How can owners and management agents assist tenants who experience a reduction in income due to COVID-19?

A: For tenants receiving Rental Assistance, an interim recertification should be completed as quickly as possible. We encourage agents to be accurate but flexible, including receiving information by phone or email, and making accommodations when income changes can't be verified due to business closures.

Given the high number of potential zero-income certifications, we are suspending Handbook 2-3560 Attachment 6-B used to verify living expenses for zero income interim recertifications. Tenants who have been laid off due to COVID-19 do not qualify for income annualization as mentioned in Handbook 2-3560 Chapter 6 Section 6.9 (4), as this emergency is not a seasonal or predictable layoff. Rent should be calculated based on current income.

For tenants not receiving Rental Assistance, the CARES Act signed on March 27, 2020, suspends evictions for nonpayment for a 120 day period, and restricts owners and management agents from charging late fees or otherwise penalizing tenants who are unable to pay rent. We encourage owners to be as flexible as possible with tenants during this time.

Q: The CARES Act provides recovery payments, up to \$1,200 for individuals, and \$500 per qualifying child. Should these amounts be included in tenants' income?

A: No. These payments are refundable tax credits on an individual's 2020 taxable income that are being paid in advance. Do not include these payments when recertifying a tenant's income.

Q: What if a Multifamily Section 514, 515, or 538 borrower experiences financial hardship due to COVID-19 and is unable to make their mortgage payment?

A: The 2020 CARES Act allows Multifamily borrowers experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency forbearance for up to 90 days. To qualify, the borrower must have been current on its payments as of February 1, 2020. Separate communication was distributed on forbearance on April 2, 2020, but Section 514 and 515 owners may reach out to their servicing official for information on how to request a forbearance.

Q: Can property owners and agents use property or reserve funds to alleviate financial hardship caused by non-payment of rent by residents having trouble because of COVID-19?

A: Yes. For Section 514 and Section 515 properties (see Handbook 2-3560, Chapter 4, Section 3), borrowers may utilize property operating accounts or make an authorized withdrawal of funds from a reserve account to meet an emergency shortfall in operating expenses when the emergency is beyond the control of the borrower and threatens life, safety, or the physical security of the project. Properties should reach out to their assigned Servicing Official if they anticipate needing reserve funds to pay operating expenses.

For properties with a Section 538 Loan Guarantee, the lender holds the reserves. The lender is required to protect the value of the asset, which includes proper use of reserves to protect the financial interest of the property. The lender has the discretion to use the reserves if it is in the best financial interest of the property (Handbook 1-3565, Chapter 7 Section 7).

Q: What precautions or changes to property operations can management take to promote social distancing and prevent the spread of COVID-19?

A: We encourage owners and management agents to adhere to all state and local guidance with respect to containing the spread of COVID-19. Management may take reasonable precautions, including closing playgrounds, having site staff work remotely, or delaying non-essential maintenance. However, management must not remove tenant access to essential shared amenities like laundry rooms. Access can be changed, for example – management may institute a sign-up for laundry time to ensure social distance is maintained and providing disinfecting wipes to clean the laundry machines.

Q: The CARES Act prohibited late fees and evictions for USDA's Multifamily Housing tenants for 120 days, expiring July 25. What happens now?

A: The CARES Act was enacted on March 27, 2020 and contained a prohibition on both nonpayment evictions and late fees for 120 days. This prohibition applies to all Rural Development MFH programs, including Section 514, Section 515 and Section 538 loans, as well as Multifamily voucher holders.

This prohibition on late fees remains in place for the period covered by the CARES Act, meaning that if a resident has unpaid rent on August 1, retroactive late fees may not be assessed. Late fees may only be charged going forward. We encourage MFH owners and agents to work with tenants wherever possible

to assist them in maintaining housing, including processing interim certifications if possible or arranging payment plans for past-due balances.

In addition, while the national prohibition on nonpayment evictions will lift July 25, many state and local governments have ongoing restrictions. Owners and agents must closely follow any applicable local guidance in this matter. ,/p>

As a reminder, properties under a forbearance/deferral agreement are prohibited from nonpayment evictions through the life of the deferral. For example, if a property requests a deferral for June, July, and August, no nonpayment evictions would be permitted until September 1.

Q: Is USDA still accepting deferral requests in USDA’s Multifamily Housing Programs?

A: The 2020 CARES Act allows Multifamily borrowers experiencing a financial hardship related to COVID–19 to request forbearance for up to 90 days. Guidance on how to request this forbearance/deferral was distributed on April 2, 2020, and we encourage you to contact your Servicing Official with questions.

MFH has processed over 4,000 deferral requests for its 514 and 515 programs.

Forbearance/deferral requests are still being accepted for properties experiencing financial hardship due to COVID-19 that have not yet requested a forbearance. Requests will be accepted as long as the National Emergency is in place or through December 31, 2020. As a condition of a deferral, owners and management agents must not evict tenants for nonpayment of rent through the deferral period.

Q: How can USDA Multifamily Housing owners and management agents assist tenants who experience an ongoing reduction in income due to COVID-19?

A: For tenants receiving Rental Assistance, an interim recertification should be completed as quickly as possible for any changes in monthly income. Tenants who completed a previous interim recertification may need to complete a second interim certification, for example if their unemployment benefits change or if a partial layoff becomes permanent. We encourage agents to be accurate but flexible, including receiving information by phone or email, and making accommodations when income changes can’t be verified due to business closures.

Given the high number of potential zero-income certifications, we have suspended Handbook 2-3560 Attachment 6-B used to verify living expenses for zero income interim recertifications. Tenants who have been laid off due to

COVID-19 do not qualify for income annualization as mentioned in Handbook 2-3560 Chapter 6 Section 6.9 (4), as this emergency is not a seasonal or predictable layoff. Rent should be calculated based on current income.

If staff are no longer maintaining office hours, management must ensure tenants have a way to maintain contact, report emergency maintenance issues, and ask questions or request an interim certification. It is strongly recommended that both a phone number and email address are provided to tenants as contact options. Electronic rent payment may be offered as an option, but must not be mandatory and no additional fees may be charged. Digital signatures may be utilized during the recertification process as needed.

Please also remember that properties must consider Reasonable Accommodations to rules any COVID-19 temporary rules to accommodate persons with disabilities, such as if a tenant needs a caregiver assistance the caregiver must be allowed on the property, even if visitors to the property have been restricted.