

Notes from HUD Multifamily Asset Management's COVID-19 Response Update

Teleconference with Stakeholders on March 26, 2020 at 2:30 pm

Hosted by HUD Deputy Assistant Secretary Lamar Seats

Comments by Lamar Seats: *(Due to technical difficulties, this reflects the last portion of Lamar's comments)*

- Forbearance (Senate bill):
 - The Senate bill relieves borrowers obligation in short term to pay monthly debt service, but it does not relieve the lenders responsibility to make payments to keep Ginnie Mae security in tact
 - HUD will work with Ginnie Mae and lender services who cannot make those payment to provide backstop for lenders with liquidity issues

Comments by HUD Multifamily Asset Management Staff (Jeff Little, Toby Halliday, Bob Iber, and Christie Newhouse):

- Operations in general are functioning well (near 100% telework)
 - HUD expects no stoppage in communications/operations
- HUD's Multifamily Asset Management's Goals to Support Owners and Tenants:
 - Health Guidance:
 - "We are here to support your operations, we are not here to insert ourselves in providing medical guidance and advice. Please refer to the CDC and HHS websites and local public health officials, and state and local government officials."
 - Section 4024 of Senate bill (Cares Act):
 - No Economic Evictions-120 day moratorium for all evictions for nonpayment of rent, and prohibits any fees or penalties for nonpayment of rent-applies to all owners of HUD assisted, or FHA insured multifamily properties
 - Funding (Guidance will be released soon):
 - 1 billion in additional funding for Project-based Section 8-incremental
 - 50 million for 202 (seniors)-incremental
 - Includes 10 million for service coordination activities for properties that need additional funding
 - 15 million for 811 (disabled)-incremental
 - Rent Comparability Studies Policy Adjustment:
 - Both HUD and property owners are having difficulty getting appraisers to properties to conduct Rent Comparability Studies-working on guidance to get through log jam
 - Rent Comparability Studies for renewal rents for properties with expiring Section 8 contracts, unless your property is a property that is a full market to market restructuring, owners that are seeking to renew

their contracts during this emergency period can request short term renewals at current rents.

- HUD understands this is an imperfect solution, but authority is available now. No waivers are required. Owners are welcome to work with local HUD field staff to keep subsidies flowing.
- Multifamily Q&A's will be updated soon:
 - Send questions to mfcommunications@hud.gov
 - **Read the Q&As!!!**
- Properties ability to Use Operating Funds:
 - Available for all reasonable and necessary COVID19 related property operations (supplies, cleaning, overtime)
 - Reserve Replacement Accounts or Residual Receipts accounts can also be used:
 - Need to contact local field office/county executive (especially for non-traditional uses like paying debt service) to make request
 - Owners can advance money to property as well-need to get HUD preapproval before advance is made to get repaid for that advance
- Tenant Recertifications
 - HUD has statutory guidance to follow and will release guidance soon on annual and interim recertifications. Which would allow for getting recertifications without physically going into office
 - **Read Updated Q&As for most recent guidance**
 - Currently, Owner can process interim certification if tenant has a decrease in income for more than one month. HUD recommends looking at your current policy to make sure you have an allowance for expedited review
 - Electronic signatures allowed for annual and interim recertifications
 - Upcoming Q&A will include additional information on what types of forms require what signatures, which ones don't, what type of documentation will be needed for certification, what signatures are required, and give instructions on TRACS portion.
 - MORs are currently suspended, however HUD is looking for flexible model