

COMPARISON OF MULTIFAMILY FORBEARANCE AND EVICTION PROVISIONS

	Fannie/Freddie	Virginia Housing Development Authority (VH)	Reason for Difference
Applicable Development Types	Multifamily loans purchased or securitized by Fannie/Freddie	VH loans, not including loans in the construction/lease-up phase or interest-only period	VH makes construction loans. They are interest-only loans and payments are typically being made from construction loan proceeds during this phase, rather than from Borrower's funds. These projects are not yet occupied and do not generate rental income.
Borrower COVID-19 Hardship Required	Yes, Borrower must have a COVID-19 related hardship.	Yes, Borrower must have a COVID-19 related hardship. VH to define "hardship" as 15% or more reduction in rent collections.	Fannie Mae does not define "hardship" creating some element of subjectivity in approving. VH has created an objective standard.
Deadline to request forbearance	Until the earlier of 8/31/20, or termination of the national emergency	Until 8/31/20	By not limiting the period by the expiration of declaration of emergency, VH creates more certainty for Borrowers and also disperses the forbearances to lessen impact on VH's liquidity that may occur if forbearance requests were all front-loaded to start in May
Other eligibility requirements	Mortgage Loan must have been current as of 1/31/20. Borrower requests forbearance and Lender determines if hardship exists.	Loans must be current as of 3/31/20 (or paying as agreed under a workout agreement). Borrower requests forbearance and VH determines if hardship exists.	Fannie Mae offered forbearance starting with April payment. VH elected to start with May payments because VH thinks borrowers can make April payments; however, will work with anyone having issues in April.
Loan Forbearance Period	Up to 90 days (3 consecutive monthly payments).	Up to 90 days (3 consecutive monthly payments).	N/A
Amount Forborne	Principal, interest, tax and insurance (PITI) is forborne. Unknown if replacement reserves forborne.	P&I and replacement reserve deposits are forborne. VH will collect tax & insurance escrows.	Collecting escrows prevents VH from having to advance funds to pay real estate taxes and insurance premiums. VH deemed it a fair tradeoff for other concessions granted to Borrowers, including a significantly longer "catch up" repayment period.
Partial Payments	During forbearance period, Borrower required to pay any net operating income (NOI) to Lender monthly, by 10 th of following month.	During forbearance period, Borrower may elect to make optional partial payments from NOI.	The Fannie requirement seems to gut a main benefit of forbearance, which is to give the Borrower relief from making payment and to create some reserves in the operating account. This almost seems like a "poison pill" by Fannie Mae. VH would rather see Developments keep any NOI and be able to comfortably make the stepped-up payments at the end of the forbearance period. Permitting Borrowers to retain NOI is a substantial accommodation by VH to our Borrowers.
Borrower's Post-Forbearance Payment "Catch up"	Borrower brings loan current <u>12</u> months after forbearance period by paying 1/12th of deferred PITI amount (plus normal monthly payments) each month. Can prepay forborne amount without penalty. No late fees, additional interest or prepayment fees charged on amount forborne.	Borrower brings loan current <u>48</u> months after forbearance period by paying 1/48th of deferred principal and interest (plus normal monthly payments) each month. Can prepay. forborne amount without penalty. No late fees, additional interest or prepayment fees charged on amount forborne.	Borrower's would experience "payment shock" under Fannie Mae requirement after forbearance period ends because their payment would increase 25% for 12 months. VH's repayment period also mirrors that used for the federal "PPP" small business loan program. Permitting repayment over 48 months is a substantial accommodation by VH to our Borrowers.

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Eviction Relief Provided*	<p>Borrower cannot initiate new evictions and must suspend all pending tenant evictions for <u>nonpayment of rent for any reason</u> for the longer of:</p> <p>(i) the eviction moratorium in Sec. 4024 of the CARES Act (July 25, 2020 – which is 120 days after the enactment of the CARES Act on March 27, 2020),</p> <p>(ii) the months of actual payment forbearance (up to 90 days from date of commencement of forbearance), or</p> <p>(iii) as otherwise required by applicable law.</p> <p>Note that, per the CARES Act, (i) and (ii) also provide that Borrower may not issue a notice to vacate until the end of the respective eviction relief period and may not require a tenant to vacate the unit until 30 days after such notice.</p>	Same	N/A
Other Requirements	<p>Borrower must enter into a form Forbearance Agreement, which can be signed electronically.</p> <p>No distributions (dividends) to partners\members during forbearance period and for earlier of: 12 months thereafter or until loan brought current.</p> <p>N/A</p> <p>Borrower agrees to submit monthly reports to Lender</p>	<p>Borrower must enter into a form Forbearance Agreement, which can be signed electronically.</p> <p>No distributions (dividends) to partners\members during forbearance period and for 4 months thereafter, provided Borrower is making monthly payments as agreed upon.</p> <p>Borrower agrees not to raise rents for existing tenants during forbearance period.</p> <p>Borrower agrees to submit monthly reports to Lender</p>	<p>N/A</p> <p>VH version is an accommodation to Borrowers. VH version will serve as a “carrot” to incentivize Borrowers to get through forbearance period and an additional 4 months. Fannie Mae requirement of waiting 12-months post-forbearance seems punitive and intended to discourage Borrowers from requesting forbearance.</p> <p>Additional tenant protection.</p> <p>N/A</p>

*Also, on March 16, 2020, the Supreme Court of Virginia has issued an emergency order delaying all non-emergency litigation, including eviction proceedings, from March 16 to April 6, 2020. On March 27, that Order was extended twenty-one days to April 26, 2020. This Order may be further extended for additional periods not to exceed 21 calendar days or for the duration of the threat, by a majority of the justices of the Supreme Court to mitigate the risks potential spread of COVID-19.

http://www.courts.state.va.us/2020_0316_scv_order_declaration_of_judicial_emergency.pdf

http://www.courts.state.va.us/news/items/2020_0327_scv_order_extending_declaration_of_judicial_emergency.pdf