

Virginia Housing Development Authority
Rental Housing Loan Portfolio
COVID-19 Response

Virginia Housing's Rental Housing Division is open for business (but working remotely) and is ready to partner with its clients to address COVID-19 related issues. **Our COVID-19 Response for our rental housing loan portfolio will largely parallel the responses of Fannie Mae and Freddie Mac and the federal CARES Act of 2020.**

- Eligibility: Any loan (other than Ineligible Loans described below) for which the Borrower documents and certifies that the Borrower, the development and its tenants are experiencing hardship as a consequence of the COVID-19 emergency. Eligible loans include VHDA loans and loans that VHDA services that are made by the Department of Housing and Community Development (HOME and National Housing Trust Fund loans) and the Virginia Housing Trust Fund.
 - “Hardship” is defined as (i) a decrease in actual monthly rents collected of at least 15% as compared to March 15, 2020 (e.g. for a June 1 forbearance start date, compare collected monthly rent as of May 15th to March 15th) and (ii) an inability to make monthly payment(s).
 - Owner will also certify in the application for forbearance that existing operating reserves (including operating reserves held by an investor limited partner/member on its behalf) are not in an amount reasonably expected to be necessary to address the financial Hardship.
- Forbearance Period: Up to three (3) consecutive monthly payments beginning as early as the May 2020 payment, but may commence as late as the September 2020 payment. Although not eligible for forbearance, we will work with any borrower experiencing issues relative to April mortgage payment (as well as any subsequent months).
- Amount Forborne: Monthly principal, interest and reserves will be forborne. Monthly escrows for tax and insurance will be collected. You may elect to make optional partial payments from any NOI during the forbearance period, and those will be applied to deferred interest.
- Evictions: Borrower agrees not to initiate new, and to suspend existing, evictions for any nonpayment of rent, fees and charges until the longest of: (i) July 25, 2020 (the 120-day moratorium imposed under Sec. 4024 of the CARES Act that commenced on the March 27, 2020 enactment date of the Act), (ii) the forbearance period expiration date, or (iii) any longer period otherwise mandated by applicable law. Please note:
 - With respect to (i) above, Section 4024 of the CARES Act further provides that Borrower cannot issue a tenant a notice to vacate until after July 25, 2020, and may not require a tenant to vacate the unit until 30 days after such notice.
 - With respect to (ii) above, Section 4023 of the CARES Act further provides Borrower cannot issue a tenant a notice to vacate until after the end of the forbearance period, and may not require a tenant to vacate the unit until 30 days after such notice.
 - The Supreme Court of Virginia has issued an emergency order continuing all eviction proceedings until June 28, 2020. That Order may be further extended.
- Late Fees: During the time period described in the preceding heading for Evictions, Borrower shall also not charge any late fees, penalties, or other charges to a tenant for late payment of rent.
- Back-Due Tenant Rent: Virginia Housing encourages any tenant that can pay their rent to do so. We ask that Borrowers work with tenants unable to pay to develop a reasonable repayment plan, including possible waiver of late fees (in addition to the waiver of late fees, penalties, or other charges required by this forbearance offer).

- Repayment of Amount Forborne: At the end of the forbearance period, the Borrower will repay the amount forborne in forty-eight (48) equal monthly instalments (in addition to its usual monthly payment). Borrower will have the right to prepay the amount forborne without penalty. Forborne replacement reserve deposits will not be required to be replenished, absent unusual circumstances as determined by Virginia Housing.
- No late fees, additional interest or prepayment premiums charged on the payment of the amount forborne.
- If Borrower receives business interruption or loss of rents insurance claim, it is applied first to the amount forborne and then to standard monthly payment (principal, interest, taxes, insurance and reserves).
- Ineligible Loans: Loans that are not current as 3/31/20 (unless current in an existing Workout Agreement), and loans in construction interest only phase (including short-term GAP loans) or interest only lease-up phase are ineligible.
- Additional forbearance Requirements:
 - Executed forbearance Agreement (see Process below);
 - Borrower cannot make any distribution of amount forborne to partners or members (but may pay the housing management fee) until four (4) months after the end of the forbearance period, and then only if paying as agreed on scheduled payments;
 - No rent increases during forbearance period for existing tenants; and
 - Borrower will submit monthly reports as requested by VHDA by the 20th of the following month, which may include monthly rent rolls, monthly rent collection reports, monthly operating statements, a monthly certification that no distributions to members or partners have been made, and such other information as requested by Virginia Housing to determine the on-going nature of the hardship.
- Process:
 - Virginia Housing expects to email a forbearance offer to eligible Borrowers by 15th of each month until and including August 15th. The offer will be delivered to the financial contact for the Development currently on file with Virginia Housing, unless Borrower has previously identified another contact for forbearance offers. If you do not receive an offer by close of business by the 15th of the month, please check that contact's SPAM folder and then e-mail Virginia Housing at the address below. The e-mail will be from **VHDA Rental Housing Servicing <echosign@echosign.com>**.
 - Applications for forbearance are expected to be required to be filed with Virginia Housing electronically no later than the close of business on the 20th of the month preceding the requested commencement of forbearance (e.g. May 20th for a June 1 forbearance start date).
 - The Forbearance Agreement will be a part of the application and Borrower will sign electronically. The Forbearance Agreement will be modeled on the Fannie Mae form. The terms of the Forbearance Agreement are not negotiable.

Questions concerning forbearance or concerning monthly mortgage payments may be e-mailed to: MFServicing@VHDA.com