



Tennessee Housing Development Agency

Andrew Jackson Building Third Floor
502 Deaderick St., Nashville, TN 37243

Bill Lee
Governor

Ralph M. Perrey
Executive Director

NOTICE FROM THDA MULTIFAMILY PROGRAMS DIVISION REGARDING THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

March 27, 2020

Congress has passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act includes several provisions relevant to multifamily developments. **The CARES Act will not become effective prior to the president's signature.**

THDA is providing this notice solely for the purpose of putting owners, property managers and others associated with Low-Income Housing Credit developments on notice that certain provisions of the CARES Act outlined below may impact Low-Income Housing Credit developments. THDA cannot provide guidance on how those provisions might impact a particular development. THDA strongly urges owners of Low-Income Housing Credit developments to consult competent counsel regarding the impact of the CARES Act and any action to be taken as a result of the CARES Act. THDA makes no representations or warranties to developers, owners or anyone else as to compliance with the CARES Act, Section 42 of the Internal Revenue Code, applicable Treasury regulations, or any other laws or regulations applying to the Low-Income Housing Credit or Low-Income Housing Credit developments.

1. Forbearance of Federally Backed Multifamily Mortgage Loans

- a. The CARES Act would allow owners of multifamily properties, including, without limitation, properties under the Low-Income Housing Credit ("LIHC") program, the Section 1602 program, and the Tax Credit Assistance Program ("TCAP"), that have federally backed loans to request forbearance of their servicers if the owner/borrower is experiencing a financial hardship during the COVID-19 emergency.
- b. The CARES Act 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.
- c. The owner/borrower must be current on their mortgage payments as of February 1, 2020.
- d. The owner/borrower must request forbearance during the "covered period," which is from the date of enactment of the CARES Act until the earlier of the termination of the COVID19 natural emergency declaration or December 31, 2020.
- e. After an owner/borrower requests forbearance (orally or in writing) the servicer must document the financial hardship and provide up to 30 days of forbearance.
- f. 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.
- g. The owner/borrower may discontinue the forbearance at any time.
- h. In order to be eligible for forbearance, the owner/borrower must not evict or initiate eviction of any tenant solely for nonpayment of rent or fees for the full period of the forbearance.
- i. The owner/borrower cannot charge the tenant late fees or penalties for late payment of rent.

2. Moratorium on Evictions

- a. For 120 days after the enactment of the CARES Act, 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 LIHC, Section 1602 and TCAP properties), properties participating in the rural housing voucher program, and properties with federally backed mortgage loans.