



## **NOTICE TO OWNERS AND MANAGEMENT AGENTS OF MULTI-FAMILY PROPERTIES REGARDING NHHFA RESERVE AND FORBEARANCE POLICY**

**Date: April 10, 2020**

**The purpose of this notice is to explain the measures we recommend for addressing shortfalls in project revenues and the circumstances under which we will document a financial hardship related to COVID-19 and initiate a forbearance for New Hampshire Housing Finance Authority (NHHFA) loans.**

The COVID-19 pandemic threatens the health and safety of the people we serve together. We understand that your priority is serving your residents and keeping them safe. We are committed to doing whatever we can to help and support you in those efforts.

We know that rental revenues are likely to decline as a result of the crisis, and also that expenses may increase. We are committed to helping you maintain the financial health of your properties during this time.

### **Measures to Address Project Financial Shortfalls**

In accordance with Section 4023 of the CARES Act, NHHFA will provide up to 30 days forbearance on its loan payments if NHHFA is able to document financial hardship, with extensions to the forbearance period as specified by law. However, before NHHFA can document a project's financial hardship and provide forbearance, other available project-related tools must be utilized to address temporary project-level financial stress. Generally, we expect that project resources will be accessed in the following sequence:

1. Project Operating Accounts: Owners and Agents can use property operating accounts for all COVID-19 related preparedness and response actions without prior approval
2. Operating Reserve Escrow Account (may need to clear with other investors and lenders)
3. Mortgage Reserve

Questions concerning the use of Project Reserve Accounts should be directed to your Asset Manager.

### **Process for Requesting forbearance**

If the measures described above are insufficient to mitigate a project's financial stress caused by COVID-19, please contact your Asset Manager to document hardship and request loan forbearance as soon as you know you have a problem and no later than your payment due date. You will be asked to complete a Project Financial Hardship Worksheet and submit financial documentation. We will review your documentation and request and make every effort to reply to you within 10 business days.

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## **NEW HAMPSHIRE HOUSING FINANCE AUTHORITY**

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## **Types of Forbearance**

Loan forbearance may take the form of deferral of a borrower's obligation to make loan payments in whole or in part during the forbearance period, depending on project need and the availability of reserves or other resources. We will work with you on a plan to make up missed or reduced payments after the forbearance period.

## **Other Considerations**

Section 4023 of the CARES Act includes renter protections that are automatically invoked upon approval of a forbearance request.

In addition to the factors listed above, NHHFA staff will consider the following in determining whether to grant forbearance on amortizing loans:

1. Replacement Reserve Escrow Account: Owners/Managers may use the replacement reserve for COVID-19 related expenses in consultation with their Asset Manager. Consistent with NHHFA policy, Owners/Managers may always seek reimbursement for expenses incurred against the Replacement Reserve for emergency expenses.
2. Residual Receipts Accounts.
3. Deferred developer fee payments.
4. Investor servicing fees.
5. Distribution approved in the 30 days preceding a request for loan forbearance will be taken into consideration when documenting financial hardship.
6. If an Owner is asked to temporarily forgo distribution in order to meet a project's financial obligations, NHHFA will forgo any right to surplus cash payments on deferred payment loans for that period of time.
7. Management fees where the owner and manager share an identity of interest.

## **Non-Authority Loans**

Section 4023 of the CARES Act applies broadly to affordable multi-family properties with federal support including HOME, LIHTC, etc. If you own or manage such a property and have a loan with a lender other than NHHFA, contact your lender for their forbearance policy and please inform your Asset Manager of any forbearance or changes to your loan terms.

In most cases NHHFA has the right to review and approve the use of project reserves even when the first mortgage loan is held by another lender. In those situations, NHHFA will support a similar approach to the use of project reserves and other resources.

## **Other Resources**

If all measures listed above are insufficient to stabilize a project, NHHFA may provide assistance to the Owner through the Emergency Assistance Loan Fund if funds are available from that source. More information about this program is available at [www.nhhfa.org/notice-of-funding-availabilityemergency-assistance-loan-fund](http://www.nhhfa.org/notice-of-funding-availabilityemergency-assistance-loan-fund).

**Questions about this policy or Notice should be directed to:**

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