

Multi-Family Housing

Dear Multifamily Housing Partners,

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136) was signed into law on March 27, 2020. Sections 4023 and 4024 of the CARES Act apply to the Multifamily Direct and Guaranteed portfolios, as detailed below.

First, the CARES Act allows Multifamily borrowers to request forbearance if they are experiencing financial hardship due to COVID-19. Multifamily Housing has existing authority in 7 CFR §3560.453 to take special servicing actions as part of a workout plan on Section 514 and 515 loans to prevent a default, and under that authority will approve a deferral of up to 3 monthly loan payments. For your convenience, [this a sample](#) of streamlined workout agreement proposal that MFH considers to be in compliance with the requirements of 7 CFR §3560.453(c). Borrowers are welcome to use that [sample](#), or submit your requests orally or in another written format to your assigned Multifamily Servicing Official.

Once this information is submitted to your assigned Multifamily Servicing Official, within five business days your request will be processed by the field office and sent to the National Finance, Accounting and Operations Center (NFAOC) in St. Louis to adjust your account. If your loan payment is normally offset against your Rental Assistance payment, you will receive your full RA payment without the mortgage payment deducted. If you normally send in a payment, you do not need to do anything further.

If the initial forbearance period is for less than 90 days, borrowers can request an extension of up to 90 days total, but must request the extension at least 15 days prior to the expiration of the initial period. Forbearance can be ended at any time by contacting your assigned Multifamily Servicing Official. Payments will be deferred for up to 90 days without any additional interest or late fees.

When the loan reaches maturity, any deferred payments will be added to the final payment.

Guidance on forbearance requests for a Section 538 loans will be provided later this week.

Second, the CARES Act prohibits evictions due to non-payment of rent for the next 120 days, and does not allow owners to charge late fees or otherwise penalize tenants who are unable to pay rent. This eviction prohibition became effective upon enactment of the CARES Act (March 27, 2020) and is effective for 120 days for Section 514, Section 515 and Section 538 loans, as well as Multifamily voucher holders. As stated in 7 CFR §3560.452(c)(8), failure to comply with this Federal law is considered a non-monetary default.

We appreciate your important partnership in supporting your tenants and continuing your commitment to provide quality affordable rural housing during this challenging time.

Please do not hesitate to reach out to RD staff if you have questions.

**Nancie-Ann Bodell
Deputy Administrator
Multifamily Housing**

[RD Multifamily Forbearance Sample Agreement](#)

For program information...

- [Farm Labor Direct Loans & Grants](#)
- [Housing Preservation & Revitalization Demonstration Loans & Grants](#)
- [Housing Preservation Grants](#)
- [Multi-Family Housing Direct Loans](#)
- [Multi-Family Housing Loan Guarantees](#)
- [Multi-Family Housing Rental Assistance](#)
- [Rural Housing Site Loans](#)