



MEMO

To: Owners of RIH Financed Multifamily Developments
From: Michael DiChiaro
Date: April 10, 2020
Subject: Updated Financial Support Information for MultiFamily Developments

RIHousing continues to monitor the situation with Covid-19 in Rhode Island and will be updating policies as new guidance is received from the State and Federal government. RIHousing previously issued a memorandum to all multifamily owners on March 16, 2020 providing information on potential financial support available to those developments financed by RIHousing. This memo supplements the communication from March 16th and provides additional information related to financial support and possible forbearance of debt service payments.

Provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act provide multifamily borrowers of federally backed residential multifamily properties with certain protections and rights for forbearance of loan payments for up to ninety (90) days. Eligibility is dependent upon owners submitting a written request to RIHousing, affirming that the subject project is experiencing a financial hardship.

Loan forbearance may be a deferral of a borrower's obligation to make loan payments in whole or in part. If approved, initial forbearance agreements will be for a period of 30 days, with up to two (2) additional thirty (30) day periods. During the period of forbearance, the owner may not: (1) evict or initiate the eviction of a tenant solely for nonpayment of rent or fees/charges; (2) charge fees, penalties or other charges to a tenant for late payment of rent; or (3) issue a notice to vacate. Owners that enter into forbearance agreements will also be prohibited from requiring a tenant to vacate the property within thirty days of a notice to vacate.

As detailed in the communication of March 16th, RIHousing will allow the utilization of funds in reserve and escrow accounts to help support project operations and may modify minimum balance requirements established in loan documents or current asset management policy. We will also consider temporary waivers of repayment to subordinate debt, typically paid through surplus cash.

RIHousing will consider all requests for forbearance on an individual basis and will make a determination of financial hardship using data submitted by the owner along with historic



operating statements. At a minimum, the determination of financial hardship will only be made if a development: (1) provides evidence that lost revenue or increased expenses are directly related to the Covid-19 pandemic; (2) Projects operations that reflect a debt coverage ratio (DCR) below 1.05 (calculated as net operating income less required reserve payments divided by amortizing debt service); and (3) Does not have sufficient funds available for withdrawal in the development's operating, reserve or escrow accounts to supplement projected deficits.

Should you wish to make a request for consideration of forbearance or to discuss options available to support your project operations, please contact Susan Halloran, Manager of Multifamily Financial Assets at shalloran@rihousing.com.