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[www.mhdc.com](http://www.mhdc.com)

DATE: April 17, 2020

TO: Owners/Agents of Properties with MHDC Funding and Low Income Housing Tax Credits

FROM: Scott Hanak, Director of Asset Management Department, MHDC

RE: Guidance on COVID-19 (Coronavirus) - Update #3

The Missouri Housing Development Commission (MHDC) thanks you for your patience as we continue to monitor the Covid-19 situation and how it continues to impact the health, safety, and well-being of our employees, residents, and owners/agents, and the financial disruption that this virus is causing for our partners, the Affordable Housing Industry, and Housing Finance Agencies across the Country. Below are additional changes and further clarification of previously issued guidance:

**Physical Inspections:** MHDC has proactively cancelled all physical inspections through May 31, 2020.

Beginning May 4th, 2020, MHDC will be implementing electronic desk file monitoring for our portfolio. MHDC compliance officers (COs) will reach out to the owner and management primary contact noted in the AMRS system to schedule file monitoring audits. Once scheduled, the CO will send the owner and management company contact Email #1 requesting a list of items required for the desk audit. The information will be required to be submitted within 48 hours of the original email. Once received, the CO will send Email #2 indicating the files selected for review. The owner/agent will have 24 hours to provide the supporting documentation. All files are required to be uploaded to [www.mhdc.com/bigfile](http://www.mhdc.com/bigfile).

The physical inspection portion of the review will be conducted at a later date when it is deemed safe to do so. Complete guidance for electronic desk file monitoring is posted at [www.mhdc.com](http://www.mhdc.com) and is attached to this email. For additional questions, please contact Tasha Douglas at [tdouglas@mhdc.com](mailto:tdouglas@mhdc.com).

**Forbearance:** MHDC has received further guidance from our partnering lenders regarding forbearance. In many instances, MHDC will not be the sole approval authority for granting forbearance, and MHDC needs to clarify and amend its forbearance guidance. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, MHDC is required to document financial hardship in order to approve forbearance. Although the CARES Act does not apply to all MHDC properties, MHDC staff is asking all properties applying for forbearance to submit the same initial application materials. This requires us to review monthly financials, bank statements, rent rolls, delinquency reports, etc. In addition, MHDC is required to document additional cash reserves the property may have available for use, and may require those reserves to be utilized first, before forbearance can be granted. Forbearance applications will only be approved for those properties that can document actual need and a poor financial cash position. Applying for forbearance based upon suspicion that tenants may not pay rent is not enough to document financial hardship. Under the CARES Act, the maximum forbearance period is only 90 days. Please remember, a delay in forbearance does not mean that forbearance will be denied at a later date. MHDC is committed to working with you where we can, but under the recent guidance we will have limitations under some of the funding options in our portfolio.

As a reminder, MHDC has temporarily relaxed the minimum balance requirements for the replacement reserve account allowing balances to drop to a minimum balance threshold of 18 months instead of the required 24 months. In addition, MHDC waived all useful life requirements allowing owners/agents to submit requests for expenses incurred to provide extra cleaning and sanitation during the Covid-19 outbreak. These relaxed reserve requirements will apply through December 31, 2020.

If you are seeking forbearance, please contact Scott Hanak at [shanak@mhdc.com](mailto:shanak@mhdc.com) to receive a forbearance application.

**Project Based Section 8 Special Claims:** Effective immediately, please upload all required Project Based Section 8 Special Claim HUD Forms 52670-A Part II, HUD Form 52671-A, and/or HUD Form 52671-C and supporting documentation to [www.mhdc.com/bigfile](http://www.mhdc.com/bigfile). Please do not mail special claim supporting documentation to MHDC; however, please continue to mail the required HUD Forms containing the “wet” signatures to our temporary mail location MHDC – Asset Management, P.O. Box 210567, St. Louis, MO 63121-9998. For additional questions, please contact Evelyn Sparkman at [esparkman@mhdc.com](mailto:esparkman@mhdc.com).

**CARES Act Eviction Certification:** On April 8 2020, MHDC issued guidance requesting owners/agents to post the following Eviction Moratorium notice:

*Dear Residents:*

*The CARES Act establishes a moratorium on evictions and other penalties due to the nonpayment of rent for 120 days on certain properties, including, but not limited to, those financed in whole or in part by the federal low-income housing tax credit and those with project-based Section 8. This moratorium is in addition to any other rights or protections that tenants may have under applicable local laws or regulations.*

If you have business concerns related to posting the above notice, then in lieu of posting, please certify to MHDC each month that you are in compliance with the eviction moratorium(s) that apply to your development. The certification must be a signed statement and can be emailed as a PDF attachment to [asset.mgmt@mhdc.com](mailto:asset.mgmt@mhdc.com).

**Resident Files:** MHDC is temporarily allowing all applications, leases, addendums, verification of income and assets, and student status to be signed electronically with digital signatures. While MHDC does not usually allow for these documents to be signed electronically, we are temporarily lifting this restriction to allow for these documents to be completed as timely as possible while still adhering to all CDC and local health recommendations as well as IRS regulations.

If your company is not set up to complete paperwork with digital signatures, plan on obtaining wet signatures after the fact and including a note to the tenant file.

**Recertifications:** Electronic certification is temporarily allowed for all recertifications. If you are not set up to complete paperwork electronically, it is acceptable to retroactively recertify residents for all certifications that expire during the period of disruption. The effective date for recertification continues to be the anniversary of the actual date of move in. While the recertification has been performed retroactively, the recertification documents should be dated with the current date. All the adult members of the household should sign the recertification using the current date. Please note the file indicating why the file was retroactively recertified. Once physical inspections resume, you will be expected to begin recertifying residents where the recertification was delayed.

**Annual Financial Statements:** MHDC has extended the annual financial statements submission deadline until April 30, 2020.

**HUD COVID-19 Multi-family Guidance:** HUD has issued additional multi-family guidance as of April 16, 2020. The guidance is available on our website at [www.mhdc.com](http://www.mhdc.com)

MHDC staff is committed to continuing normal business operations remotely. We are working to adjust timelines and policies to keep our programs on track. Should you have questions about any specific timelines or deadlines you are facing, please reach out to your MHDC contact directly who can advise you as to your particular deadlines and changes to policies relevant to your specific business need. Working directly with your MHDC contact will allow us to serve you more quickly and will ensure you receive accurate and up-to-date information. Thank you for working with us during this difficult time.

Please continue to notify the MO Department of Health and Senior Services and the Centers for Disease Control (CDC) immediately if you become aware of any resident that is diagnosed with COVID-19.

**Helpful sources of accurate information include:**

- MO Department of Health and Senior Services <https://health.mo.gov/>,
- Centers for Disease Control (CDC) <https://www.cdc.gov/>, and
- Institute of Real Estate Management (IREM) <https://www.irem.org/>.

Please refer to the following previously issued Asset Management Updates:

[Covid-19 Asset Management Update #2](#) dated March 19, 2020.

[Covid-19 Asset Management Update #3](#) dated March 26, 2020.

[Covid-19 Asset Management Update #1](#) dated March 13, 2020.