

## COVID-19 HARDSHIP REQUEST PROCEDURE

CalHFA understands the potential financial impact on projects as it relates to COVID-19. We are aware that a significant number of Projects may experience a financial set-back due to Tenants' inability to pay rent. CalHFA does not expect to comprehend the full economic impact until at least early May 2020, and we recognize that current "shelter in place" orders could have a profound impact for the foreseeable future.

CalHFA will consider and implement reasonable financial accommodations for each project affected by COVID-19. However, in order to adequately assess any financial hardship, CalHFA requires submission of sufficient documentation to substantiate the hardship and will then perform a comprehensive evaluation of each request. Upon receipt of a written request from the Developer/Owner, CalHFA will assess each individual Project.

Please submit the following documentation to the assigned CalHFA Asset Manager:

- Detailed hardship request signed by an authorized representative of the Owner/Developer
- 2019 Project Audit or Internally Prepared 12/31/2019 Project Income and Expense Statement
- 3 consecutive months of the following Statements (Preferably January – March 2020)
  - Balance Sheet
  - Income and Expense Statement
  - Rental Roll
- List of any/all subordinate lenders and their required monthly Debt Service
- Detailed list of any and all reserves held outside of CalHFA, including required use of those funds
- Provide information on additional sources of Financial Relief expected and/or funded;
- Procedures for verifying tenant claims of hardship
- Monthly List of Tenants that have not paid rent
- Number of households with tenant based rental assistance and amounts by unit; and
- Copy of any subsidy agreements to determine level of subsidy

CalHFA reserves the right to require additional information in order to verify the circumstance impacting operations or to render a decision.

Consent to Hardship request will be required from subordinate lenders and investor, so please start those conversations now.

Upon receipt of the completed request, CalHFA will conduct a prompt review. Depending upon the volume of requests received, we anticipate approving the requests in fifteen (15) business days. Please direct any questions to the assigned Asset Manager.

To qualify for forbearance, a loan must be in good standing with respect to (i) the payment of principal, interest and reserves, (ii) the payment real estate taxes, water and sewer bills, (iii) compliance with material provisions of CalHFA loan documents. Borrowers seeking forbearance must also demonstrate that financial hardship is the result the inability of tenants to pay rent due to factors related to Covid-19.

CalHFA will waive late charges and default interest, and will offer the Borrower forbearance on the payment of all or a portion of the principal, interest and reserve impounds as determined appropriate

by CalHFA, in its sole discretion, for a period of up to 30 days, which may with sufficient documentation, be extended for up to two more 30 day periods. The forbearance is to be documented in a Forbearance Agreement, if the Borrower satisfies each of the following requirements:

- The Borrower must agree that during the forbearance period it will (i) not evict a tenant based solely on non-payment of rent occurring as a consequence of the COVID-19 emergency, whether it is caused by illness, caring for a family member, job loss, reduced hours, or temporary unpaid leave, etc., and (ii) use collected rents for no purpose other than the necessary operation and maintenance of the Property or making payments of amounts due to CalHFA under the terms of the Loan Documents.
- The Borrower will not make residual receipts or mandatory debt service payments to subordinate lenders during the forbearance period.
- In return for the CalHFA's agreeing to the forbearance, the Borrower must agree to a release of any claims it may have against CalHFA for any adverse effects on the Borrower or the property arising out of or relating to the eviction restriction.
- The Borrower must certify in writing that all information it submits with or to support its request for relief is true, correct and complete.
- Other lender approvals must be obtained by Borrower (investor, subordinate lenders)
- Payments of LP and GP fees must be suspended during forbearance period.
  
- The maximum forbearance period will be 90 days (3 consecutive monthly payments) and the latest date to enter into a Forbearance Agreement will be August 31, 2020, with a monthly start date no later than September 1, 2020.
  
- The Borrower must repay the total forborne payment amount, without additional interest or prepayment premiums, over a period of 12 months, commencing with the monthly installment date immediately following the expiration of the forbearance period. During the repayment period, CalHFA will consider borrower requests to use operating reserves to fund deficits. If the Maturity Date or full loan payoff occurs prior to the end of the repayment period, then any forborne balance is payable in a lump sum at loan payoff.
  
- Borrowers may request an extension of the forbearance period prior to the end of the initial 90-day forbearance period. Additional terms and conditions and requirements may accompany approved extensions. In addition to or in lieu of an extension, CalHFA will consider various options, including but not limited to:
  - Adding the forbearance amount to the principal balance of the loan and amortizing it over the remaining loan term;
  - Deferring impound reserve payments;
  - Operating reserve withdrawals; and
  - Investor limited partner contributions.
  
- For any Bond Financed deals, forbearance may require an opinion from CalHFA's bond counsel.