

April 2020

OMB NO. 0575-0189 "7 CFR part 3560, Rural Rental Housing Program"

Justification for Non-Substantive Change

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.

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.

Therefore, Rural Development (Agency) is requesting approval of this non-substantive change request to include a streamlined workout agreement titled "COVID-19 Relief Workout Agreement" that MFH considers to be in compliance with the requirements of 7 CFR §3560.453(c). Borrowers are welcome to use this sample or submit their requests orally or in another written format to their assigned Multifamily Servicing Official.

This "COVID-19 Relief Workout Agreement" is a streamlined version of the already approved regular "Workout Agreement" and is specific to hardships caused by the current pandemic. The Agency estimates that about 8,000 of its borrowers will apply adding an additional 8,000 responses and 1,336 burden hours.