



OFFICE OF MULTIFAMILY HOUSING PROGRAMS  
**FEDERAL HOUSING ADMINISTRATION**



## Questions and Answers for Office of Multifamily Housing Stakeholders<sup>1</sup>

### Coronavirus (COVID-19)

Last Updated: **October 14, 2020, 10:00 a.m., ET**

*This document is intended to provide guidance and clarification of HUD's policies, and does not have the force and effect of law except when based on statutory, regulatory, or other legally binding authority.*

### **New and Substantially Revised Q&As**

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<sup>1</sup> Office of Multifamily Housing Stakeholders include **residents**; property managers, owners, and agents; lenders and their partners; residential service coordinators; contract administrators; and other participants in FHA Multifamily mortgage insurance and Office of Housing rental assistance programs.

## **General Multifamily Housing**

### *Emergency Preparedness*

**Q2: What emergency preparedness steps does HUD recommend or require property owners and agents take?**

Owners and agents are encouraged to follow the updated [Centers for Disease Control and Prevention \(CDC\) guidelines for multifamily housing](#), any directions given by local health officials for emergency preparedness, and [Chapter 38 of Handbook 4350.1, Emergency and Disaster Guidance](#). Another useful resource is the [Capacity-Building Toolkit for including Aging & Disability Networks in Emergency Planning](#) for Aging and Disabled communities from the U.S. Department of Health and Human Services Office of the Assistant Secretary for Preparedness and Response: <https://www.naccho.org/uploads/downloadable-resources/Capacity-Building-Toolkit-for-Aging-and-Disability-Networks-2-5-19.pdf>.

(Added on 10/14/20)

### *Resident Health*

**Q3: What guidance is available to assist property owners and agents in preventing the spread of the coronavirus in multifamily properties and in the event of a confirmed COVID-19 case at a HUD-assisted property?**

A: Owners and agents should generally follow updated [CDC guidelines for multifamily housing](#) and directions given by local health officials for emergency preparedness and response to COVID-19 pandemic.

If a resident has a confirmed case of COVID-19, HUD suggests that owners and agents follow CDC guidelines for multifamily owners to immediately notify the [local health department](#) and communicate with staff, residents, volunteers, and visitors about potential COVID-19 exposure, while maintaining the confidentiality of the sick person as required by the Americans With Disabilities Act, Fair Housing Act and Health Insurance Portability and Accountability Act, as applicable (see Question #4 about messaging below). Local health officials will help determine the appropriate course of action for risk assessment and public health management in the facility or community.

Owners and agents are encouraged to provide residents with confirmed or suspected COVID-19 cases with information on [how to care for themselves](#) and [when to seek medical attention](#). Any residents with [COVID-19 symptoms](#), and any other members of these households, should be encouraged to self-isolate and to limit their use of shared spaces on the property. [Residents with confirmed or suspected COVID-19 cases that take reasonable precautions not to spread the disease should not be evicted on the ground that they may pose a health and safety threat](#)

to other residents. Individuals who might have COVID-19 are advised to self-isolate except to get medical care (see the CDC's guidance on [What to Do If You Are Sick](#)).

(Updated on 10/14/20)

#### **Q15: Can properties provide on-site flu shots and COVID-19 testing?**

A: Temporary use of property common areas, parking lots, and vacant offices by providers of healthcare services to provide flu shots and/or COVID-19 testing to residents is allowable. The services must not affect property operating costs beyond budgeted and approved supportive services funds. Owners and agents should ensure that their testing site has a [Clinical Laboratory Improvement Amendments \(CLIA\) certificate of waiver](#) or is covered by another facility's CLIA certificate. Owners and agents are encouraged to consult with their legal counsel before hosting healthcare services on site.

(Added on 10/14/20)

### **CARES Act and Additional Resources Available for Response**

*Implementation of Forbearance Provisions under the [CARES Act](#)*

#### **Q14: Should FHA lenders file loans that are currently under forbearance as delinquent in the Multifamily Delinquency and Default Reporting (MDDR) System?**

A: **CARES Act Forbearance:** During the CARES Act forbearance period, HUD does not consider the eligible FHA-insured multifamily borrower to be delinquent or in default. While HUD views loans subject to the CARES Act forbearance to be current during the forbearance period, for MDDR reporting purposes, lenders have the option to request an extension of the election to assign. Multifamily Housing may also grant extensions on filing the notices of default in MDDR until the CARES Act forbearance period expires. Consistent with the guidance provided in [ML 2020-09](#), HUD asks that lenders submit executed and implemented forbearance agreements to the HUD Multifamily field office with property oversight. For extended forbearance, prior HUD approval is required as referenced in [Notice H 20-07](#).

**Extended Forbearance or Repayment Post-CARES Act:** Pursuant to [ML 2020-09](#), lenders should report the loan as delinquent or in default in MDDR after the CARES Act forbearance period ends if the multifamily borrower does not immediately make the loan current, including when the loan is subject to a forbearance and/or repayment agreement extending beyond the expiration of the CARES Act forbearance period. Lenders are advised to follow MDDR reporting guidelines at the time of such default. Lenders must inform HUD if the loan is subject to an extended forbearance and/or repayment agreement and should request an extension to assign the loan to HUD in order to permit the borrower to perform under extended forbearance and/or repayment agreements.

Notwithstanding the above, lenders should use MDDR to record delinquencies and defaults if there is a default under the Loan Documents not related to nonpayment.

(Added 10/14/20)

## **Centers for Disease Control and Prevention (CDC) Eviction Moratorium Order**

*The guidance in this section supplements the [HHS/CDC TEMPORARY HALT IN RESIDENTIAL EVICTIONS TO PREVENT THE FURTHER SPREAD OF COVID-19](#) guidance. Please see this document for further information.*

### ***Applicability***

**Q1: Does the CDC eviction moratorium automatically apply to, and protect, all HUD-assisted residents?**

A: The [CDC's Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19 Notice and Order \(the Order\)](#) imposes a temporary halt in residential evictions to prevent the further spread of COVID-19 between September 4, 2020 through December 31, 2020. The Order applies to all tenants, lessees, or residents of residential property in the country who are subject to eviction for nonpayment of rent and who sign and submit the a [declaration](#), as described in the Order, under penalty of perjury.

The Order only applies in states (including the District of Columbia), localities, territories, or tribal areas that do not have a moratorium on residential evictions in place that provides the same or greater level of public-health protection than the CDC's Order. The Order does not apply in American Samoa, which has reported no cases of COVID-19, until such time as cases are reported.

The Order applies to all Office of Multifamily Housing assisted housing programs, including Project Based Section 8, Section 202, Section 811, and multifamily properties with FHA mortgage insurance. Under the Order, HUD-assisted residents must sign and submit a declaration to become a "[covered person](#)" and receive the Order's protection. The signed declaration must be submitted to the owner or management agent of the residential property where they live or to another person who has a right to have them evicted or removed from where they live. A resident cannot be required to complete the declaration. However, without the declaration, residents are not protected from eviction under the Order. This means that until the declaration is signed and submitted to the owner or agent, the CDC eviction protection is not in place.

This Order is separate from the now expired eviction moratorium in Section 4024 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the active eviction moratorium related to forbearance required under Section 4023 of the Act, and any other eviction moratoriums afforded to federally insured or guaranteed loans.

(Added 10/14/20)

**Q2: Do owners or agents have to notify residents of the CDC Order and declaration?**

A: While the Order does not mandate resident notification, HUD strongly encourages owners and agents to notify their residents that the CDC eviction moratorium is in place and that execution of the declaration referenced in the Order is necessary to be covered by the CDC order. HUD strongly recommends that owners and agents who are notifying residents of termination while the Order remains in effect document that they have informed the resident of the protections available to them under this Order.

Owners and agents should also review their state or local laws, as some may have different notification requirements regarding the moratorium and providing the Declaration to tenants.

(Added 10/14/20)

**Q3: Can residents who are "covered persons" be evicted for reasons other than not paying full rent?**

A: Covered persons may still be evicted for reasons other than not paying full rent or making a full housing payment. The Order does not prevent covered persons from being evicted for:

- (1) engaging in criminal activity while on the premises;
- (2) threatening the health or safety of other residents;
- (3) damaging or posing an immediate and significant risk of damage to property;
- (4) violating any applicable building code, health ordinance, or similar regulation relating to health and safety; or
- (5) violating any other contractual obligation of a tenant's lease, other than the timely payment of rent or similar housing-related payment (including nonpayment or late payment of any fees, penalties, or interest).

(Added 10/14/20)

**Q4: During the CDC eviction moratorium, do covered persons still owe rent to their landlords?**

A: Yes. Covered person still owe rent to their landlords. The Order halts residential evictions only temporarily. Covered persons still must fulfill their obligation to pay rent and follow all other terms of their lease and rules of the place where they live. Covered persons must use best efforts to make timely partial payments that are as close to the full payment as their individual circumstances permit, considering other nondiscretionary expenses. When the Order expires, consistent with the applicable landlord-tenant or real-property laws, a covered person will owe their landlord any unpaid rent and any fees, penalties, or interest as a result of their failure to pay rent or make a housing payment on a timely basis during the period of the Order.

The CDC eviction moratorium differs from the CARES Act eviction moratorium in this regard: fees for nonpayment of rent from March 27, 2020 – July 24, 2020 could not be charged. The prohibition on charging fees or related penalties for late or nonpayment of rent continues to apply to properties in forbearance pursuant to Section 4023 of the CARES Act.

HUD encourages owners and agents to consider entering into repayment agreements for all outstanding payments with residents facing financial difficulties during the COVID-19 National Emergency.

(Added 10/14/20)

### *Resident Declaration*

#### **Q5: How does a HUD-assisted resident use this protection?**

A: A resident must provide and completed and signed [declaration](#) to their landlord, owner, agent, or other person who has a right to have them evicted or removed from where they live. The declaration may be signed and transmitted either electronically or by hard copy. Each adult listed on the lease, rental agreement, or housing contract should complete the declaration. In certain circumstances, such as individuals filing a joint tax return, it may be appropriate for one member of the residence to provide an executed declaration on behalf of other adult residents party to the lease, rental agreement, or housing contract at issue. If possible, HUD recommends residents send the signed declaration using a method that provides them a time-stamped receipt, such as via email, and that residents keep a copy of the signed declaration for their records.

(Added 10/14/20)

#### **Q6: Has the CDC provided a declaration form that eligible individuals can complete and submit to their owners or agents?**

A: The CDC has issued a [declaration](#) form that is compliant with the Order. CDC recommends that eligible persons use this declaration form. The declaration form is available on the CDC website: <https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf>.

Residents are not obligated to use the CDC form. Any written document that an eligible individual presents to their landlord will comply with the Order, as long as it contains the same information as the CDC declaration form.

All declarations, regardless of the form used, must be signed, and must include a statement that the covered person understands that they could be liable for perjury for any false or misleading statements or omissions in the declaration.

In addition, residents are allowed to use a declaration translated into other languages. Even though declarations with other languages may satisfy the requirement that a covered person must submit a declaration, the CDC cannot guarantee that they in fact do satisfy the requirement. However, declarations in languages other than English are compliant if they contain the information required to be in a declaration, are signed, and include a statement that the covered person understands that they could be liable for perjury for any false or misleading statements or omissions in the declaration. HUD has made translated versions of the declaration available on [its website](#).

(Added 10/14/20)

**Q7: The CDC Order requires residents to sign the declaration certifying that they have “used best efforts to obtain all available government assistance for rent or housing.” Since HUD-assisted residents are already receiving government assistance, what can HUD-assisted residents consider to certify to this requirement?**

A: HUD-assisted residents may consider the fact of their participation in a rental assistance program when determining whether they have made their best effort to obtain government assistance. Under the Order, it is the resident’s responsibility to certify to truthful information, as any false or misleading statements or omissions may result in criminal liability.

(Added 10/14/20)

**Q8: Is it the responsibility of the owner or agent to verify the truthfulness of the certifications related to the CDC Order?**

A: Owners and agents are not required to verify the certifications in the [declaration](#). The Order states that residents must make a certification to the truthfulness of the information provided in the declaration under the penalty of perjury.

(Added 10/14/20)

**Q9: If an owner or agent initiated an eviction for nonpayment of rent before the effective date of the CDC Order but has not completed the eviction, does the CDC Order apply?**

A: Yes. Any evictions for nonpayment of rent that were initiated prior to September 4, 2020, but have yet to be completed, are subject to the Order. Any resident who qualifies as a “covered person” and is still present in a rental unit is entitled to protections under the Order. Any eviction that occurred prior to September 4, 2020 is not subject to the Order.

(Added 10/14/20)

## **Asset Management**

*Property Reviews, Inspections, and Rent Comparability Studies*

**Q1: In light of concerns about site visits to HUD properties, what is the status of REAC inspections on MFH properties?**

A: In a memorandum dated August 10, 2020, the Real Estate Assessment Center (REAC) announced HUD’s intent to resume physical inspections on or about Monday, October 5, 2020. This required providing the required 14-day notification period beginning in late September. HUD will prioritize states and localities where inspections are likely to begin, based on the latest COVID-19 public health data from Johns Hopkins University and health risk scoring

methodology from the Harvard Global Health Institute. REAC has developed a guide that categorizes states and localities into four risk categories:

- (1) Low Risk: Green
- (2) Moderately Low Risk: Yellow
- (3) Moderately High Risk: Orange
- (4) High Risk: Red

HUD will prioritize those properties not assessed in the last three years and properties identified as high-risk. Beginning Friday, August 7, 2020, this guide and a list of counties categorized by risk level was [posted on our website](#) and is updated weekly or as additional information becomes available. Please read the August 10, 2020 memorandum entitled, "[Physical Inspection Return to Operations for Select HUD Properties](#)" for more detail and instruction.

(Updated 10/14 /20)

**Q2: As a condition of the Notice of Violation or Notice of Default, an owner or agent is required to perform a 100% unit inspection of the property and respond to HUD with the results or a repair plan if the deficiencies can't be addressed within 60 days. If an owner/agent is having difficulty getting into units due to the COVID-19 National Emergency, will HUD grant an extension or waiver to the 100% unit inspection requirement?**

**A:** HUD will continue to review and approve or deny owner repair plans when all deficiencies cannot be corrected in 60 days. However, with the resumption of physical inspections on or about October 5, 2020, HUD will not approve any extensions where an owner/agent is having difficulty entering units. In these cases, owners receiving a Notice of Violation (NOV) and/or Notice of Default (NOD) based on a project's physical conditions must follow the corrective actions enumerated in the NOV/NOD within the time specified. At a minimum, the owner must conduct a 100% survey of the property and submit their survey report to HUD. The NOV/NOD may require the correction of all physical deficiencies by a specified date or that the owner submit a repair plan for HUD's review and approval.

At the completion of all repairs, the owner must submit a certification to HUD that all corrections have been made and that the project is in compliance with all of HUD's requirements, including HUD's physical condition standards of 24 CFR § 5.703. During any REAC inspection, or in conducting any required survey or repairs, owners should document any resident's refusal of access and cite the reason(s). This documentation should be provided with any surveys or certifications submitted to HUD.

Further, HUD regulations require that all Exigent Health and Safety (EH&S) deficiencies be corrected immediately. Upon receipt of notice of EH&S deficiencies, the owner is required to submit a certification to HUD within three business days that all EH&S deficiencies have been corrected. This is required regardless of the REAC inspection score and/or whether or not the



owner receives an NOV/NOD. If a resident refuses access to correct EH&S deficiencies, this should also be documented and submitted with the EH&S correction certification.

(Updated 10/14/20)

**Q3: In light of concerns about site visits to HUD properties, what is the status of Management and Occupancy Reviews (MORs) performed by Traditional and Performance-Based Contract Administrators (TCA/PBCAs) and HUD staff?**

A: Effective May 22, 2020, HUD has lifted the suspension of MORs performed by PBCAs, TCAs, and HUD staff in locations where there are no restrictions by state or local law or ordinance to prevent them from performing these reviews. This supplemental guidance additionally establishes an alternative manner in which a MOR may be conducted.

- HUD will, until **December 31, 2020** (or such later date as HUD may determine), allow PBCAs, TCAs, and HUD staff to conduct on-site MORs, without entering resident units.
- For REAC follow-up, in determining whether Exigent Health & Safety (EH&S) and other deficiencies have been corrected, the PBCA/TCA/HUD staff must attempt follow-up on those affected units via contact directly with the resident by way of phone or email and document the results or attempt(s) made on the MOR report.
- A physical on-site visit to the property must still occur to document the physical conditions, general appearance, and security of the property, and the visit should include a visual assessment of each building, including the common areas, and the grounds of the property.
- An on-site, entrance/exit interview with the owner/agent should occur, except in instances where the owner/agent and PBCA agree to conduct these portions of the review remotely (via virtual meeting or, if sufficient internet is not available, by telephone). In instances where these interviews are conducted remotely, the method must be documented in the MOR Report.
- Tenant file reviews may be conducted remotely when owners/agents voluntarily create and transmit electronic tenant files to the PBCA in accordance with all requirements of Notice H 2020-4. Personally identifiable information (PII) must be encrypted or transmitted and stored in a secure manner to prevent its release. Violations of the Privacy Act may be subject to fines up to \$5,000. Owners/agents and reviewers must comply with EIV Data Sharing Agreements to prevent any prohibited use of or access to EIV records. PBCAs/TCAs/HUD staff must continue to conduct MORs in accordance with their approved workplans regardless of owners' willingness to provide electronic tenant files.

All other portions of the MOR, including the Desk Review and On-site Review, including the review of tenant files, must be completed in their entirety.

Please note, this answer supersedes the initial guidance offered in earlier versions of this document on 3/13/20, 3/16/20, and 7/31/20.

(Updated on 10/14/20)

### *Financial Audits, Tenant Income Recertifications, and Utility Analyses*

**Q8: A multifamily owner's financial statements are complete, but their auditor is not comfortable coming into their office to conduct the audit. Can they get an extension?**

A: To provide relief for Multifamily property owners, HUD extended the audited financial reporting deadlines until September 30, 2020. This waiver is limited to entities which are required to submit the referenced annual financial information on or before June 30, 2020. Projects with annual financial due dates after June 30, 2020, are still required to submit the financial information within 90 days of the of the owner's fiscal year end date. **However, extensions will be granted on a case-by-case basis through the REAC-FASS system for circumstances beyond the owner's control.**

Note that this waiver does not apply to submissions of financial information that were delinquent as of March 20, 2020.

(Updated on 10/14/20)

**Q11: Is hazard pay included in the calculation of a participant's income? E.g., if a family is reporting that it is receiving \$200 per month in additional hazard pay for agreeing to work during the pandemic, would this income be included in the family's income calculation?**

A: Hazard pay has historically been included in income calculation and is not broadly excludable under 24 CFR § 5.609. Owners and agents should consider whether the pay increase is temporary or recurring in determining whether it will trigger an income reexamination in accordance with HUD Handbook 4350.3, REV-1 and their written recertification policies.

(Added on 10/14/20)

## **Recapitalization and Rental Assistance Demonstration**

### *Policy and Operations*

**Q6: If a PHA/owner anticipates needing more time after a RAD closing to sign tenant leases, will HUD provide any flexibility around the timing of the effective date of the HAP contract as outlined in the Section 1.13.A of the [RAD Notice](#)?**

A: In order to provide PHAs and owners additional time to execute individual leases with tenants in light of social distancing measures, HUD will permit the HAP effective date to be the

first day of the third full month after closing upon request (rather than the first day of either of the first two months following closing). For example, a closing that occurs on May 15<sup>th</sup> could elect a HAP effective date of June 1<sup>st</sup>, July 1<sup>st</sup>, or August 1<sup>st</sup>. This option will be available for any closing that occurs through **March 31, 2021**.

(Updated on 10/14/20)

## **Multifamily Production**

### *Site Inspections and Appraisals*

#### **Q1: Will MFH Production relax its site visit requirements for third party Capital Needs Assessment (CNA) assessors and lenders?**

**A:** HUD will temporarily (until **December 31, 2020**, or until the COVID-19 National Emergency is lifted, whichever occurs first) permit lenders to submit a sampling of units that is less than what is stated in the [MAP Guide](#). At the time of property inspection, managers must provide the CNA assessors with a rent roll dated the day of the inspection in order to identify all vacant/down/model units, as well as any occupied units that residents have permitted entrance by the reviewer. The assessor should compare the list of available units to the MAP Guide sampling requirements identified in Appendix 5G.V.B.2 and determine the number of units that would not be inspected. To the extent that the units available for inspection do not meet the MAP Guide minimum sampling requirements, then the following must occur for the lender to be able to submit the application:

1. At least one unit must be inspected per building.
2. At least one unit of each unit type (i.e., units with the same configuration) must be inspected.
3. Submission of maintenance, replacement, and capital improvement records from the property owner for the last three years, including a detailed "unit grid" identifying items replaced and dates of replacement.
4. When available, CNA reports prepared within five years of inspection should be used to supplement the current report. As-built drawings should be used to supplement findings when available.
5. If an accessibility/adaptability deficiency is identified in a specific unit, all units with an identical floor plan will be assumed to have a similar deficiency unless proven otherwise by a review of as-built plans and specifications or by conducting a virtual inspection.
6. Needs assessors should specifically identify intrusive inspection (i.e., an examination using standard diagnostic techniques, tools, and equipment) needs that were not met because of

lack of access to a unit or required point of inspection. HUD should be consulted in advance to determine if it is acceptable to forego an intrusive inspection.

Notwithstanding the flexibilities described above, the CNA assessor may still recommend that a full physical inspection meeting the current unamended MAP Guide requirements be required based upon the age or condition of the property (e.g., considerable deferred maintenance).

Additionally, HUD may refuse to accept or cease processing an accepted application based on its assessment of the risk of unseen conditions given property age, REAC scores, management reports, tenant complaints, owner maintenance (or deferred maintenance), maintenance of the reserve for replacement account, or other relevant factors.

If the criteria above cannot be met for a CNA where the sampling size is less than that required by the MAP Guide, the needs assessor and lender must submit a justification that also offers an explanation for why the reduced sampling will not increase the risk to HUD. HUD reserves the right to require the assessor to inspect additional units or otherwise re-inspect the site prior to endorsement. Any critical or non-critical repairs identified as part of this additional inspection must be described in the CNA e-Tool and, if identified after HUD has issued the Firm Commitment, then the lender must describe them in a revised CNA in support of an amended Firm Commitment.

Please note that there is no change to previously issued inspection guidance in Appendix 5G of the [MAP Guide](#) requiring exterior building components and common areas.

(Updated on 10/14/20)

## **Q2: What if the lender is unable to visit the site to verify the inspection report's findings?**

HUD requires that the Multifamily Accelerated Processing (MAP) underwriter responsible for underwriting the transaction to conduct the site visit, as this is key to the development of an underwriting conclusion by the lender. However, if the MAP underwriter cannot physically inspect the property for health or other reasons, alternatives exist to meet this requirement. Section 11.2.D of the [MAP Guide](#) permits an analyst, underwriter trainee, or different MAP-approved underwriter acting under the direction of the underwriter (i.e., one that does not report to the originator) to perform the site and unit inspection. The underwriter or trainee who conducts the inspection must be identified in the narrative.

Similarly, other company or bank personnel with multifamily underwriting experience, familiar with the specific transaction, and acting under the direction of the MAP-approved underwriter may also conduct the site visit. The individual performing the inspection and their underwriting qualifications must be described in the lender's narrative.

HUD will not accept Originators conducting the site visit, nor will HUD solely rely on a virtual site inspection (although a virtual inspection may help to assess the condition of areas that

were inaccessible during the site visit due to COVID-19 concerns). HUD will not accept an application without a lender-conducted site visit pursuant to this guidance.

(Updated 10/14/20)

### *Policy and Operations*

#### Applications and Underwriting Requirements

**Q21: Due to the COVID-19 National Emergency, if a lender is unable to obtain a capital needs inspector, can it delay the preparation of a Capital Needs Assessment for Section 223(a)(7) projects and submit applications to HUD to take advantage of historically low interest rates?**

A: During the COVID-19 National Emergency, HUD will temporarily permit the deferral of the submission of the capital needs assessment (CNA) for Section 223(a)(7) projects until the earlier of the following: when a capital needs assessment can be safely completed or one year after endorsement of the loan. The current reserve for replacement balance must be transferred in full at time of endorsement, and the lender must continue existing monthly payments into the reserve for replacement account until a CNA has been completed.

All distributions from surplus cash will be temporarily suspended from time of endorsement of the loan up to the submission, review and approval of the updated needs assessment. Once the CNA has been prepared, reviewed and approved by HUD, the borrower must first use surplus cash funds to offset repairs and/or to increase reserves. Depending on the financial analysis included as part of the CNA, the annual deposit to the reserve for replacement account may also be revised downward.

This flexibility to delay submission of the CNA is only available for projects with a REAC score of 80 or better. The lender must also certify in its narrative that to the best of the lender's knowledge, there are no physical needs that would otherwise exceed the repair limitations permitted by the Section 223(a)(7) program.

(Updated on 10/14/20)