

SECTION 6: SPECIAL PROCEDURES FOR DECLARED DISASTERS

In the event of a natural or man-made disaster declared by the President of the United States, the Agency may authorize certain actions to be undertaken or certain regulatory provisions that may be waived for MFH borrowers who make their housing available for disaster evacuees.

9.16 PRESIDENTIALLY-DECLARED DISASTERS

In the event of a disaster, the Federal Emergency Management Agency (FEMA) identifies counties affected by the disaster and makes available money or direct assistance to individuals whose property has been damaged or destroyed and whose losses are not covered by insurance.

The Agency has developed Special Actions and Waivers that may be implemented in the event of such disasters for tenants who are residents of the affected counties and owners of Rural Development-financed properties located in the affected counties. For disasters that impact at least 500,000 people, special disaster-related Servicing Actions will be put into effect as outlined below.

A. Definition of Evacuees

For purposes of the Section 515 and Section 514 loan programs, “disaster evacuees” are defined as residents of counties included in the declared disaster area identified by FEMA. In order to qualify as a recipient of Rural Development multi-family housing assistance and receive the benefits identified below (Special Actions and Waivers), a disaster evacuee must present evidence to the property manager of having resided in the affected county. This evidence may be a driver’s license, utility bill, mortgage statement, lease, etc., or the property manager may verify the address, date of birth etc., from a credit agency.

By definition, a resident in a Rural Development financed property located in a disaster county is a “disaster evacuee” and may be entitled to benefits from Special Actions identified below. For example, an existing tenant may suffer a job loss due to the disaster, which could result in receipt of emergency rent assistance provided by another governmental agency.

B. Use of Rural Development Rental Assistance Program

A disaster evacuee who is receiving rent assistance from any governmental agency is not eligible to receive benefits from the Rural Development Rental Assistance Program. If the evacuee is not receiving rent assistance from another government agency, the property manager should apply the standard eligibility tests for the evacuee to receive Rural Development Rental Assistance. If the manager is unable to obtain verifications of income or employment because of the disaster, no Rental Assistance can be provided.

9.17 SPECIAL ACTIONS AND WAIVERS

Regardless of the size of the affected population, State Directors have authority to implement the following procedures without National Office approval:

1. Applicants may receive a Letter of Priority Entitlement (LOPE) issued by USDA Rural Development or may provide the property owners with documentation of being registered with the FEMA in lieu of a LOPE letter.
2. If an applicant does rent a Rural Development-financed property, the FEMA registration number must be entered into Multi-Family Information System (MFIS). Within *90 days*, field staff will need to conduct a random sampling of tenant files to assure that the FEMA data was input into MFIS correctly.
3. Allow for imputed income from assets due to homeownership affected by the disaster.
4. Zero income applicants will be allowed to reside in apartment units; rental assistance (if available) will be made available to the applicant.
5. Collection of security deposit per 7 CFR 3560.204 may be waived, if requested by the owner of the property.
6. Owners of elderly designated properties may rent to age ineligible applicants for *6 months* from the date of the State Director decision.
7. Annual lease required per 7 CFR 3560.156 (b)(2) is waived and leases may be issued on a month-to-month basis.

Special Actions and Waivers that may be provided by the Agency and the Servicing Requirements that must be implemented by Servicing Officials are listed below.

A. Tenants Displaced from Rural Development Financed Multi-family Properties

For existing MFH tenants or Section 502/504 borrowers displaced by the disaster, the Agency has several authorities available to minimize the impact of the devastation.

<u>Special Action</u>	<u>Servicing Requirements</u>
<p>1. The existing MFH tenants and/or Section 502/504 borrowers made homeless by the disaster may apply for occupancy at any Rural Development financed property as a "displaced tenant." In accordance with 7 CFR 3560.154 (g) (2)(ii), they will be placed, first come-first served, on the waiting list, with or without a Letter of Priority Entitlement (LOPE letter). They would then be offered any vacant unit or the next available unit if no vacancies exist. Under this circumstance, the tenant required to move is entitled to or could benefit from the special actions and waivers identified in this section.</p>	<p>No action required.</p>

<u>Special Action</u>	<u>Servicing Requirements</u>
<p>2. Some existing tenants may have been receiving Rental Assistance (RA) in units made uninhabitable by the disaster. While the Agency cannot provide RA to a tenant unless they occupy an eligible Rural Development financed property, the Agency can allow the transfer of the tenant's RA unit to an eligible Rural Development property where the tenant could then continue to receive RA. Any such arrangement needs to be agreed to by all parties and be designed to return the RA, and the tenant if they chose, back to their original apartment unit.</p>	<p>In accordance with this special action, Servicing Officials will be authorized to arrange temporary transfers of RA from properties made uninhabitable by the disaster to properties in surrounding areas that have vacancies in habitable units, as follows:</p> <ul style="list-style-type: none"> a. The owners must enter into an agreement whereby RA units, in an amount equal to or less than the number of vacant units in the receiving property, are transferred for a period of time until the units in the damaged property can be made habitable. When the units are habitable, the RA units will be transferred back to the original property. RA units may be transferred as a group or one at a time. b. First priority for the use of transferred units is RA tenants moving from the damaged property. The tenants would be accommodated first come-first served from the waiting list in accordance with 7 CFR 3560.154 (g)(2)(ii). These displaced tenants would receive priority over any other applicant or existing tenant. c. Displaced tenants receiving the transferred RA must sign an attachment to their lease indicating that they understand that the RA unit will be returned to its original property when the damaged apartment unit has been made habitable. At that time, the displaced tenant could also return and continue to receive RA. This agreement would be subject to the tenant remaining eligible and the tenant wishing to return to their original unit. However, if the tenant chooses to stay, they could not be assured RA and the borrower would charge an appropriate rent based on any subsidy available to that property.

B. Assistance for Rural Development Financed Properties Destroyed or Damaged

In properties where all or a substantial number of the units become uninhabitable, the Agency has several authorities available to minimize the financial impact of the disaster.

<u>Special Action</u>	<u>Servicing Requirements</u>
1. If borrowers are unable to transmit tenant certification information due to communication problems relating to the disaster, the Agency may waive overage charges due to late submission. The borrower should contact the Servicing Office to advise them of any problems with transmitting information to the Agency.	State Office may waive overage charges.
2. If borrowers are temporarily unable to make loan payments, the Agency may waive late fees to reduce any extra financial burden.	State Office may waive late fees.
3. The Agency may enter into servicing workout plans to assist properties whose financial viability has been disrupted. Workout plans as described in 7 CFR 3560.453 can include a variety of actions to lower operating costs. These include reducing contributions to the reserve account or lowering loan payments. Reamortization of the account can be used to bring the account current once the repair is completed. Servicing workout plans would also bring into consideration any borrower receipt of insurance benefits.	The Agency should work with the Borrower to determine an appropriate workout plan.
4. Provided borrowers are making a good faith effort to repair any apartment units made uninhabitable by the disaster, interest credit may remain in effect.	The Agency should review the situation after 180 days to assess progress in rehabilitating damaged units.

C. Non-Rural Development Tenants

Disaster evacuees who were not tenants in other Rural Development properties may apply for housing in Rural Development financed properties. Evacuees are entitled to receive a LOPE letter or may have a FEMA registration number, both of which place them at the top of the waiting list. Borrowers, at their discretion, may apply or waive their standard tenant screening requirements. Borrowers must, however, continue to comply with all Fair Housing regulations and the selection criteria cannot be arbitrary or discriminatory.

<u>Special Action</u>	<u>Servicing Requirements</u>
<p>1. Borrowers who house disaster evacuees are required to utilize tracking identification numbers of other government agencies if the evacuee has received federal disaster assistance. If a disaster evacuee applicant rents in a Rural Development-financed property, the FEMA registration number must be entered into Multi-Family Information System (MFIS).</p>	<p>In disaster situations where more than 500,000 people are affected, Agency officials should ensure that:</p> <ol style="list-style-type: none"> 1. The property manager inquires about and obtains verification of receipt by an evacuee of any rent assistance provided by any governmental Agency, such as Transition Housing Assistance offered by FEMA. If such assistance is received in a lump sum, it will be treated as exempt income for rent calculation purposes. If such assistance is regular and ongoing, the assistance will be counted as income, <i>regardless of the size of the disaster</i>. These amounts should appear on the Tenant Certification, Form RD 3560-8; 2. If a tenant receives a rental voucher (similar to a HUD voucher), then the property manager should code Form RD 3560-8, Part II, field 6 "Tenant Subsidy Code" as "4 – Other Public RA." 3. Managers must obtain such verification within 90 days of occupancy; 4. Borrowers must place in the tenant's file a copy of the FEMA award notification or other corroborating evidence that the tenant is registered to receive benefits from FEMA; 5. Managers must indicate on the Tenant Certification the appropriate disaster code (as provided by Rural Development) for each evacuee housed in the property. Managers must include the correct FEMA registration number on the Tenant Certification form. 6. Servicing Officials must conduct a random sampling of evacuee files within 90 days of occupancy to assure that the evacuee provided all required certifications, that the FEMA and the correct disaster code was input to MFIS correctly, and follow-up with corrective actions within 30 days; 7. Borrowers should notify disaster evacuees of any available emergency Rural Development assistance upon notification from Rural Development;

<u>Special Action</u>	<u>Servicing Requirements</u>
	8. Servicing Officials must conduct a random sampling of evacuee files within 180 days to review rent charges to all evacuees to ensure borrowers are not collecting rent amounts in excess of the tenant's net tenant contribution and review properties that have an unusually high number of tenants classified as disaster evacuees (in cases where emergency rental assistance has been provided).
2. Allow for imputed income from assets due to homeownership affected by the disaster.	
3. Zero income applicants may be allowed to reside in apartment units, if rental assistance or other subsidy is available.	
4. Collection of security deposit per 7 CFR 3560.204 may be waived, if requested by the owner of the property.	
5. Owners of elderly designated properties may rent to age-ineligible applicants for six months from the date of the waiver.	In disaster situations regardless of the number of people affected, Servicing Officials must review a random sample of evacuee files within 180 days of evacuee occupancy to ensure that the age-ineligible evacuees are no longer residents of the elderly designated properties.
6. If requested, the Agency may waive 7 CFR 3560.576 (b)(2) and (e) to allow Off Farm Labor Housing owners to accept non-farm applicants and allow for income to be received from sources other than from farm labor employment.	In disaster situations regardless of the number of people affected, Servicing Officials must review a random sample of evacuee files within 180 days of evacuee occupancy to ensure that the ineligible evacuees are no longer residents of the farm labor housing property.
7. Annual lease required per 7 CFR 3560.156 (b)(2) may be waived and leases may be issued on a month-to-month basis.	