

## **Multifamily Housing Notice 20-5**

**April 3, 2020**

**To:** Developers, Sponsors, and Local Housing Contacts

**From:** Matthew Heckles, Assistant Secretary DHCD

**Re:** **DHCD COVID-19 Advisory State Multifamily Loans Surplus Cash**

This is to advise that Multifamily Housing Notice 20-4 dated March 30, 2020 is modified to withdraw the requirement that borrowers open new bank accounts to deposit deferred surplus cash payments for possible use during the COVID-19 emergency. Existing accounts will be acceptable. We ask that each project establish another general ledger account code on their balance sheet labeled “Deferred Surplus Cash Escrow” (the “Account”) to track the set aside and the use of these funds.

Each borrower is expected to maintain the Account in a manner sufficient to demonstrate to the Department that funds have been accounted for and expended in accordance with the Notice and GAAP. The full amount of the surplus cash calculated in the 2019 audit must be set aside. Before withdrawing funds from the Account, you must send an email to the project’s asset manager requesting the use of these funds and describing their purpose. These requests will be processed promptly.

By the 10<sup>th</sup> day of each month, you must submit a general ledger detail for the Account showing the Account activity in the previous month, and the remaining balance at the end of that month. Once the COVID-19 emergency has ended, an analysis will be done based on the cash flow split defined in the loan documents to determine the borrower’s and lender’s respective shares of the amount expended from the Account, and the amount remaining for distribution, if any. The Notice is otherwise unchanged.

**If you have any questions, please contact John MacLean, Director, Multifamily Asset Management via email at [Johnf.MacLean1@Maryland.gov](mailto:Johnf.MacLean1@Maryland.gov).**

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*IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES*



## MULTIFAMILY HOUSING UPDATES

*Multifamily Housing issues periodic notices (such as the one above) to announce new initiatives, provide important news, announce funding round deadlines, significant application changes, bond program amendments, and other key dates and facts on our website and by email only. You can subscribe to receive Multifamily Housing Notices at the following link:*

<http://dhcd.maryland.gov/HousingDevelopment/Pages/About.aspx>

*Notices are posted to the DHCD website at the following location:*

<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>