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NMHC COVID-19 Stimulus Update: SBA and Capital Markets

March 27, 2020

Webinar Information

- This webinar was pre-recorded on March 27, 2020 and was not intended for a live audience.
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- This webinar is provided for informational purposes only.

**Small
Business
Relief and
Capital
Markets**

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Small Business Loans

- \$350 billion for loans to small businesses (with 500 or fewer employees, full-time/part-time)
 - Up to 250% of average monthly payroll, maximum \$10,000,000
 - Loan is forgivable if-
 - Employer keeps employees on payroll
 - Over 8 weeks spends the loan amount on payroll, rent, mortgages, utility payments
 - Effective immediately through SBA lenders
 - No fees, qualifying requires no collateral, no personal guarantee and borrower certifies they are impacted by COVID-19
 - Retroactive to 2/15/20
 - \$10 billion for emergency grants up to \$10,000

Federal Housing Finance Agency – Forbearance

- FHFA announced Tuesday, March 24 that multifamily properties backed by Fannie Mae and Freddie Mac mortgages would be granted mortgage forbearance relief for 90 days.
- In exchange, multifamily housing providers must place a 90-day hold on evictions.
- Forbearance must be repaid over 12 months
- Renters are obligated to repay missed rent payment over 12 months
- FHFA is evaluating how Phase 3 relief package will impact
- FHA will follow guidelines in Phase 3 relief package

Federal Regulatory Review

- Banking Regulators
 - Depositories that restructure loans do not have to reclassify as Troubled Debt Restructuring saving capital for banks. We have requested that NAIC make a similar announcement for Life Companies
 - Encouraged depositories to extend short term loans or other financial support to businesses who are impacted
- Phase 3 Relief Package Banking Impacts
 - CECL Relief: Implementation of Current Expected Credit Losses (CECL) accounting standards is suspended
 - Lowered financial ratios to increase liquidity flexibility for community banks

Federal Reserve Action under Section 13 (3)

- Broad measures rolled out to support financial markets
 - Purchase of agency commercial mortgage backed securities (CMBS)
 - Support Commercial Paper market, primary and secondary trading of corporate bonds, Term Asset-Backed Loan Facility
 - Multiple other features to support all parts of the financial market
- Phase 3 Relief Package Impacts
 - Allocates \$454 billion for the Fed to lever 10-to-1 in supporting businesses
 - Previously announced Main Street Lending Program to be part of this allocation. No further information available at this time



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