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.

- For further information on the topics covered within this webinar, please visit https://www.nmhc.org/covid19. Questions can be emailed to news@nmhc.org.

- 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 depositaries 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