Equitable Growth, Finance and Institutions
COVID-19 Notes
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WORLD BANK GROUP

COVID-19 Outbreak: Housing Finance Implications and Response[1]

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One of the most immediate effects of the COVID-19 outbreak will be a loss of income for many households and an inability to meet mortgage or rent payments. The repercussions for the financial system will be an increase in bad debts, provisioning and reduced capital ratios. This, in turn, will put pressure on secondary mortgage markets and create market liquidity challenges, as seen during the Global Financial Crisis. Responses have been a mix of forbearance for households, regulatory forbearance for lenders and liquidity provision to the financial system. Policy responses by the World Bank are focused on supporting governments in maintaining liquidity to housing finance lenders, ensuring inclusive approaches to housing crisis response and laying the ground for a rapid resumption of activity when crisis abates. The housing sector can play a strong role in recovery as a channel for stimulus and employment creation, where large-scale investments are needed to meet SDG11 on safe, adequate and affordable housing for all.

1. What is the impact of the COVID-19 Outbreak on Housing Finance Sector?

Based on the experience of the 2008 sub-prime crisis and the Global Financial Crisis contagion, the following impacts are likely to hit global housing and residential mortgage markets:

Household Impact

- Wave of household borrower defaults resulting from unemployment or reduced income;
- Defaults by renters, impacting landlords who may have property loans to repay;

Financial Sector Impact

- Increased Loss Given Default levels for lenders putting pressure on capital requirements;

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- Further pressure on capital levels due to revaluation and loan classification requirements under IFRS9;
- Secondary mortgage markets become less liquid and more expensive as a result of the overall increase in risk aversion;
- Liquidity pressure with reduced and higher cost access to capital market for long term funding;

Housing Sector Impact

- Illiquid housing market with little to no activity – making it difficult to value property – depressing real estate markets impact developers and contractors;
- Housing developers facing liquidity crisis as cash-flows dry up due to reduced demand and financing for end borrowers, as well as reduced access to construction finance;
- Wider sectoral impact in sectors linked to construction/housing such as raw materials, timber, primary infrastructure for housing, household goods.

Identifying country vulnerabilities for housing finance

During the 2008 global financial crisis, the housing finance sector had deep and lasting repercussions, on the entire financial system, hitting those countries with deeper housing finance systems and with a reliance on capital markets.

The deeper the mortgage market (in terms of mortgage debt outstanding to GDP ratio above 15%) the higher the vulnerability of the financial system to a wave of payment defaults, and knock-on effects on mortgage securities and wider capital markets. The case will be more visible in emerging economies where capital markets depend on foreign investors, and/or where non-bank financial institutions play a large role as mortgage lenders. Non-bank institutions may face more difficulty in accessing liquidity from bond markets or refinancing from banks, and they cannot directly access central bank packages.

Another aspect to consider is the relative size of the mortgage sector as a share of the overall financial sector. Some countries may have a modest-sized mortgage sector, which can nevertheless represent a systemic threat to the overall financial system. As seen in some East Asian economies, there can be also be high levels of mortgage debt, even if it is a modest part of overall private credit.

For countries with smaller mortgage markets—many emerging economies have mortgage debt ratios below 5 percent of GDP—funding primarily comes from deposit transformation, rather than capital market instruments. The contagion effects are reduced, and the systemic impact is also much lower. Still, the social and human cost of mortgage defaults or missing rental payments needs attention, even if the immediate priority for governments may be elsewhere, such as help for small- and medium-sized businesses or the corporate sector as a major employer.

Another vulnerability stems from developers who are hit by reduced demand, delayed investments, and aralyzed real estate market infrastructure. They may also be affected by a credit crunch, including to construction credits to developers and mortgage finance to end users. Contractors may not be able to get necessary workforce or building materials. Some projects will be delivered with delays and new projects suspended. This may especially hit countries where real estate development was already fragmented, under-capitalized, unregulated, or on the verge of an adverse cycle before the COVID-19 crisis.

2. How are Policy Makers Responding?

The initial response in most countries came from lenders themselves, with central banks following. At time of writing this paper, governments were still formulating some proposals or adapting them. Most measures fall under a broader envelope of stimulus packages and liquidity provision to markets.

Given income losses of households, many lenders now offer forbearance or debt restructuring measures, less so in countries where income losses are largely compensated by cash transfers or expanded health and unemployment insurance, such as in France and Malaysia.

Court systems may not be active, limiting pursuance of foreclosure enforcement. Property markets may also be frozen as key required intermediaries, such as notaries, registers, brokers, and valuers, are unavailable.

Most forbearance initiatives provide some temporary suspension of credit repayments (principal and/or interest[2]), but important differences are observed between simple debt restructuring that provides additional flexibility of repayments, such as suspended payments being accrued into debt, to solutions implying some loss taken by lenders and/or Governments to both subsidize borrowers and preserve the mortgage portfolio quality. Some schemes recapitalize rescheduled payments through the main mortgage loan, thus potentially increasing credit risk. Banks may cut their credit rates or, like in Denmark, provide a subsidized short-term overdraft line, separate from the mortgage loan which backs a covered bond or Mortgage Backed Security (MBS). Beyond temporary respite, other approaches may offer a more structural solution through external repayments made or assisted through mortgage guarantee funds. Within the same country, the capacity of various lenders to professionally service their housing loans will be another differentiating factor.

A critical aspect is the regulatory treatment that central banks will apply to this forbearance, given the number of borrowers affected and duration of the shock, which will affect the length of any moratorium. The combination of extent and duration will be relevant to regulatory response, such as provisioning and capital measures.

[2] Most measures offer some principal deferment (turning loan into an interest only debt for a limited period).

Summary of Policy Responses by Government, Lenders and Central Banks

Among the three main actors related to housing finance policy: central bank, government and lenders, key measures to date are summarized below.

Central banks actions – many, such as changes in interest rates, will affect whole economy, but in case of a large mortgage sector with variable rates, the transmission mechanism will be much stronger. Likewise, expansion of liquidity provision will benefit the whole financial sector, but is especially important for those institutions needing long-term funding for assets such as mortgage loans.

- **Support for forbearance -** Some Central Banks have indicated they would support lenders for taking forbearance measures to help borrowers facing temporary payment difficulties for periods between 3 months (UK, Egypt) and 12 months. In the U.S., it is estimated that up to 65 per cent of US borrowers will qualify for some form of forbearance.
- **Expansion of Qualitative Easing programs** – including buying of mortgage securities (RMBS and Covered Bonds) (Canada). This may not work in some emerging economies where secondary mortgage markets hardly exist or are not that secure.
- **Expansion of liquidity to banking system** - Expanded use of Covered Bonds as eligible collateral in central bank operation (Sweden).
- **Reduction in policy interest rates** – Driven by reduced central bank rates, mortgage loans are at historical lows in many countries, which will reduce monthly payments for those on variable rates, improving affordability and helping reduce delinquencies and increase demand for refinancing of loans.
- **Reduction in pro-cyclical provisioning buffers –** For example, Norway reduced pro-cyclical buffer from 2.5 percent of Risk Weighted Assets to 1 percent.
- **Increasing tolerance levels for liquidity rules –** Several central banks have indicated that meeting liquidity requirements should not come at the expense of creating a credit crunch, and have introduced flexibility on LCR rules. This applies to many countries including India, South Korea, US, etc.
- **More tolerance on capital ratios –** Operating at below minimum capital ratios may be acceptable for a period, if it avoids a credit retrenchment (not just for housing loans) but could create additional risks if applied for an extended period.

Governments:

- **Widespread ban or moratorium on foreclosures or evictions** – This can send a reassuring signal to distressed households; however, such measures may be inevitable in practice if the court system, bailiffs, or auctions are all out of action because of confinement restrictions.

- **Fiscal stimulus packages -** Unemployment, or reduced income, is the primary cause for mortgage-credit impairment and can be addressed by government social safety nets. Most of these measures have yet to be fully detailed. U.S. stimulus bill offers payroll tax deferments and direct transfer payments to households. In Malaysia, in addition to cutting contribution rates into the provident fund, the government is compensating for income losses through the unemployment insurance fund and a program of monetary assistance. The French government also compensates the salaries for retrenched employees losing jobs and incomes.
- **Back stop mortgage guarantee funds –** no detailed proposals have yet been put forward, but discussions are ongoing in several countries - including Italy, France, Belgium - on a possible fund which could help secure mortgage payments over coming months where borrowers are no longer able to pay beyond temporary moratoriums.
- **Moratorium on eviction of defaulting renters –** The U.K. government announced on March 18, new legislation to prevent eviction of renters. They also indicated that rather than just passing on problem to landlords, there would potentially be some support measures also for private and social landlords. Several other governments in advanced economies are formulating plans to support renters, or to introduce mandatory rent holidays. Impacts should be analyzed, like for credit forbearance, as it could further dissuade landlords to lease vacant units. But in most emerging economies, rental markets have not been addressed by authorities, This may in large part be due to informal nature of rental markets in emerging economies which makes it difficult to target relief measures.

Lenders and insurers

- **Forbearance measures** – most lenders seem to be offering principal deferment to borrowers in need. This varies from three to 12 months but is generally reviewable (see actions above).
- **Recasting of loans** – Alongside forbearance, lenders also have the option of refinancing loans to lower rates to take advantage of reduced policy rates, or simply to cut their margins. So far, only documented country where banks have offered this is China, although it is likely many banks elsewhere are doing this, but may not wish to publicize it.
- **The mortgage insurance industry will make payouts as losses crystalize.** But they have built up earlier provisions/reserves against expected losses, as imposed by regulations in the US, Australia. India, Mexico, or Canada. They usually work similarly to what they have done when natural disasters occur—creating a temporary loss of income where forbearance is needed.

Further policy measures currently being considered or discussed

- **Risk Assessment** – Lenders should be conducting stress tests of their portfolios to assess, for example, the proportion of their borrowers who are reliant on income from hospitality/tourism sectors. This sort of risk assessment can be done now and help in the planning for a potential wave of defaults. This will help governments in targeting fiscal support measures and help the banks in planning on servicing needs for delinquent borrowers, while also helping with financial planning in terms of provisions and capital.
- **Credit score impact** – Forbearance measures, which borrowers were encouraged to take in the wake of natural disasters in the past, have had wide-reaching impacts, due to the negative impact on credit scores of those taking up the offers. FICO, one of the main scoring agencies in the US should ensure that those borrowers who opt for loan rescheduling or deferment are not later penalized as markets resume normal activity.
- **IFRS9 requires regular revaluation of assets** – An increase in non-performing loans required to be marked to market could result in large provisions and write offs affecting capital adequacy. There is a need to strike a balance between not 'hiding' bad debts and realistic accounting in a market where Loss Given Defaults will be very high given a totally illiquid property market.
- **Dematerialization of mortgage process** – One of the barriers to continued lending is the need for face-to-face contact. The US, where possible, is exploring how this could be done using only virtual tools. This may require the suspension of some regulations, but could at least potentially allow refinancing to go ahead and, in some cases, new originations. The broader value chain of real estate transactions should be considered, including for example property registries and notaries.

3. What role can the World Bank Group play?

Short-term response measures

In a favorable scenario, economic recovery is a few months away. In this case, many of the measures offer a transition path back to growth and profitability for lenders and for delinquent borrowers to become current again. The key in this scenario is to ensure a smooth transition with proper regulatory forbearance on liquidity ratios and capital ratios, without harming the soundness of credit institutions. This should be managed carefully. Previous experience is that hiding bad debts without recognition of delinquencies and provisioning can encourage bad decisions. This can lead to "zombie banks" which, even when matters improve, are saddled with bad cashflows that prevent them from resuming credit. A bounce back in housing markets would particularly help boost the broader economic recovery growth and employment.

Mortgage Guarantee Funds or targeted housing subsidies - In a scenario of lasting crisis, the World Bank could help governments design and implement structural solutions to alleviate the adverse shocks for borrowers, notably lower income groups, mortgage lenders, investors, and tenants. Smart subsidies, for example through mortgage guarantee funds or targeted rental subsidies, could help. Those initiatives would be part of a long-term agenda, but some could be initiated as soon as possible.

Liquidity provision to mortgage markets - On capital markets, notably in countries where QE programs do not exist or would not extend to buy mortgage securities, one short-term priority is to maintain enough liquidity into the system to keep housing finance and housing markets functioning and to avoid a credit crunch that would particularly affect lower income households and interrupt years of efforts to support affordable housing. The World Bank Group can boost the provision of long-term liquidity for primary lenders through mortgage refinancing companies, centralized securitization platforms, and/or help governments to smartly enhance covered bonds and RMBS, without creating undue fiscal contingencies.

Fintech solutions - To the extent possible, consideration could also be given to how Fintech can be better used to make transactions more electronic and preserve a continued flow of credit for housing.

Housing developer support measures - Depending on country circumstances, housing developers may need support where the banking system is exposed to vulnerable developers, to avoid the risk of unfinished projects that would hurt the developer, homebuyer and lender. The government may step in to guarantee completion of existing projects, to ensure that bank lines remain open, and ensure risks are managed. Developers can continue employing workforce (lock down and distancing permitting), at least for developers active in affordable housing. Such efforts usually also require a strengthening of the regulatory framework for this industry.

Longer term economic resumption measures

The extent of the global economic shutdown, the scale of unemployment and the impact on the financial system are difficult to predict at this stage. At some point, there will be a resumption of normal economic life and activity, and governments need to be ready for this. A rapidly rebounding sector can play a vital role in reviving economic growth and job markets.

Measures to consider could include: (i) guarantee funds for affordable housing; (ii) housing infrastructure funds; (iii) more capital market support measures such as partial guarantees on mortgage securities; (iv) green housing development fund; (v) targeted programs of smart housing subsidies for end users (borrowers, tenants).

Finally, policymakers may need to consider a set of measures to help with cleaning balance sheets of bad debts for banks and other mortgage lenders.

Annex 1 – Country Level Summary of COVID-19 Policy Measures for Housing Finance – *as at March 30, 2020*

Homeowner/Renter Support Measures			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Moratorium on evictions of renters	Australia	Government	Government announced 29 March the decision to excuse people or businesses who are unable to meet rental commitments as a result of financial distress from COVID 19. The details for this are however still being worked out by the States and Territories https://www.theguardian.com/world/2020/mar/29/australia-restricts-public-gatherings-to-two-people-among-further-coronavirus-curbs
Income Support	US	legislative	Up to USD1,200 per person, amount scales down based on income (USD99k max earnings per person as per 2019 tax reporting). - Among other measures in a USD2T stimulus packages passed 3/27/2020
Multi Family rental loan payment deferrals and renter eviction stay for up to 90 days	US	FCMM FHMA	Enacted 3/24/2020 Multifamily landlords, covering over 4 million people in US, financed by Freddie Mac can defer payments to FMCC for 90 days and stay evictions of their tenants if COVID-related hardship is shown. https://freddiemac.gcs-web.com/news-releases/news-release-details/freddie-mac-announces-nationwide-covid-19-relief-plan-affecting?_ga=2.49790822.1918775606.1585057326-1360225177.1585057326
Forbearance measures by lenders	Malaysia	Mortgage Lenders	Malayan Banking Bhd (Maybank), Hong Leong Bank and Hong Leong Islamic Bank, RHB Bank Bhd and RHB Islamic Bank, The Public Bank Group, AMBank Group and Bank Simpanan Nasional offered financial relief that includes restructuring and rescheduling of financing for up to 6 months to its customers who are impacted by the ongoing Covid-19 outbreak. These were done prior to any Covid-19 stimulus package announcement by the Government.

Homeowner/Renter Support Measures			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Forbearance measures by lenders	China	Mortgage Lenders	Some targeted measures have been introduced by a dozen banks such as forbearance for eligible households (first priority being people affected by Covid-19 such as patients, doctors and nurses, government officials working on the treatment and containment of Covid-19). The extension of repayment period ranges from 1 to 6 months. Some banks offered interest rate cut of 0.5% for them.
Establishment of a universal fund for accredited workers that have lost their job	Mexico	Infonavit	Measure announced on March 26, will begin operating on April 15 and will be valid for six months with the option of extending it for one more semester.
Payment tolerance: deferral of principal and interest for three months, during which period interest will not be charged and the balance will remain frozen.	Mexico	Infonavit	Measure announced on March 26, will begin operating on April 15 and will be valid for six months with the option of extending it for one more semester.
One-time US$108 family bonus for poor and extreme poor households	Peru	MoF	750,000 vulnerable families have already begun to be granted through banks and progressively more municipal banks and savings banks will be added, according to the head of the Ministry of Development and Social Inclusion, Ariela Luna.
Rents freeze, Prohibited evictions. Rental subsidy (up to $500 per month)	Canada (British Columbia)	State level	As of now measures on the federal level are under discussion. https://www.theglobeandmail.com/canada/british-columbia/article-bc-promises-freeze-on-rent-eviction-prohibition-and-subsidies-in/
Mortgage deferrals, extension of the subsidy for the deferred period.	Colombia	The Financial Superintendence of Colombia	- Mortgage borrows may request a suspension of payments from banks for up to 6 months. - Mortgage borrowers of FNA (provident fund) can get the same grace period. - In case of payments suspension, the risk rating of the borrowers will not be affected. - The interest rate subsidy (for those who have one) will be extended. - External Circular 07 of March 17 2020

Homeowner/Renter Support Measures			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Cash or wage indemnity for workers	France	Ministry of Finance and Ministry of Labor	Confined or employees getting unemployed get 70%-84% of their salary paid (fiscal support), independent workers also get emergency support (1500 euro in March)
Delayed tenancy evictions	France	Government/ Police	Winter grace period (against expulsion) extended to end May
COVID-19 Temporary Employer and Employee Relief Scheme – Lost Income benefit	South Africa	Ministry of Employment and Labour	Employers forced to close operations for 3 months or less due to COVID-19 to continue pay salaries for their employees and qualify for relief benefit under C19 TERS Income benefit
COVID-19 Temporary Employer and Employee Relief Scheme - Illness Benefit	South Africa	Ministry of Employment and Labour	Employees to qualify for illness benefit if quarantined for 14 days because of COVID-19
Rental Relief	Spain	SubNational Goverments and NGOs	- At the subnational level several Subnational Governments will exempt tenants affected by the coronavirus from rent payments: The Community of Madrid will not collect rent from the tenants of the houses of the Municipal Housing and Land Company (EMVS). - The Valencian Government will exempt tenants affected by the coronavirus from rent payment. - The Official College of Nursing of Madrid (Codem), offers to pay half the rent for 3 months to professionals who move close to their hospital to avoid displacement and also as a security measure in front of their own relatives. - Lazora, a company specializing in long-term rental, has offered a moratorium on rent payment to its 7,000 tenants during the coronavirus crisis. - Following the initiative launched by Lazora, the Association of Real Estate Agents with Rental Property (Asipa), has also announced a

Homeowner/Renter Support Measures			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
			deferment in the payment of rents for the nearly 21,000 apartments controlled by its associates.

Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
6-month grace period on mortgage repayments	Egypt	Financial Regulatory Authority (FRA)	- Financial Regulatory Authority (FRA) has ordered mortgage financing companies, factoring and leasing companies to give a six-month grace period to any client who asks.
Lowered rates on concessional financing for mortgage support program	Egypt	Central Bank of Egypt	- CBE reduced its interest rates for the stimulus package for middle-income housing to 8%--noting that developers still do not have a stock of finished units. No bookings under this initiative materialized yet.
3-month Payment Holiday	UK	Government and lenders	A 3 month payment holiday will be offered to borrowers experiencing difficulties in making repayments https://www.ukfinance.org.uk/press/press-releases/uk-finance-responds-statement-chancellor-regarding-support-mortgage-customers
Moratorium on mortgage payments	Spain	Government Cabinet	On March 24, The Spanish Council of Ministers approved a moratorium on the payment of mortgages to those people who have lost their jobs or whose income has been reduced by the coronavirus health crisis.(https://www.boe.es/buscar/pdf/2020/BOE-A-2020-3824-consolidado.pdf)
Purchase of insured mortgages under the Insured Mortgage Purchase Program (IMPP) in the amount of $150 billion.	Canada	Canada Mortgage and Housing Corporation (CMHC)	Relaxation of eligibility criteria for mortgage insurance to enable insurance of previously uninsured mortgages. Purchase of MBS based on the pools of insured mortgages by CMHC.

Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
			https://www.cmhc-schl.gc.ca/en/media-newsroom/news-releases/2020/cmhc-expands-insured-mortgage-purchase-program
Payments suspension up to 12 months, no late fees, no negative credit reporting, foreclosure/eviction moratorium for 2 months	US	HUD	Enacted 3/18/2020 Applies to FNMA-owned and Freddie Mac-owned single-family conforming loans www.knowyouroptions.com/covid19assistance www.hud.gov/press/press_releases_media_advisories/HUD_No_20_042 https://myhome.freddiemac.com/own/getting-help-disaster.html Several state/muni level eviction/foreclosure moratoriums enacted by local governments, typically 30 days or so https://www.fool.com/millionacres/real-estate-market/articles/cities-and-states-that-have-paused-evictions-due-to-covid-19/
Relaxed income verification documentation and property assessment requirements	US	FHFA	Enacted 3/23/2020 https://www.fhfa.gov/media/PublicAffairs/Pages/FHFA-Directs-Enterprises-to-Grant-Flexibilities-for-Appraisal-and-Employment-Verifications.aspx
Payment Moratorium	India	RBI	Moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
			The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions. CICs shall ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11835&Mode=0#FN1
Payment Moratorium	Belgium	National Bank and FEBELFIN (Financial Regulator)	Postponement of mortgage payments until September 2020 for households, companies and self-employed who are suffering financial difficulties as a result of the virus outbreak. Therefore, mortgage payments can be suspended from now until 30 September under request at the bank branch
Loan guarantee fund	Belgium	National Bank and FEBELFIN (Financial Regulator)	The government has together with the financial sector created a EUR 50 bn fund to cover the losses incurred on future loans. The fund aims to allow banks continuing to grant loans while keeping those business in difficulties alive until the economy recovers.
Suspension of deadlines for accredited parties to sign deeds and choose housing until further notice.	Mexico	FOVISSSTE	Measure announced on March 26.
Special accounting measures to facilitate partial or total deferral of principal and / or interest payments	Mexico	CNBV (Banking regulator)	Measure announced on March 25, per request of the banking association. https://www.gob.mx/cms/uploads/attachment/file/543439/Comunicado_CNBV.pdf These differed payments can apply for up to 4 months, with the possibility of extending it to 2 additional months, with respect to the total amount due including the accessories.

Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
			Lenders are exempted loan loss provision for such restructured mortgage loans.
Extension of financial institutions powers to adopt exceptional measures and modify credit contracts so that debtors can meet the payment of their credits	Peru	SBS (Banking regulator)	Measure announced on March 17th. https://www.sbs.gob.pe/noticia/detallenoticia/idnoticia/2458
Infonavit borrowers can freeze their debt balance (no interest) for 3 to 6 months. If they are employees of SME facing technical unemployment they get a 25% reduction on payments.	Mexico	Infonavit	Measure announced on March 26, will begin operating on April 15 and will be valid for six months with the option of extending it for one more semester
Flexibilization of procedures for credit registration and exception to criteria for registering housing	Mexico	Infonavit	Measure announced on March 26, will begin operating on April 15 and will be valid for six months with the option of extending it for one more semester. Includes online notice of withholding of discounts.
SA Banks now exempted from provisions of the Competition Act to enable them develop common approaches to debt relief and other necessary measures. SA Banks now prepared to extend payment holidays to certain categories of customers.	South Africa	Competition Commission of South Africa Banking Association South Africa	The lenders have since asked customers to reach out to them so that tailor-made solutions could be crafted for different situations. Arrangements to include suitable payment deferrals, restructuring of debt or the provision of small and medium enterprise bridging finance. (Approach however considered unsatisfactory by workers organizations)
Make Mortgage Backed Securities were made eligible for CBR repo operations. Reduced provisioning for mortgage loans.	Russia	CBR	- CBR has developed a list of MBS that would be eligible for repo transactions. - CBR has developed a new list of coefficients that set provisions for mortgage loans depending on LTV and PTI. http://www.cbr.ru/press/pr/?file=20032020_133645if2020-03-20t13_36_08.htm

Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Exclude negative influence on credit rating.	Russia	CBR	The amendment to the law on Credit histories mandating that the mortgage loans' restructuring or delinquencies due to the COVID 19 should not be negatively considered in the credit history of the borrowers. While the law in under preparation it is recommended to the Credit bureaus already put the recommendation into action. http://www.cbr.ru/press/pr/?file=27032020_152031dkp2020-03-27T15_20_11.htm
Premium payment suspension	Russia	CBR	Insurance companies are recommended to postpone insurance premium payments. The insurance companies are asked to keep insurance valid and not to charge penalties for the delays. http://www.ludiipoteki.ru/news/index/section/mortgage/entry/cb-prizval-banki-restrukturirovat-kredity/
Loan restructuring.	Russia	CBR	- Banks are recommended to restructure the mortgage loan (provided there is prove of illness) with no pennies and penalties. - There is a moratorium on foreclosure for these loans. - The loans will not be considered as restructured by CBR (no increases in provisions.) http://www.ludiipoteki.ru/news/index/section/mortgage/entry/cb-prizval-banki-restrukturirovat-kredity/
6 months suspension of Mortgage loans repayments	Russia	CBR	Bank are mandated to provide suspension or reduction of mortgage payments for the borrowers whose income was reduced by more than 30% due to the COVID 19 crises (provided there is a request from the borrower). http://static.consultant.ru/obj/file/doc/bank_250320_2.pdf

Secondary Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Purchase of insured mortgages under the Insured Mortgage Purchase Program (IMPP) in the amount of $150 billion.	Canada	Canada Mortgage and Housing corporation	Relaxation of eligibility criteria for mortgage insurance to enable insurance of previously uninsured mortgages. Purchase of MBS based on the pools of insured mortgages by CMHC. https://www.cmhc-schl.gc.ca/en/media-newsroom/news-releases/2020/cmhc-expands-insured-mortgage-purchase-program
PEPP (Pandemic Emergency Purchase Programme) of Euro 750 Bn announced by ECB to purchase sovereign bonds, eligible corporate bonds/ABS, covered bonds and RMBS.	EU	ECB	PEPP: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020D0440&from=EN For ABS/RMBS: diversified pool of granular and performing assets, credit originated according to sound underwriting criteria, straightforward, transparent and robust structuring, originator in good financial health, aligned interests of originators and investors, mitigated interest rate risks, etc (https://www.ecb.europa.eu/mopo/implement/omt/html/abs_guiding_principles.en.html) - The PEPP comes on top of the existing ECB Asset Purchase Programme (APP) that continues to acquire covered bonds, and other refinancing tools such as TLTROs, to keep covered bond markets liquid in EU countries.
Investment programme on residential mortgage-backed securities (RMBS) and asset-backed securities (ABS)	Australia	Australia Office of Financial Management (AOFM)	- AOFM to implement $15 billion program on investment in eligible RMBS and other ABS to ensure that non-bank lenders and smaller Authorized Deposit-Taking Institutions (ADIs) have access to affordable funding in order to support flow of credit to their customers (individuals and SMEs) and support competition in the consumer and business lending markets.

Secondary Mortgage Markets			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Inclusion of MBS as Eligible Collateral for Open Market Operations with central bank	South Korea	Bank of Korea	- Mortgage-backed securities issued by Korea Housing-Financing Corporation are eligible collateral for such operations. Alongside this, KHFC issued MBS can also be used as collateral in supply of USD liquidity to the market.
Additional dollar roll transactions	US	FHFA	Enacted 3/23/2020 https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Authorizes-the-Enterprises-to-Support-Additional-Liquidity-in-the-Secondary-Mortgage-Market.aspx - essentially FNMA and FCMM are instructed to enter into additional transactions on the buy-side, providing bondholders with short-term cash liquidity via 1-3-month equivalent of short sales of Agency MBS – in anticipation of a drop in MBS prices
Federal reserve open market operations - Agency paper purchase program	US	FHFA	Enacted 3/23/2020 https://www.newyorkfed.org/markets/opolicy/operating_policy_200323 - Additional USD50B per day (initial planned volume) purchase of GSE MBS as a liquidity provision by the US Central Bank

Housing Developers			
Measure/Tool	**Country**	**Policy Body**	**Details of Response**
Business support fund	Peru	MoF	Creation of a US$85m business support fund so that micro, small and medium-sized companies can renegotiate their loans, including developers among others.