Hogan Lovells

COVID- 19: Summary of National Forbearance Measures in Europe

April 2020

INTRODUCTION

The current situation is fast-moving. The information below reflects our understanding of forbearance measures and other reliefs related to the COVID-19 pandemic as at 2 April 2020.

In many cases the legislation, guidance or other materials relating to these measures is limited in detail. This means that in some instances questions remain about the scope of some of these measures.

While most governments have taken steps to mandate or encourage payment holidays or other relief for consumers and/or mortgage loans, the measures are not entirely comprehensive in all jurisdictions. This means that in some jurisdictions the governmental measure only apply to specific lenders or specific types of borrowers.

To-date, we are not aware of any measure which would address the impact of COVID-19 payment delays or payment holidays on securitisations or other asset-backed financings of these assets. As a result parties will need to consider their transaction documents to establish:

1. whether payment holidays or extensions which are not mandated by government measures or regulatory requirements can be made and/or whether existing servicing procedures would need to be amended to facilitate this.
2. how payment holidays are treated in any default or delinquency tests.

Clearly, these measures and/or the economic impact of COVID-19 may lead to increased losses and/or liquidity reserve or liquidity facility drawings under existing transactions.

Table of Contents

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
Belgium	On 21 March 2020, the Belgium federal government, the National Bank of Belgium and the banking sector have agreed on a series of measures targeted at tackling the impact of the COVID-19 crisis and providing the possibility to reschedule existing debt. One of the two measures is that the banking sector commits itself to grant a deferral of payments until 30 September 2020, without any costs or fees payable by the borrower, to viable non-financial corporates, viable self-employed persons and residential mortgage borrowers requesting it. This is to be further confirmed, but the scope would be limited to bank loans or credit facilities and residential mortgage loans. The borrowers need to establish that they are viable, i.e. their payment problems do not result from solvency or liquidity issues other than the impact of COVID-19. The viability criteria have not yet been specifically set out. It is generally understood that the viability test is for the purposes of avoiding (unacceptable) state aid. According to one reliable source, no overdue payments should have been recorded on 1 February 2020. If there were late payments by 29 February 2020, these cannot be more than 30 days overdue. According to another reliable source, a company	SMEs, unsecured consumer and RMBS	The second measure agreed upon on 21 March 2020 is the establishment of a guarantee scheme to extend additional financing to Belgian corporates and self-employed persons. The federal government will activate a guarantee scheme for all new credits and facilities with a duration of up to 12 months (provided to viable non-financial corporates and self-employed persons (see "*Forbearance Measure*" for the viability criteria)). The guarantee scheme will have a maximum amount of EUR 50 billion and will be available to cover all such credits and facilities entered into between 1 April 2020 and 30 September 2020. This is to be further confirmed, but the scope would be limited to bank loans or credit facilities and excludes refinancing loans and undrawn amounts of existing credit lines. Losses incurred under these facilities will be examined at the end of the guarantee scheme and will be allocated between the financial sector and the federal government as follows: • A first tranche equal to 3% of losses will be borne entirely by the financial sector; • The amount between 3% and 5% of losses will be borne equally (50-50) by the financial sector and public authorities; and • For all losses above 5%, 80% will be borne by public

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	should not have had overdue payments on 31 December 2019. The measure is set to apply as of 1 April 2020 and is expected to be formally approval by the European Commission in the coming days.		authorities and 20% by the financial sector. The measure is set to apply as of 1 April 2020 and is expected to be formally approved by the European Commission in the coming days.
France	On 15 March 2020*, French banks, (through the French Banking Federation) announced that French banks would implement the following measures (among others): • accelerated credit instruction procedures for stressed cash flow situations, within 5 days, and special attention paid to emergency situations; • deferral of loan repayments for businesses, up to six months; • cancellation of penalties and additional costs due to the extension of deadlines requested by companies. **Note that these measures only apply to lending by banks and not other lenders.** ***no further press releases to date*** Ordinance No. 2020-306 provides for a suspension, during the Grace Period, of periodic penalty payments ordered by the courts or administrative authorities and of the effectiveness or enforcement of contractual measures on default by the debtor (including, calling		<u>The Public Investment Bank (BPI)</u> has announced two measures. Firstly, it undertakes to cover up to 90% of the amount of loans taken out by companies with their credit institutions. The eligible loans are new mid or long-term (2 to 7 years) amortizable financings (e.g. credit, movable and immovable property leasing, financial leases) and new short-term financings intended to finance the operating cycle of companies (e.g. overdrafts, overdraft facilities, *Dailly*) which have been confirmed for a period of 12 to 18 months. The maximum amount of loans eligible cannot represent more than 25% of the turnover in France of each eligible company for 2019. Conversely, this excludes refinancings of mid or long-term outstanding loans, repayment of convertible bonds, transactions relating to the repurchase of loans, guarantees, etc...). ** The guarantee is now accessible, not only to VSEs (very small companies) and SMEs, but also to mid-size companies (ETI). The measures announced by BPI are, for the time

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	events of default, draw-stops or enforcement of security), when the due date of the obligation(s) of the defaulting debtor occurred during the Grace Period. The Grace Period commenced on 12 March 2020 and will expire one month from the date of termination of the COVID-19 health emergency. It covers in particular the clauses which penalize a debtor when it has not performed an obligation within a specified period. If the period within which the debtor was required to perform his obligation has expired during the Grace Period, periodic penalty payments, penal clauses, cancellation clauses and acceleration clauses are deemed not to have taken effect or to have effect. These clauses will not take effect until the expiration of a period of one month following the Grace Period, if the debtor has not performed his obligation by then. **Please note** that the financial obligations and related guarantees mentioned in Articles L. 211-36 et seq. of the French Monetary and Financial Code are excluded from the suspension under the Ordinance. This exclusion covers (i) most transactions between financial and other regulated counterparties and (ii) transactions in financial securities where at least one party thereto is a financial entity. Consequently, for these financial obligations and the related guarantees, the clauses seeking to penalize a default by the debtor would be fully effective, even if the period within which the debtor was bound to perform its obligation had expired during the Grace Period.		being, reserved for companies that did not have financial difficulties before the COVID-19 crisis; and Secondly, the BPI undertakes to directly grant loans (e.g. medium-term loans without collateral over 3 to 5 years to SMEs and ETIs and loans for VSEs and SMEs, co-financed by the Regions, for a period of 7 years). The French State has announced a global envelope of 300 billion euros to guarantee new loans granted by banks to companies affected by the consequences of the COVID-19 epidemic. This direct government guarantee is in addition to the guarantee arrangements set up by BPI described above. The French Ministry of Economy and Finance has announced that companies whose activity is affected by the COVID-19 health crisis may request to defer the payment of their social contributions and direct taxes (i.e. which excludes indirect taxes and VAT) which are due for the month of March 2020. The deferrals are granted automatically, unconditionally, without penalty and for up to 3 months or for a longer period, if necessary. ** The fact that the BPI guarantee could be extended to existing financings and not only to new financings will be confirmed later on.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
Germany	A new act was passed by the Parliament on 25 March 2020 and will be endorsed by the Federal Council on 27 March 2020 to introduce statutory payment holidays for loans and open end leases where payments cannot be made due to COVID-19. Payment holidays will be limited to consumers and small enterprises, whilst, the application for small enterprises will require an additional governmental ordinance. Consumers may be able to pause their loan or lease instalments if the making of such payment would jeopardise their cost of living. Small enterprises may be able to pause their loan or lease payments if such payment cannot be made or would jeopardise the continuation of such enterprise's business. All exemptions are subject to the payment difficulties resulting from the COVID 19 pandemic and the payment obligations result from loan agreements that were entered into before 8 March 2020 or 15 March 2020 in the case of open end leases. The payment holidays will end on 30 June 2020, but such period may be extended by the Federal government until 30 September 2020 or longer if the pandemic continues.	Loan securitisation and securitisation of open end leases	On 20 March 2020 the Parliament also passed an act introducing a real economy stabilisation fund. The fund may: • grant guarantees for bonds or other liabilities; • purchase shares or other forms of equity; and • grant subordinated debt or other forms of hybrid capital. Only companies from the real economy that met at least two of the following criteria before 1 January 2020 are eligible for such stabilisation measures: • total assets in excess of € 43m; • turnover in excess of € 50m; and • more than 249 employees on annual average.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
Greece	The Greek Banks Association announced that loan instalments for performing loans granted to businesses directly affected by COVID-19 are suspended at least until 30 September 2020. During this period, debtors have to pay only interest on their loans and no payments of principal and can contact their bank to submit the relevant request for suspension A three-month suspension applies in respect of loan instalments for performing loans to individuals (private employees or self-employed) affected by suspension of business operations due to COVID-19 and being eligible for a €800 special compensation. On 19 March 2020 the Association of the Bank Loan and Credit Servicing Companies announced the decision of its member-companies to facilitate debtors directly affected by the measures imposed by the Greek Government due to the pandemic. In this context, the measures to be taken include the following: • communication with debtors in order to record the affected households and businesses; • the proposal of customised solutions based on the financial profile of the debtor, whether individual or business, by offering the option of reduction or suspension of instalments payable for a three-month		• Deferral of payments of certain taxes and social security contributions for businesses and households, with a discount at the rate of 25% being applied to those not intending to benefit from the exemption. • All hearings, actions of enforcement, auctions and deadlines are suspended from 16 March 2020 until 27 March 2020, with certain limited exceptions. An extension is expected. • Land registers, cadastres and pledge registers are closed until 2 April 2020 (based on the current announcement). • With the exception of super-markets, bakeries, pharmacies and takeaway or delivery restaurants, all other retail shops (and shopping malls) must remain closed. • Specific measures on employment relationships, including with respect to suspension of employment agreements in order to avoid dismissals (without an adverse impact on social security coverage of the suspended employees) and deferral of the Easter bonus payment by the employer. • Stay-at-home restrictive measures have been imposed, so that any outdoor movement is permitted only for work (on the basis of a certificate provided by the employer) or for specifically designated reasons; compliance is monitored by the police.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	period; • the immediate suspension of payment of instalments for a three-month period for debtors who are eligible for the €800 special purpose compensation; • the suspension of any communications relating to any payments in arrears with debtors who claim a proven severe and factual inability to perform their payment obligations; and • the instruction of external partners, such as debt notification companies and legal offices, to fully synchronize the content and frequency of their direct communications with debtors regarding the above actions. Each Bank Loan and Credit Servicing Company must specify the implementation of the above measures, depending on its capacity and the needs of each debtor.		• Public authorities (including tax authorities, local authorities etc.) only accept applications and meetings subject to prior appointment and for urgent reasons; all other transactions and communications with the public must be made electronically. • Specifically for banks, there restrictions have been imposed on transactions at bank branches, so that withdrawals of relatively small amounts are only made through ATMs (and all other transactions concerning bank accounts, payments of utility bills etc. are made through e-banking). The maximum amount of each payment made by contactless credit card (without use of a PIN) has been increased. • Where possible, private businesses have applied work from home measures for their employees, subject only to any personnel that may need to work at the employer's premises, factory or warehouse etc. Where work from home is not possible, employees not absolutely necessary are suspended (or their employment may be terminated).

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
Ireland	No legislative measures have been imposed by the Irish government to date. The five Irish retail banks (AIB, Bank of Ireland, KBC, permanent tsb and Ulster Bank) have agreed in principle to adhere to a voluntary scheme where flexible arrangements, including three month payment breaks, will be available to personal and business customers impacted by COVID-19. The availability of such measures is assessed on a case-by-case basis and affected customers must contact their lender directly to avail of such measures. Eight non-bank lenders and credit servicing firms have confirmed they will support the measures developed by the retail banks and will introduce three month payment breaks.	RMBS Unsecured consumer loans SME Our expectation is that the measures will apply to lending activities in Ireland which are subject to regulation by the Central Bank of Ireland	The five retail banks and eight non-bank lenders/ credit servicing firms have agreed to defer court proceedings for three months for businesses, employees and personal customers who are ‘impacted’ by COVID-19. It is not currently specified if and how any impact will be measured or whether the deferral applies in a blanket way to all proceedings. It is not specified what is meant by ‘business’ and so the scope of the deferral for non-personal consumers is unclear. It is not yet clear how receiver appointments will be managed where a loan default is triggered during the three month period. Retail banks will make other supports available to business customers, including credit, cash flow, supply chain support, extension of credit lines, risk guarantees and trade finance. Emergency legislation has been introduced in respect of residential tenancies to prevent (i) rent increases; and (ii) the service of termination notices for a three month emergency period.
Italy	On 17 March 2020, the Cura Italia Decree introduced a payment suspension and moratorium for loans granted to SMEs and micro-enterprises. Micro-enterprises and SMEs with a registered office in Italy can benefit from the following financial measures in relation to debt exposures to banks, financial intermediaries and other entities authorised to granting credit in Italy: -overdraft facilities and loans granted over discount of receivables outstanding as at 29 February 2020 shall not be revoked or cancelled, in whole or in part, until	SME RMBS Auto & lease	The Cura Italia also introduced: • an extension of the Solidarity fund for "first home" loans (Fondo di Solidarità per i mutui per l’acquisto della prima casa); • an extension of the existing provisions relating to the SMEs central guarantee fund (Fondo Centrale di Garanzia per le PMI); • measures relating to the support through guarantees granted by Cassa depositi e prestiti; • tax incentives facilitating the sale of non-performing

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	30 September 2020; -loans with bullet repayments having a maturity falling prior to 30 September 2020 shall be extended until 30 September 2020; -payments of instalments and lease payments relating to loans and other financings repayable in instalments (including agricultural bills of exchange ("cambiali agrarie")), including their ancillary elements and without any formality, are suspended until 30 September 2020 without additional or increased charges; enterprises are also allowed to request suspension only with respect of the principal component of the instalments. The relevant amortisation plan shall be deemed to be extended accordingly. Such measures do not apply to debt exposures classified as non-performing at the date of publication of the Cura Italia Decree.		loans; and • measures relating to export credit.
Luxembourg	No payment holidays or similar for private loans have been mentioned to date. The approach taken by the Luxembourg government for now is to provide financial help to debtors rather than requiring payment holidays for private loans. For instance, various financial guarantee systems amongst others one from the Luxembourg Chamber of Commerce have been created right away to guarantee bank loans. This would apply to companies in need of financial help because of temporary cash flow issues. Last week the Luxembourg Government adopted a		Relief measures regarding tax and social payments have been announced.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	draft law, creating direct financial aid for small or middle sized companies. Amendments to include larger companies and people who are self-employed have also been announced and the Luxembourg Prime Minister declared the state of emergency. At this stage there are no announcements from industry bodies or lenders in the market to offer payment holidays or rescheduling for borrowers impacted by COVID-19. We have however heard that certain banks grant, upon request and discretionarily, payment holidays or rescheduling to certain borrowers.		
Netherlands	No government measures have been introduced or proposed (as at 26/3/2020). On 19 March 2020, the largest banks in The Netherlands (ABN AMRO Bank, ING Bank, Rabobank, Volksbank and Triodos Bank) have decided to introduce a relief measure which gives corporate (SME) clients in all sectors, which have: • satisfactory prospects for profitability and continuity; and • a financing with a limit of EUR 2,5 million, a six months' postponement of their repayment obligations and in some cases a postponement of interest payments. The criteria to apply for such relief	SME	Other governmental measures have been introduced, such as a temporary tax relief and guarantees for loans granted to SMEs and large corporations, but, to date, the Dutch government has not provided any guidance on whether or not it will introduce other (direct) relief measures in respect of private loans in light of the COVID-19 outbreak.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	measure differ for each bank. As of 23 March 2020, ABN AMRO Bank (together with Florius and Moneyou), Rabobank, ING Bank, Volksbank and Triodos Bank, announced relief measures for payments under its mortgages or other types of consumer credit if the debtor is financially affected as a result of the COVID-19 outbreak. This relief measure may result in a postponement of payments for up to three months. The criteria to apply for such relief measure differ per bank.	RMBS Unsecured consumer	
Portugal	The Portuguese banks have announced measures in respect of payment holidays: the general principle is to provide the client with a grace period for capital / principal repayments on loans which are otherwise performing. The grace period will be for 12 months in case of residential mortgages and 6 months for other consumer credit. <u>Interest payments would continue to be made</u>.		
Poland	Following the recommendation of the Polish Bank Association (*Związek Banków Polskich*), the Polish banks declared, among others, to: (i) postpone repayment of principal and/or interest instalments for a period of up to 3 months together with automatic extension by the same period of the total loan repayment period, subject to extension of the collateral validity period and (ii) roll over a financing for a period of up to 6 months for the clients whose existing financing is due to revolve/renew in the upcoming months and who was creditworthy at the end of 2019.	All types	Right after the outbreak of COVID-19, the Polish Parliament adopted an "emergency" bill - the Law on Special Measures for COVID-19 and Crisis Prevention. The new law is now in force, however, the other solutions for the so-called shielding package for entrepreneurs to reduce the negative economic effects of the spread of COVID-19 disease will be introduced by the amendment to this new law. The following other measures concerning banking and lending transactions are now being implemented or under discussion:

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	No fees or commissions will be charged for such transactions. These measures will apply to housing loans, consumer loans, loans for private individuals and loans for corporate clients. Deferment of payments could also be applied to leasing and factoring transactions. The procedure of submitting applications for deferral of payments will be simplified, i.e. without the need to submit additional documents and/or certificates confirming in detail current financial and economic situation of a given borrower. However, the client will have to justify the need to postpone (suspend) the loan repayment with its financial situation caused by the COVID-19 pandemic. The banks have already started to implement the above measures.		• The Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) has developed a Supervisory Stimulus Package for Security and Development to improve the resilience of the banking sector. This package introduces, among others, measures in the areas of provisions and classification of credit exposures to reduce the write-downs on banks' regulatory capital, measures in the area of capital buffers, liquidity requirements and also day-to-day supervision. • Amending loan agreements concluded with micro, small and medium-sized enterprises will be restricted to certain conditions. The banks will be able to amend the loan agreement if the loan was granted before March 8, 2020, if such amendment is justified by the assessment of the financial and economic situation of the borrower made by the bank not earlier than on September 30, 2019 and if it will not cause deterioration of the financial and economic situation of the borrower. • Certain procedural and court deadlines that have not yet been started will be interrupted and those already running will be suspended. This will affect, among others, deadlines in the enforcement proceedings and deadlines on which granting legal protection in court is dependent. Such changes are not supposed to apply to cases identified by the new regulations as urgent (therefore a case by case advice would recommended for any specific in-court proceeding). • The Polish National Development Bank (*Bank Gospodarstwa Krajowego*) has already increased the maximum value of the available de minimis guarantee

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
			from 60% to 80% of the loan amount and extend the maximum guarantee period for working capital repayment to 39 months and is also contemplating giving aid in the form of interest subsidy. The draft amendment provides also, among others, for the following measures: <u>Tax</u> • possibility of retroactive settlement of tax losses in PIT and CIT • excluding the application of regulations in income taxes regarding the so-called bad debts • postponement of the deadline for payment of tax on building revenues • possibility to suspend tax audits, tax proceedings, customs and tax audits for the duration of the epidemic <u>Real Estate</u> • automatic rent suspension for tenants in shopping centers • lease term extension until June 30, 2020 • suspension of the landlord's right to terminate the lease • extension of the deadline for payment of the perpetual usufruct fee until June 30, 2020 <u>Employment</u> • co-financing of salaries of employees on economic stoppage / with reduced working time • extension of deadline for introducing Employee Capital Plans (*Pracownicze Plany Kapitałowe*) additional childcare leave

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
Spain	The Royal Decree-law 8/2020, of 17 March 2020, on urgent extraordinary measures to face the economic and social impact of COVID-19 (the "**RDL 8/2020**") provides for protection in favour of mortgage debtors in a "vulnerable situation" (as further described below) with respect to the mortgage debt granted for the acquisition of a main residence. In particular, the RDL 8/2020 envisages the possibility of requesting a moratorium from the relevant creditors. During the term of the moratorium, the mortgage debt linked to the acquisition of a main residence will be suspended and, thus, the creditor shall not be entitled to: (i) demand the payment of any principal instalment or interest; or (ii) accelerate the financing. Likewise, during the term of the moratorium, no interest shall be accrued. The "vulnerable situation" of the mortgage debtor is triggered in the following scenarios: (i) If the mortgage debtor becomes unemployed or, in the event that the debtor is an entrepreneur or a professional, a substantial loss in their income or a significant decrease in their sales (being this of, at least, 40%) is experienced. (ii) If the aggregate income of a family unit corresponding to the preceding month to the relevant moratorium request is not higher than 3 times the Spanish monthly Public Multiple Effect Income Indicator (IPREM). The above threshold may be adjusted depending on the existence of descendants, ascendants or members with disabilities within the	RMBS	The RDL 8/2020 states that, during the term of the state of alarm declared in Spain, a company that is facing an insolvency situation is no longer obliged to request an insolvency declaration from the relevant court. Likewise, any petition made by a creditor will not be processed by the court until 2 months have elapsed from the end of the state of alarm. Along the same lines, a moratorium will be available during the term of the state of alarm for debtors that have filed the pre-insolvency communication regulated under article 5 bis of the Spanish Insolvency Law. Additionally, the following measures have been implemented pursuant to RDL 8/2020: - The Ministry of Economy shall make available a line of guarantees up to a maximum amount of €100,000 million with respect to the financing granted by financial institutions to companies and self-employed persons for the purposes of invoice management, working capital needs, maturity of financial or tax obligations or other liquidity needs. - The limit of the Spanish Official Credit Institute's (ICO) net indebtedness has been increased by €10,000 million with the aim of facilitating additional liquidity to companies, especially to SMEs and self-employed persons. - A line of insurance coverage of up to €2,000 million financed by the Spanish Internalization Risk Reserve Fund (*Fondo de Reserva de los Riesgos de la*

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	family unit or the single-parent nature of such family unit. (iii) If the mortgage instalment, plus the basic expenses and supplies, is equal to or higher than 35% of the net income of the family unit. (iv) If, as a result of the health emergency, the family unit has suffered a significant alteration of its economic situation in the framework of its access to a main residence. A significant alteration of the economic situation shall be understood to occur when the mortgage burden over the family income has been multiplied by, at least, 1.3 times. This moratorium may be requested by the relevant mortgage debtor until 15 days have elapsed from the date on which the RDL 8/2020 ceases to be in force. The RDL 8/2020 does not set out a specific term for the moratorium. These measures will be applied under the same conditions to guarantors of mortgage debtors. The guarantors and third party mortgagors that are in a "vulnerable situation" will be entitled to request the creditors to exhaust the main borrower's assets before claiming the debt from them, even where the benefit of excussio (*beneficio de excusión*) set forth in the Spanish Civil Code has been previously waived by the relevant guarantor or third party mortgagor.		*Internacionalización*) has been authorised. The eligible operating loans shall be those related to new financing needs of the relevant exporting companies. Therefore, these loans cannot be linked to needs existing prior to the beginning of this crisis. This line will be implemented in two instalments of €1,000 million each and will be funded by the Spanish Company for Export Credit Insurance (CESCE) in the name and on behalf of the Spanish State for a period of 6 months since the entry into force of the RDL 8/2020.

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
United Kingdom	Initiatives in the UK can be categorised into three types: government announcements, regulatory guidance and industry initiatives. Collectively, these initiatives result in payment holidays being made available in the UK for residential mortgage payments (both for households and residential buy-to-let landlords) and greater flexibility being provided for consumers with persistent credit card debt, though currently none of these arrangements are provided for in UK legislation.	RMBS Unsecured consumer SME	On 11 March 2020, HM Treasury and HMRC announced various measures to support businesses by reducing costs or bridging cash-flow problems including: • deferring VAT and Income Tax payments; • a Statutory Sick Pay relief package for SMEs - the Coronavirus Bill and the related impact assessment include more information on the arrangements for this rebate; • a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England; • small business grant funding of £10,000; • extension of the HMRC Time To Pay Scheme; • a new Coronavirus Business Interruption Loan Scheme (CBILS) offering loans and overdrafts of up to £5 million for up to 6 years for SMEs through the British Business Bank. The UK Government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments. The CBILS launched on 23 March 2020. There are over 40 accredited lenders able to offer the CBILS, including all the major banks. See our overview of the CBILS for more information; • support for larger firms through the COVID-19
	1. Government Announcements Neither the Finance Bill 2020 nor the Coronavirus Bill 2020 (which includes emergency measures relating to the Coronavirus) provide a legislative basis for payment holidays in the UK, though a bill could be introduced to Parliament in due course. The Coronavirus Bill (sections 81 and 82 and Schedule 29) does include provision for a ban on evictions and additional protection for renters. See our alert on this. On 11 March 2020 the Chancellor announced in the Budget 2020, that the UK Government welcomed the statement by UK Finance on 5 March 2020 which announced that banks, building societies and credit card providers will offer support to consumers, including offering or increasing an overdraft or allowing repayment relief for loan or mortgage repayments. The UK Government has also announced that those who have benefited from a government backed Help to Buy equity loan will be offered interest payment	RMBS Unsecured consumer	

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	holidays if they are struggling to pay due to coronavirus.	RMBS	Corporate Financing Facility. Under the facility, the Bank of England will buy short term debt from larger companies to support them if affected by short-term funding issues. Further details of these measures, among others, can be found here. On the same day, the Bank of England published details of its Term Funding Scheme with additional incentive for SMEs (TFSME), which provides additional incentives to banks to encourage them to lend to SMEs. On 17 March 2020, the Chancellor of the Exchequer announced additional support for businesses including unlimited loans and guarantees to support firms and help them manage cash-flows. An initial £330 billion of guarantees will be made available.
	2. Regulatory Guidance: On 20 March 2020, the FCA published new guidance for small business lenders and new guidance for mortgage providers. On 2 April 2020, the FCA proposed temporary financial relief for customers impacted by coronavirus, although this measure has not yet entered into force. The **FCA Mortgage Guidance** for firms follows on from the UK Finance initiative for mortgage payment holidays (see "*Industry Initiatives*" below). The guidance provides that: • where a customer indicates they may potentially experience payment difficulties and wishes to receive a payment holiday, a firm should grant a three month payment holiday; • a firm may ask a customer if they would like a	SME, RMBS, Unsecured Consumer RMBS	

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	payment holiday where the customer provides information suggesting they might face payment difficulties. • a firm may decide to put in place a payment holiday of a different duration if appropriate and in the best interests of the customer. Note the guidance refers to payment holidays of less than three months; • the guidance states that firms may provide more favourable forms of assistance to the customer (e.g. reducing or waiving interest); • the guidance applies irrespective of whether a customer is in a payment shortfall situation; • customers are not to be charged fees for the grant of a payment holiday (but this does not include accrual of interest of sums owed); • there must not be a negative impact on a customer's credit score arising from a payment holiday; • firms are not to commence or continue repossession proceedings against customers at this time unless the customer has agreed it is in their best interests. The guidance only applies where there has been a change in financial circumstances of customers of home finance providers arising from the impact of		

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	COVID-19. The guidance is to be reviewed in the next three months and may be revised to extend the period of the payment holiday if appropriate. There is also specific FCA guidance for consumers on mortgage payment holidays.		
	FCA Guidance to Small Business Lenders participating in the Coronavirus Business Interruption Loan Scheme - and the UK Government website provides that: • the scheme supports lending to SMEs impacted by the coronavirus of up to £5m for up to six years. Loans of up to £25,000 to sole traders and unincorporated enterprises under the scheme can also fall within the scope of FCA regulation; • the SME's business must be UK based, with turnover of no more than £45 million per year; • the exceptional financial pressure faced by a customer does not mean that a firm is prevented by the relevant rule in the Consumer Credit sourcebook (CONC) from making a loan; • lenders must take account of appropriate information including historical trading figures	SME	

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	and future projections when carrying out a creditworthiness assessment under CONC; • if forecasted figures do not materialise, lenders must consider deferring or limiting repayments until it does.		
	The publication of the FCA guidance follows the release of a statement on 17 March 2020 in which the FCA announced that firms should use the flexibility in the FCA rules to support consumers and customers (e.g. by providing flexibility on mortgage and loan payments) and should show greater flexibility to consumers with persistent credit card debt by extending the period before a card is suspended until 1 October 2020. This is further supported by the UK Government guidance on Support for those affected by COVID-19.	RMBS Unsecured consumer	
	FCA Proposal for Temporary Financial Relief for Customers Impacted by Coronavirus provides that: • the FCA would expect firms to offer a temporary payment freeze on personal loans, credit cards, store cards and catalogue credit where consumers face difficulties with their finances as a result of COVID-19, for up to three months; • customers who have been hit financially by COVID-19 and already have an arranged overdraft on their main personal current account, up to £500 will be charged at zero	Unsecured consumer	

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	interest for up to three months. Customers without an overdraft on their main personal current account should also be able to request this facility; • firms are required to make sure that all overdraft customers are no worse off on price when compared to the prices they were charged before the recent overdraft changes came into force; • consumers using any of these temporary measures should not have their credit rating affected because of this; • with the exception of the £500 overdraft proposal, firms would be entitled to charge a reasonable rate of interest where a customer requests a temporary payment freeze. In the event that a customer requires full forbearance that interest should be waived; and • the above does not apply to high-cost short term credit agreements, buy now pay later agreements, or hire purchase agreements (including motor finance). There is specific guidance on credit cards and revolving credit, arranged overdrafts, and personal loans. The proposal has not yet entered into force and the FCA is conducting a brief consultation on these measures. Given the national emergency and the		

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	significant impact on consumers' finances, the FCA have asked all stakeholders to respond by 9 a.m. Monday 6 April 2020. If confirmed the measures would start to come into force by 9 April 2020. In our view the FCA Mortgage Guidance and the FCA Proposal for Temporary Financial Relief for Customers Impacted by Coronavirus would also apply to entities who have acquired such loans from the original lender (eg, in portfolio sale, forward flows or securitisations).		
	3. Industry Initiatives The banking and finance industry have published various announcements regarding payment holidays through UK Finance. These announcements include the following initiatives: • On 5 March 2020, UK Finance published a statement announcing that banks, building societies and credit card providers were ready and able to provide support to consumers and businesses in light of the impact of COVID-19. Measures included offering or increasing overdrafts or allowing repayment relief on loans or mortgages. • On 18 March 2020, UK Finance announced additional support for homeowners and residential landlords provided by banks and lenders including:	RMBS Unsecured consumer SME	

Country	Forbearance Measures	Applicable ABS Transactions	Other Measures
	(i) extending the option of a payment holiday of up to three months to residential buy-to-let landlords who have tenants who are experiencing issues with their finances, as either a direct or indirect result of Coronavirus; (ii) a three month moratorium on residential and buy-to-let possession action to start from 19 March 2020. The conditions for such payment holidays are published on UK Finance's website and include a requirement to be up to date on mortgage payments. • On 21 March 2020, UK Finance published a statement confirming that the banking and finance industry remains committed to supporting all customers who are impacted directly or indirectly by COVID-19. Banks have announced a series of measures already to help (outlined above) and the industry placed adverts in national newspapers to highlight the support available. On 23 March 2020, UK banks and lenders issued a statement through UK Finance highlighting their commitment and capacity "*to support viable businesses with their cashflow and investment needs*" and consider the Coronavirus Business Interruption Loan Scheme to be an important additional solution to support SMEs through the cash-flow pressures resulting from the impact of COVID-19.		

KEY CONTACTS: HOGAN LOVELLS

UNITED KINGDOM

Julian Craughan
Partner, London
T +44 20 7296 5814
julian.craughan@hoganlovells.com

James Black
Partner, London
T +44 20 7296 5898
james.black@hoganlovells.com

Jonathan Chertkow
Partner, London
T +44 20 7296 2191
jonathan.chertkow@hoganlovells.com

Emily Reid
Partner, London
T +44 20 7296 5362
emily.reid@hoganlovells.com

Roger Tym
Partner, London
T +44 20 7296 2470
roger.tym@hoganlovells.com

Julie Patient
Counsel, London
T +44 20 7296 5790
julie.patient@hoganlovells.com

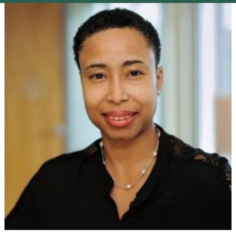
Rachel Pleming
Counsel Knowledge Lawyer, London
T +44 20 7296 5119
rachel.pleming@hoganlovells.com

Virginia Montgomery
Senior Knowledge Lawyer, London
T +44 20 7296 2001
virigina.montgomery@hoganlovells.com

FRANCE

Sharon Lewis
Partner, Paris/London
T +33 (1) 5367 4704 (Paris)
+44 20 7296 2474 (London)
sharon.lewis@hoganlovells.com

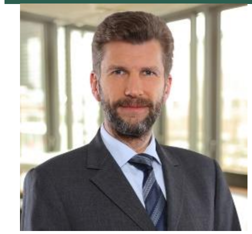
Vincent Fidelle
Partner, Paris
T +33 1 53 67 18 91
vincent.fidelle@hoganlovells.com



Katia Merlini
Partner, Paris
T +33 1 53 67 38 38
katia.merlini@hoganlovells.com

Laura Asbati
Counsel, Paris
T +33 1 53 67 47 56
laura.asbati@hoganlovells.com

GERMANY



Sven Brandt
Partner, Frankfurt
T +49 69 962 36 200
sven.brandt@hoganlovells.com

Julian Fischer
Partner, Frankfurt
T +49 69 962 36 206
julian.fischer@hoganlovells.com

Dietmar W. Helms
Partner, Frankfurt
T +49 69 962 36 260
dietmar.helms@hoganlovells.com

ITALY

Corrado Fiscale
Partner, Milan
T +39 02 720 2529
corrado.fiscale@hoganlovells.com

Federico Del Monte
Partner, Milan
T +39 02 720 2521
federico.delmonte@hoganlovells.com

Giulia Arenaccio
Counsel, Rome
T +39 06 6758 23 1
giulia.arenaccio@hoganlovells.com

Annalisa Feliciani
Counsel, Rome
T +39 06 6758 23 1
Annalisa.feliciani@hoganlovells.com

LUXEMBOURG

Pierre Reuter
Partner, Luxembourg
T +352 26 4 26 201
pierre.reuter@hoganlovells.com

Valerie Laskowski
Senior Associate, Luxembourg
T +352 26 4 26 134
valerie.laskowski@hoganlovells.com

Poland

Piotr Zawislak
Partner, Warsaw
T +48 22 529 29 00
Piotr.zawislak@hoganlovells.com

THE NETHERLANDS

Robert Masman
Partner, Amsterdam
T +31 20 55 33 747
robert.masman@hoganlovells.com

Jan-Willem Boer
Associate, Amsterdam
T +31 20 55 33 758
jan-willem.boer@hoganlovells.com

SPAIN

José Luis Vázquez
Partner, Madrid
T +34 91 349 81 58
joseluis.vazquez@hoganlovells.com

Carlos Meijide
Associate, Madrid
T +34 91 349 81 57
carlos.meijide@hoganlovells.com

ARTHUR COX Dublin, Republic of Ireland		
Aiden Small	Partner	Aiden.small@arthurcox.com
Niamh Nic Uileagóid	Associate	Niamh.NicUileagoid@arthurcox.com
Maedhbh Clancy	Counsel	Maedhbh.Clancy@arthurcox.com
Sinéad Cantillon	Professional Support	Sinead.Cantillon@arthurcox.com

DELOITTE LEGAL Brussels, Belgium		
Werner Van Lembergen	Laga Banking and Finance – Head of Practice	wvanlembergen@deloitte.com
Jean-Philippe de Vinck	Senior Associate, Laga Banking and Finance Team	jdevinck@deloitte.com

BERNITSAS LAW Athens, Greece		
Athanasia Tsene	Partner	atsene@bernitsaslaw.com
Fotodotis Malamas	Counsel	fmalamas@bernitsaslaw.com
Lambros Belessis	Partner	lbelessis@bernitsaslaw.com
Dimitris Roussis	Partner	droussis@bernitsaslaw.com

Christos Paraskevopoulos	Counsel	cparaskevopoulos@bernitsaslaw.com
Katia Papantonopoulou	Counsel	kpapantonopoulou@bernitsaslaw.com

MORAIS LEITAO **Lisbon, Portugal**		
Luis Branco	Partner	lbranco@mlgts.pt

Alicante
Amsterdam
Baltimore
Beijing
Birmingham
Boston
Brussels
Budapest
Colorado Springs
Denver
Dubai
Dusseldorf
Frankfurt
Hamburg
Hanoi
Ho Chi Minh City
Hong Kong
Houston
Jakarta
Johannesburg
London
Los Angeles
Louisville
Luxembourg
Madrid
Mexico City
Miami
Milan
Minneapolis
Monterrey
Moscow
Munich
New York
Northern Virginia
Paris
Perth
Philadelphia
Rio de Janeiro
Rome
San Francisco
São Paulo
Shanghai
Shanghai FTZ
Silicon Valley
Singapore
Sydney
Tokyo
Ulaanbaatar
Warsaw
Washington, D.C.
Zagreb

Our offices
Associated offices

Hogan Lovells

www.hoganlovells.com