CRE Finance Council Urges Immediate Action to Support Commercial and Multifamily Mortgage Markets

CREFC and partner organizations penned letters to the Fed outlining urgent industry needs

NEW YORK, NY (March 31, 2020) -- The CRE Finance Council (CREFC), the industry association that exclusively represents the $4.4 trillion commercial and multifamily real estate finance industry, submitted two letters to the Federal Reserve, the Department of Treasury, and the Federal Housing Finance Agency requesting immediate attention and action to support the commercial and multifamily mortgage markets.

The first letter, sent March 23rd on behalf of CREFC members and signed by Executive Director Lisa Pendergast, outlines the pressures on a wide range of financial institutions and the significant contraction in liquidity, which is presenting an alarming and systemic risk to the U.S. mortgage markets, the financial system, and the economy as a whole. The letter asked the Federal Reserve, Treasury, and the FHFA to implement a number of measures to avoid the negative loop created by the current liquidity crisis. Specifically, CREFC asked that the 2008 Term Asset-Backed Security Loan Facility (TALF) program be re-established and that agency and private-label Commercial Mortgage-Backed Securities (CMBS) be included as collateral in the program. While the regulators did reintroduce TALF this past Monday, it did not include CMBS. As was the case in the original program, while CMBS was not included in the round of eligible collateral but did become eligible in the second round two months later.

The Joint Trade Association letter sent on March 24, written by CREFC along with 12 other leading, relevant trade organizations (American Council of Life Insurers, American Hotel & Lodging Association, American Seniors Housing Association, Asian American Hotel Owners Association, International Council of Shopping Centers, Mortgage Bankers Association, NAIOP, the Commercial Real Estate Development Association, NAREIT, National Multifamily Housing Council, National Apartment Association, The Real Estate Roundtable, and Structured Finance Association) urges the Fed to expand this new 2.0 version of TALF to include CMBS to prevent worsening capital markets conditions, create liquidity in the markets, and address current deteriorating market conditions.

“The liquidity situation is dire and we are doing all we can to address this crisis on behalf of our members, like-minded association peers as well as the American people. By supporting CMBS, they are supporting small and medium-sized businesses, hotels, multifamily apartments, medical facilities, restaurants, and retailers,” said Pendergast. “CMBS investors include public pension funds for many of the occupations on the frontlines of this crisis such as hospital workers, firefighters, police, and teachers. We have the tools in place, like TALF, that we know can work to support our industry, but it is critical that same solutions that were successful in the last crisis be extended to include the commercial and multifamily securities.”
About the CRE Finance Council

The CRE Finance Council (CREFC) is the collective voice of the $4.4 trillion commercial and multifamily real estate finance markets. With more than 300 companies and 11,000 individuals, its members include all of the significant portfolio, multifamily, and commercial mortgage-backed securities (CMBS) lenders and issuers; loan and bond investors such as money managers, insurance companies, pension funds and government funds; loan servicers; rating agencies; accounting firms; law firms; and other service providers. CRE and the CRE finance industry play a critical role in our country’s economy due to its important role in the financing of office buildings, industrial complexes, multifamily housing, retail facilities, hotels, and other types of commercial and multifamily real estate. In addition to its sector specific member forums, committees and working groups, CREFC acts as a legislative and regulatory advocate for the industry, plays a vital role in setting market standards and best practices and provides educational/mentoring opportunities for market participants in this key sector of the global economy. For more information visit www.crefc.org.

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