

IMPORTANT NOTE

**THE BEST PRACTICES SET OUT BELOW HAVE BEEN DEVELOPED BY
AFME'S SECURITISATION DIVISION**

**THEY ARE PROVIDED FOR INFORMATION PURPOSES IN THE
CONTEXT OF PUBLIC SECURITISATION ISSUES ONLY, AND HAVE NOT
BEEN DEVELOPED WITH PRIVATE SECURITISATION OR ANY OTHER TYPES OF FIXED
INCOME FINANCE IN MIND**

**BEST PRACTICES FOR INVESTOR REPORTING OF PAYMENT
HOLIDAYS IN PUBLIC SECURITISATION TRANSACTIONS**

July 2020

Lockdowns in response to the Covid- 19 pandemic have had a widespread impact on people, businesses and markets. Within the securitisation sector, the sudden introduction of large scale payment holidays for borrowers leaves investors seeking new information to understand the impact on transactions. Acknowledging the operational challenge that servicers were, and are, confronted with and the ongoing difficulties in relation to information disclosure (particularly for listed institutions), AFME sets out below some suggested minimum standards for investor reporting of publicly placed securitisations that it feels will help support the market.

In no way is this meant to discourage those issuers who are already producing more detailed information from continuing to do so, merely to encourage those issuers who have to date published only limited (or no) information on Covid-related payment holidays to do so in a way helpful to investors. In addition, these standards may not be relevant for private transactions with very small numbers of investors, where reporting preferences of investors can be established through bilateral dialogue. AFME has also tried to provide some guidance as to what may be helpful as all market participants hopefully move into the next phase of economic recovery.

Each periodic investor report should contain:

1. Number and value (current balance) of accounts on Covid-related payment holidays
 - a. Number and value (current balance) of accounts newly entering into Covid-related payment holidays in the period (a subset of 1.)
 - b. Arrears distribution by number and value of accounts on Covid-related payment holidays (i.e. the accounts included in 1. only - to be shown distinct from any other payment holidays or arrears within the pool)

Association for Financial Markets in Europe

London Office: 39th Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700

Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971

Frankfurt Office: Bürohaus an der Alten Oper, Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany
T: +49 (0)69 153 258 967

www.afme.eu

2. Total number and value (current balance) of accounts granted payment holidays to date
 - a. Number and value (current balance) of accounts granted payment holidays to date distributed by the following categories:
 - i. In repayment (payment holiday capitalisation and term extension)¹
 - ii. In repayment (payment holiday capitalisation with no term extension)¹
 - iii. In repayment (term extension with no payment holiday capitalisation)¹
 - iv. In repayment (other post-Covid modification)¹
 - v. In repayment (no modification)¹
 - vi. In arrears <90 days
 - vii. In arrears >90 days
 - viii. On payment holiday (<=1m remaining)
 - ix. On payment holiday (<=2m remaining)
 - x. On payment holiday (<=3m remaining)
 - xi. On payment holiday (>3m remaining)
 - xii. In repossession
 - xiii. In receiver of rent (do not double count in arrears cases)
 - xiv. Repossessed & sold (no longer live)
 - xv. Redeemed
3. Total value and/or number of mortgages on Covid-related payment holidays that have been repurchased by the sponsor

¹ For the purposes of this categorisation, only loan modifications made at the end of, or within a short period thereafter, and wholly related to COVID disruption are relevant. For example, a loan that returns to repayment and a year later ends up in with a loan modification as a result of a non-covid event should not be classified under i) - iv) such later modification should be categorised under v).

Loan data tapes should if possible contain sufficient information to create the summaries above (acknowledging that this may not be possible within existing regulatory templates).