



March 27, 2020

The Honorable Steven T. Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

The Honorable Jerome H. Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Ave NW  
Washington, DC 20551

Dear Secretary Mnuchin, Chairman Clayton and Chairman Powell:

The American Hotel & Lodging Association (AHLA), Asian American Hotel Owners Association (AAHOA) and our members were very pleased by the recent interagency statement by the federal financial institution regulatory agencies encouraging lenders to work constructively with borrowers negatively affected by the COVID-19 crisis – a group that encompasses the vast majority of the hotel industry in the United States. Additionally, we are encouraged to see the proposed measures included in the CARES Act regarding small business lending and other programs providing liquidity to impacted borrowers.

Notwithstanding these actions, hoteliers will be unable to meet their debt service requirements, including commercial mortgage-backed securities (CMBS) debt, during the COVID-19 crisis.

AHLA represents all segments of the hotel industry in the United States, which encompasses over 55,000 properties nationwide, 61% of which are small businesses, and supports 1 in 25 American jobs. AAHOA is the largest hotel owners association in the nation. The 19,500+ AAHOA Members own almost one in every two hotels in the United States. With billions of dollars in property assets and hundreds of thousands of employees, AAHOA Members are core economic contributors in virtually every community.

The hotel industry is currently facing an unprecedented cash flow crisis, with revenues nationwide declining nearly 70% in recent weeks and expected to worsen. Many hotels are unable to pay operating costs and thus debt service. This will cause a snowball effect of foreclosures followed by lenders taking ownership of severely distressed assets with no ability to operate them. Hoteliers have a limited ability to work directly with holders and servicers of

CMBS debt to achieve meaningful relief during this crisis. Debt relief, including forbearance and other loan modifications, for hoteliers from servicers and special servicers is necessary during this time of crisis. It is critical that regulators act swiftly to ensure the over \$300B worth of CMBS debt backed by hotel and lodging assets remains in good standing.

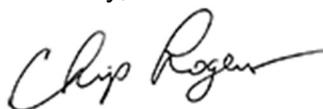
While the Federal Reserve, along with other agencies, have already provided guidance to lenders to work constructively with borrowers as well as announced the formation of TALF 2.0 in partnership with Treasury, we ask that the Federal Reserve and the Treasury Department inject liquidity into the Non-Agency CMBS market, provide support as a guarantor to these securities and that additional guidance is given to CMBS servicers along with the removal of regulatory hurdles by the SEC.

- 1. Inject liquidity into Non-Agency CMBS to maintain a functioning marketplace and provide necessary capital to holders of these securities**
- 2. Guarantee Non-Agency Commercial Mortgage-Backed Securities assets to provide security to CMBS investors, giving servicers necessary ability to provide appropriate relief to borrowers**
- 3. Relieve regulatory and rating agency pressure on CMBS servicers and provide guidance to ensure maximum flexibility to work constructively with hotelier borrowers to prevent events of default**

We recommend these steps in light of the rapidly worsening economic reality faced by hoteliers of all sizes across the country.

AHLA and AAHOA and its members ask that the Treasury, Fed, SEC and finance industry regulators take decisive action to reestablish liquidity in the non-agency commercial mortgage-backed securities market, provide security to investors and relieve regulatory pressure on lenders and servicers so that they may provide crucially necessary relief to borrowers.

Sincerely,



Chip Rogers  
President & CEO  
American Hotel & Lodging Association



Cecil Staton  
President & CEO  
Asian American Hotel Owners Association