

NCUA and New Hampshire Banking Department Regulatory Guidance on COVID-19-Related Loan Modifications and Troubled Debt Restructurings (TDRs) – 3.23.20

On March 22, 2020, the Federal Reserve, FDIC, NCUA, OCC, CSBS, and CFPB issued a press release and statement regarding loan modifications and reporting, providing guidance to financial institutions that are working with customers amid the coronavirus pandemic. The thrust of the interagency statement is to encourage financial institutions to work constructively with borrowers affected by COVID-19 and providing additional information regarding loan modifications.

- The agencies encourage financial institutions to work with borrowers, will not criticize institutions for doing so in a safe and sound manner, and will not direct supervised institutions to automatically categorize loan modifications as troubled debt restructurings (TDRs). The joint statement also provides supervisory views on past-due and nonaccrual regulatory reporting of loan modification programs.
- The agencies view prudent loan modification programs offered to financial institution customers affected by COVID-19 as positive and proactive actions that can manage or mitigate adverse impacts on borrowers, and lead to improved loan performance and reduced credit risk.
- The statement reminds institutions that not all modifications of loan terms result in a TDR. Short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. This includes short-term -- for example, six months -- modifications such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant.
- The agencies' examiners will exercise judgment in reviewing loan modifications, including TDRs, and will not automatically adversely risk rate credits that are affected, including those considered TDRs. Regardless of whether modifications are considered TDRs or are adversely classified, agency examiners will not criticize prudent efforts to modify terms on existing loans for affected customers.

[Interagency Statement](#)

The Association continues to work with all policymakers to ensure that credit unions have the maximum amount of flexibility to govern and to serve members. Maintaining public confidence in credit unions during this fluid public health crisis is also paramount.

Dialogue with both the NCUA and the New Hampshire Banking Department for Association members is also underway so please monitor emails and the Daily Scan for details. As a reminder, the Association is regularly updating its state and federal regulatory trackers, comprehensive documents containing applicable regulatory guidance released as a result of the Coronavirus, as soon as practicable. The documents are available on the Association's website [HERE](#).

Please send any questions or comments to govaff-reg@ccua.org.