



# *Credit Union Department*

## *Informational Memorandum*

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**TO:** Credit Union Presidents and CEOs

**FROM:** John J. Kolhoff, Commissioner

**DATE:** April 1, 2020

**SUBJECT:** MEETING THE FINANCIAL NEEDS OF CREDIT UNION MEMBERS  
AFFECTED BY CORONAVIRUS (COVID – 19)

In accordance with [Regulatory Bulletin \(RB\) No. 2003-01](#), the Department encourages credit unions to consider all reasonable and prudent steps to assist members affected by the current Coronavirus (COVID-19) pandemic. The Department recognizes the effects the current pandemic has on the financial well-being of credit unions' members as well as the safety and soundness of the industry and urges credit unions to work with borrowers during this crisis in a reasonable, practical and flexible manner. The Department understands that efforts to work with borrowers, when conducted reasonably, are consistent with safe and sound credit union principles and in the public interest.

The need to work with members during this emergency was recognized nationally by state and federal regulatory agencies making up the Federal Financial Institution Examiner Council (FFIEC) in their [March 22, 2020 Interagency Statement](#). Recognizing the need, the statement also clarifies accounting, regulatory reporting and discount window considerations relative to the modification of those loans. While the Interagency Statement is adopted by the Department and is useful relative to the issues it addresses, it does not address Texas specific considerations and lacks detail on ways in which credit unions can work with their membership.

This informational memorandum is published to provide Department specific guidance relative to Texas state-chartered credit unions and should be used in conjunction with the FFIEC Interagency Statement. Additional [Home Equity Lending Guidance](#) was issued jointly by the Department with the Texas Department of Banking, Department of Savings and Mortgage Lending and the Office of Consumer Credit Commissioner and can be found here.

### **Prudent Efforts to Work with Members**

Reasonable and prudent efforts by credit unions to meet members' cash and financial needs generally will not be subject to examiner criticism. A credit union's actions to work with its members in areas under strain may contribute and enhance the recovery of impacted communities. Working with members also serves the long-term interests of credit unions. When consistent with safe and sound credit union practices, these efforts may include:

- Waiving ATM fees for members and non-members
- Increasing ATM daily cash withdrawal limits
- Waiving overdraft fees

- Waiving early withdrawal penalties on time deposits
- Waiving availability restrictions on insurance checks
- Easing restrictions on cashing out-of-area and non-member checks
- Easing credit card limits and credit terms for new loans
- Allowing borrowers to defer or skip some payments
- Waiving late fees for credit card and other loan balances
- Offering reasonable payment deferments/skips or extending payment due dates to avoid delinquencies and adverse credit reporting for situations caused by COVID-19 associated disruptions

As part of effective risk management, credit unions may choose to work with members by extending the terms of repayment or otherwise restructuring a member's debt obligations. Such cooperation can ease the burden on troubled members and improve their capacity to service their debts. Credit unions should ensure restructure or modifications of existing loans are evaluated individually to determine whether they require reporting on their quarterly call reports as troubled debt restructuring (TDRs). This assessment should be based on the circumstances and facts over each borrower and loan. Additional guidance can be found in the [March 22, 2020 FFIEC Interagency Statement](#).

### **Conclusions**

The Department will continue to monitor the COVID-19 situation and provide additional guidance, as needed to address the need of credit unions and their members. With proper mitigating controls and management oversight, the steps taken by credit unions during this pandemic can contribute to the health of local communities and serve the long-term interest of the credit union and its members.