



Credit Union Department

Informational Memorandum

TO: Credit Union Presidents and CEOs

FROM: John J. Kolhoff, Commissioner

DATE: March 13, 2020

SUBJECT: Pandemic Resources and Considerations

Concerns about the coronavirus are currently paramount in the media and may have a significant impact on the economy as well as the communities you serve. As a reminder, TCUD issued an informational memorandum on March 10, 2020 which can be found at the following link: <https://cud.texas.gov/reports-publications/informational-memorandums>.

Even with the guidance, TCUD has continued to receive calls from credit unions regarding the implications of altering their annual meeting schedule or other actions as part of their response to the scenario. Because of the highly situational nature of each credit union's circumstances and our role as a regulator, it is important to recognize that the Department cannot and should not provide specific legal or operational advice to a credit union in the development of their individual response.

With that being said, it is imperative the industry have a sense of the supervisory stance as they react to changes to help ensure industry decisions are not inappropriately delayed by concerns over the regulatory reaction. In that vein let me make it clear, the supervisory priority at this point is to be prepared to react quickly if the scenario worsens.

While the Department cannot make specific operational or legal decisions for credit unions, the Department does expect each credit union consult with appropriate legal and medical professionals and review the resources provided when weighing the risks associated with the current situation and developing responses. As with any policy decision made by credit union officials, documentation should be maintained to justify the reasonableness of the decision, as well as the board's approval of those actions. Finally, the Department's review, as it pertains to our regulatory authority, will be based on management's justification and a holistic view of the risks, including those that are community health related.

In short, if this pandemic proceeds as some have forecasted, swift decisions may need to be made by credit union officials weighing competing risks. The credit union industry should have the confidence to move decisively to address the changing scenario at the same speed.

While I understand this outline of the Department's expectations may not be as prescriptive as some would like, I hope it is clear that we believe a credit union and their management team must have freedom to react to a scenario as it plays out and be evaluated based on the reasonableness of their justification at the time of that decision.

As always, thank you for your efforts to ensure the availability of safe and sound financial services to Texas credit union members.