

# VARNEY CARES

COMMUNITY • ACCOUNTABILITY • RELATIONSHIPS • EXCELLENCE

## First Quarter 2020 Call report

- Financial institutions will receive a 30-day grace period to file first quarter 2020 Call Reports. Reports should be submitted within 30 days of the official filing date.
- Institutions are encouraged to contact their FDIC regional office in advance of the official filing date if they anticipate a delayed submitted
- FIL-28-2020
- [https://www.fdic.gov/news/news/financial/2020/fil20028.html?source=govdelivery&utm\\_medium=email&utm\\_source=govdelivery](https://www.fdic.gov/news/news/financial/2020/fil20028.html?source=govdelivery&utm_medium=email&utm_source=govdelivery)

## Loan Modifications

- Interagency Statement issued to encourage financial institutions to work with borrowers impacted by COVID-19 and provide information regarding loan modifications.
- Agencies will not criticize institutions for prudently working with borrowers and will not direct supervised institutions to automatically categorize these loan modifications as TDRs.
- Short-term modifications to borrowers who were current are not classified as TDRs.
- Examiners will not automatically adversely risk rate credits affected by COVID-19, including TDRs.
- Financial institutions are not expected to designate loans with deferrals granted due to COVID-19 as past due because of a deferral. This is governed by the legal loan documents.
- These loans are not automatically reported as nonaccrual. As more information becomes available indicating a specific loan will not be repaid, banks should refer to guidance in the instructions for the Call Report.
- FIL-22-2020
- <https://www.fdic.gov/news/news/financial/2020/fil20022.pdf>

## **FDIC Frequently Asked Questions**

Addresses the following topics

- Payment accommodations
- Reporting delinquent loans
- TDRs
- Documentation
- SBA loans
- Nonaccrual status, ALLL, and charge-offs
- Call reports
- Sales of HTM securities
- Alternative service options
- Security
- Cash management
- Inspections, appraisals, updated valuation information
- BSA reporting

<https://www.fdic.gov/coronavirus/faq-fi.pdf>

## **Title IV Economic Stabilization and Assistance to Severely Distressed Sectors of the US Economy**

Troubled Debt Restructuring

- A financial institution may elect to suspend requirements under US GAAP for loan modifications related to the pandemic and suspend any such determination regarding loans modified as a result.
- Election may begin on March 1, 2020 and last no later than 60 days after the lifting of the national health emergency

Capital Ratios

- Requires Federal banking agency by interim rule to temporarily reduce the Community Bank Leverage Ratio (CBLR) for qualifying community banks from 9% to 8% and provide a reasonable grace period if the a CBLR falls below the prescribed levels.

Foreclosure Moratorium and Consumer Right to Request Forbearance

- Prohibits foreclosures on all federally backed mortgage loans for a 60-day period beginning on March 18, 2020. Provides up to 180 days of forbearance for borrowers of a federally backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency. Applicable mortgages included those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA.

## **Title IV Economic Stabilization and Assistance to Severely Distressed Sectors of the US Economy (Cont.)**

Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans.

- Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Applicable mortgages include loans to real property designed for 5 or more families that are purchased, insured, or assisted by Fannie Mae, Freddie Mac, or HUD.

Current Expected Credit Losses

- Financial institutions have the option to temporarily delay measuring credit losses on financial instruments under the new Current Expected Credit Losses (CECL) methodology.

[https://www.banking.senate.gov/imo/media/doc/Title%20IV\\_Section%20by%20Section.pdf](https://www.banking.senate.gov/imo/media/doc/Title%20IV_Section%20by%20Section.pdf)

## **US Small Business Administration Loans Coronavirus (COVID-19): Small Business Guidance & Loan Resources**

- Paycheck Protection Program
- Economic Injury Disaster Loans and Loan Advance
- SBA Debt Relief
- SBA Express Bridge Loans
- Guidance for Businesses and Employers
- SBA Products and Resources

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>