Joint Press Release

March 22, 2020

Agencies provide additional information to encourage financial institutions to work with borrowers affected by COVID-19

Board of Governors of the Federal Reserve System

Conference of State Bank Supervisors

Consumer Financial Protection Bureau

Federal Deposit Insurance Corporation

National Credit Union Administration

Office of the Comptroller of the Currency

For release at 6:00 p.m. EDT

The federal financial institution regulatory agencies and the state banking regulators issued an interagency statement encouraging 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 (PDF)

SR letter 20-4 / CA letter 20-3, "Supervisory Practices Regarding Financial Institutions Affected by Coronavirus"

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Related Information

Agencies issue revised interagency statement on loan modifications by financial institutions working with customers affected by the coronavirus (April 7, 2020)

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