

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION 1775 Duke Street, Alexandria, VA 22314

DATE: March 2020 LETTER NO: 20-CU-02
TO: Federally Insured Credit Unions
SUBJ: NCUA Actions Related to COVID-19

Dear Board of Directors and Chief Executive Officer:

The NCUA recognizes COVID-19 will impact credit unions and their members to varying degrees. I want to assure you that the NCUA is doing all we can to address the situation.

The health and safety of all NCUA staff, credit union staff, and credit union members are our paramount concern. We plan to take every step to ensure that our agency's critical mission of protecting the safety and soundness of the credit union industry will continue to be executed as effectively and efficiently as possible.

In addition, it is important to ensure credit unions can continue to meet, to the extent possible, the financial needs of their members. I encourage you to review [previously issued NCUA guidance](#) that addresses business continuity, hurricane, disaster, emergency, and pandemic planning and preparedness.

Working with Members

The credit union industry has a long history of assisting their members in times of need. This letter outlines a number of strategies credit unions may consider when determining how to work with their members to address the impact of, and challenges associated with, COVID-19. I want to assure you that the NCUA's examiners will not criticize a credit union's efforts to provide prudent relief for members when such efforts are conducted in a reasonable manner with proper controls and management oversight.

The NCUA encourages credit unions to work with affected borrowers. A credit union's efforts to work with members in communities under stress may contribute to the strength and recovery of these communities. Such efforts also serve the long-term interests of impacted credit unions, and may include:

- Waiving automated teller machine (ATM) fees

- 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-state and non-member checks
- Easing credit terms for new loans for members who qualify
- Offering or expanding payday alternative loan programs
- Increasing credit card limits for creditworthy borrowers
- Waiving late fees for credit card and other loan balances
- Offering payment accommodations, such as allowing borrowers to defer or skip some payments, or extending the payment due dates, which would avoid delinquencies and negative credit bureau reporting caused by any COVID-19-related disruptions

The NCUA emphasizes that prudent efforts to adjust or alter terms on existing loans in affected areas will not be subject to examiner criticism. For example, a credit union may work with a borrower to extend the terms of repayment or otherwise restructure the borrower's debt obligations. Such efforts can ease pressures on troubled borrowers, improve their capacity to service debt, and strengthen a credit union's ability to collect on its loans.

Credit unions may also ease terms for new loans to affected borrowers where prudent. This may help consumer and business members deal with any impact on their cash flows due to COVID- 19.

The NCUA recognizes there may be other accommodations that could assist members and communities in responding to challenges associated with COVID-19. We encourage credit unions to consult with their respective NCUA regional office or state regulator regarding additional actions that may help address the situation.

Information Website and Frequently Asked Questions

The attached Frequently Asked Questions (FAQ) document can further assist federal credit unions in responding to the current situation. The FAQ outlines various options credit unions have, such as delaying annual meetings and how board meetings can be conducted. The FAQ also addresses issues related to some of the measures the NCUA is taking related to the examination and supervision process. Additional procedures may be implemented as warranted.

Federally insured, state-chartered credit unions should consult with their state regulator regarding laws, regulations, bylaw provisions, and examination and supervision processes applicable to them.

The NCUA is adding a section to our website that contains all of the information we are providing credit unions related COVID-19. The FAQs will be hosted on this site and updated as new information becomes available. Please consult this page for the most contemporary information from NCUA on this situation.

NCUA's Examination and Supervision Program

We recognize some credit unions are implementing expanded telework programs and limiting external visitors. In light of this and the safety of the NCUA staff, the NCUA is limiting examination and supervision work over the next couple of weeks to offsite procedures only, with a few exceptions for exigent circumstances. We will be evaluating this posture regularly and extending it as necessary.

Examiners will work with credit union staff to facilitate the secure exchange of information needed to conduct offsite examination and supervision work, and will be mindful of the impact of information requests on any credit unions experiencing operational and staffing challenges associated with responding to COVID-19.

As we evaluate credit unions over the coming months, consistent with long-standing practices, examiners will consider the extraordinary circumstances credit unions are facing when reviewing the credit union's financial and operational condition.

NCUA's Operational Status

Effective March 16, 2020, through March 30, 2020, the NCUA has mandated telework for headquarters and regional office staff unless narrow exemptions are met. The agency has a history of operating the agency from a telework posture. We expect operations to proceed with little interruption. This includes processing credit union inquiries and requests such as regulatory approvals and field of membership expansions.

In order to continue and process your requests for action and approval, we encourage credit unions to submit your information to the NCUA in electronic form to the maximum extent possible. We have mailboxes setup in each region and the central office where you can email packages you have historically sent hard copy. Additionally, in our offsite posture, you may see things signed with a "digital certification" where you used to see a pen and ink signature to support teleworking.

We are committed to assisting credit unions during this difficult time. If you have any questions or concerns, please contact your NCUA Regional Office or state supervisory authority.

Sincerely,

/s/

Rodney E. Hood Chairman

Attachment

[Frequently Asked Questions Regarding COVID-19, NCUA and Credit Union Operations](#) (Last updated March 18, 2020)