



**MONTANA
DEPARTMENT OF
ADMINISTRATION**

Division of Banking & Financial Institutions

Steve Bullock, Governor
John Lewis, Director
Melanie Hall, Commissioner

To: Montana State-Chartered Credit Unions

From: Melanie Hall, Commissioner

Subject: Working with Members Affected by the Coronavirus and Regulatory Assistance

Date: March 20, 2020

**Statement on Credit Unions Working with Members
Affected by the Coronavirus and Regulatory Assistance**

The Montana Division of Banking and Financial Institutions (Division) recognizes the potential for the Coronavirus Disease (referred to as COVID-19) to adversely affect the members and operations of credit unions. The Division encourages credit unions to take steps to meet the financial services needs of affected members and communities. The Division will provide appropriate regulatory assistance to affected credit unions subject to their supervision, as warranted.

Working with Members: The Division encourages credit unions to work with affected members and communities. The Division recognizes that such efforts serve the long-term interests of communities and the financial system when conducted with appropriate management oversight and consistent with safe and sound credit union practices and applicable laws. These efforts may include, but are not limited to:

- Waiving certain fees, such as:
 - Automated teller machine (ATM) fees for members and non-members,
 - Overdraft fees,
 - Availability restrictions on insurance checks
 - Late payment fees on credit cards and other loans, and
 - Early withdrawal penalties on time deposits;
- Increasing ATM daily cash withdrawal limits;
- 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; and
- Offering payment accommodations, such as allowing borrowers to defer or skip some payments or extending the payment due date, which would avoid negative credit bureau reporting caused by COVID-19 related disruptions.

The Division emphasizes that prudent efforts to modify the terms on existing loans for affected members will not be subject to examiner criticism as long as decisions are documented in the loan file. For example, when appropriate, a credit union may restructure a borrower's debt obligations due to temporary hardships resulting from COVID-19 related issues. Such cooperative efforts can ease cash flow pressures on affected borrowers, improve their capacity to service debt, and facilitate the credit union's ability to collect on its loans.

Credit unions may also ease terms for new loans to affected borrowers, consistent with prudent credit union practices. Such practices may help borrowers to recover or maintain their financial capacity and enhance their ability to service their debt.

Any decision by the credit union or its Board of Directors to ease terms to help an affected borrower should be specifically documented in the minutes of the Board meeting and the loan file as being made as a COVID-19 accommodation.

The Division recognizes there may be other accommodations that could assist members and communities in responding to challenges from COVID-19. The Division supports and will not criticize efforts to accommodate members in a safe and sound manner. Credit Union management is encouraged to work with the Division regarding additional actions that may more effectively manage or mitigate any adverse impact due to COVID-19.

Financial Condition Review, Supervisory Response, and Regulatory Relief: The Division appreciates that some credit unions with members affected by COVID-19 related issues may experience an increase in their levels of delinquent and nonperforming loans. Consistent with long-standing practices, the Division will consider the unusual circumstances these credit unions face when reviewing an institution's financial condition and determining any supervisory response. As needed, the Division will work with affected credit unions to reduce burden when scheduling examinations or inspections, including making greater use of off-site reviews, consistent with applicable legal and regulatory requirements.

Regulatory Reporting Requirements: Credit unions affected by COVID-19 related issues that expect to encounter difficulty meeting regulatory reporting requirements, including audited financial statements and related reports, as applicable, are encouraged to contact the Division to discuss their situation. The Division's staff stand ready to work with affected credit unions that may experience problems fulfilling their reporting responsibilities, considering each credit union's circumstances.

Credit unions that are not able to meet the filing deadline for quarterly reports should file as soon as possible thereafter and inform the NCUA's Office of Examination and Insurance at CallReportLateFiler@ncua.gov as to the reason for the delay when they do file.

Credit Union Liquidity: The Division highly recommends that management test their established borrowing lines.

Alternative Service Options for Members: The Division understands that credit unions may need to temporarily close a facility due to staffing challenges or to take precautionary measures. The Division encourages credit unions to reduce disruptions to their members, provide alternative service options when practical, and reopen affected facilities when it is safe to do so. Decisions to close branches can be ratified by the credit union board by email or at the next board meeting. Please keep the Division informed of facility closings.

There is no state law or regulation that requires a credit union to be open certain hours or days or that would prevent a credit union from closing its offices. However, credit unions must notify NCUA of branch closures if there is an interruption in vital member services exceeding two days, in which case credit unions have five days to notify their regional director as set forth in 12 C.F.R. 748.1(b).

Board of Directors, Supervisory Committee, and Credit Committee Meetings: Mont. Code Ann. § 32-3-411 requires that the Board of Directors or the other executive committee meet each month and unless specifically prohibited by the bylaws, directors and members of the supervisory committee or credit committee may participate in and act through use of electronic communications equipment. Participation in this manner constitutes attendance.

Annual Meetings: Mont. Code Ann. § 32-3-310 requires credit unions to hold an annual meeting and any special meetings of its members in accordance with the time, place, and manner provided in the credit union bylaws. The Banking Division, working with Montana's Credit Unions, has amended the model credit union by-laws to allow the annual meeting to be held virtually, and the board to set new timing requirements for annual meetings. The amended model bylaws can be found on the Division's website at https://banking.mt.gov/Portals/58/Credit%20Union/Model_Bylaws.docx?ver=2020-03-20-140415-177.

COMMUNICATION WITH THE DIVISION

The Division has mandated telework for office staff. Staff will not be onsite to receive or process incoming mail. Please send written correspondence as directed below. If you have any questions on how to send documents electronically or use the File Transfer Service, please contact our office at 406-841-2920. Calling our office, even during this period of mandated telework for the Division, will connect you with an administrative professional who will connect you with appropriate personnel.

File Transfer Service: Communication that is confidential in nature or consists of large-size documents can be sent to banking@mt.gov through Montana's secure File Transfer Service at www.transfer.mt.gov. Instructions on how to create an account and use the system are available on our website at https://banking.mt.gov/Portals/58/Banks/FTS_Instructions.pdf?ver=2020-03-18-160728-760.

Contact Information: The Division Credit Union contact is Bureau Chief Rick Christianson. He can be reached at RChristianson2@mt.gov or (406) 860-4219. Please feel free to reach out with any questions or concerns.

Employee contact information for other employees of the Division is available on our website at <https://banking.mt.gov/Home/Contact>. To send an email, click on the employee's name. Calls placed to work phone numbers are being routed to employee's cell phone.