



Financial Institution Letter

FIL-22-2020

March 22, 2020

Interagency Statement on Loan Modifications by Financial Institutions Working with Customers Affected by the Coronavirus

Summary: The FDIC, the Board of Governors of the Federal Reserve System (FRB), the Office of the Comptroller of the Currency, the National Credit Union Administration, the state banking regulators, and the Consumer Financial Protection Bureau issued the *Interagency Statement on Loan Modifications and Reporting by Financial Institutions Working with Customers Affected by the Coronavirus* to encourage financial institutions to work constructively with borrowers impacted by the Coronavirus Disease 2019 (referred to as COVID-19) and provide additional information regarding loan modifications.

Statement of Applicability to Institutions with Total Assets under \$1 Billion: This Financial Institution Letter (FIL) applies to all FDIC-supervised institutions.

Highlights:

As described in the interagency statement, the FDIC:

- Encourages financial institutions to work constructively with borrowers affected by COVID-19;
- Will not criticize institutions for prudent loan modifications and will not direct supervised institutions to automatically categorize COVID-19-related loan modifications as troubled debt restructurings (TDRs);
- Confirmed with staff of the Financial Accounting Standards Board (FASB) that 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;
- Views that modification efforts described in the interagency statement for borrowers of one-to-four family residential mortgages where loans are prudently underwritten and not past due or carried in nonaccrual status do not result in loans being considered restructured or modified for the purpose of respective risk-based capital rules; and
- Views prudent loan modification programs to financial institution customers affected by COVID-19 as positive actions that can effectively manage or mitigate adverse impacts on borrowers due to COVID-19, and lead to improved loan performance and reduced credit risk.

The interagency statement also provides supervisory views on regulatory reporting of past due and nonaccrual status for loan modification programs whereby past due status should be based on the due date stipulated in the legal loan documents as modified within such modification program. Additionally, the interagency statement reminds institutions that loans that have been restructured as described under the statement will continue to be eligible as collateral at the FRB's discount window based on the usual criteria.

Suggested Distribution: FDIC-Supervised Institutions

Suggested Routing:

Chief Executive Officer
Board of Directors

Chief Financial Officer

Chief Credit Officer

Related Topics:

[Frequently Asked Questions for Financial Institutions Affected by the Coronavirus Disease 2019 \(Referred to as COVID-19\)](#) – Updated March 19, 2020

[FIL-50-2013, Interagency Supervisory Guidance Addressing Certain Issues Related to Troubled Debt Restructurings](#)

Attachments:

[Interagency Statement on Loan Modifications by Financial Institutions Working with Customers Affected by the Coronavirus](#)

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Paper copies of FDIC FILs may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).