VERMONT
DEPARTMENT OF FINANCIAL REGULATION
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MEMORANDUM

Statement on Financial Institutions Working with Customers Affected by the Coronavirus (COVID-19) and Regulatory Assistance

To: Vermont Chartered Banks and Credit Unions

From: Michael S. Pieciak, Commissioner, Vermont Department of Financial Regulation

Date: March 16, 2020

The Vermont Department of Financial Regulation, along with other state regulators, the FDIC (see March 9, 2020 press release), the Office of the Comptroller of the Currency (see OCC Bulletin 2020-15), and others, recognizes the potential for the Coronavirus Disease (COVID-19) to adversely affect the customers and operations of financial institutions. The Department encourages financial institutions to take steps to meet the financial services needs of affected customers and communities. The Department will provide appropriate regulatory assistance to affected financial institutions subject to their supervision, as warranted.

Working with Customers: The Department encourages financial institutions to work with affected customers and communities. The Department 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 banking practices and applicable laws. These efforts may include, but are not limited to:

- Waiving or reducing certain fees, such as:
    - Automated teller machine (ATM) fees for customers and non-customers,
    - Overdraft fees,
    - Late payment fees on credit cards and other loans, and
    - Early withdrawal penalties on time deposits;
- Easing restrictions on cashing out-of-state and non-customer checks;
- 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 delinquencies and negative credit bureau reporting caused by COVID-19 related disruptions.

The Department emphasizes that prudent efforts to modify the terms on existing loans for affected customers will not be subject to examiner criticism. For example, when appropriate, a financial institution 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 financial institution's ability to collect on its loans.

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

The Department recognizes there may be other accommodations that could assist customers and communities in responding to challenges from COVID-19. The Department supports and will not criticize efforts to accommodate customers in a safe and sound manner. The Department encourages financial institutions to work with their regulator regarding additional actions that may more effectively manage or mitigate any adverse impact due to COVID-19. (Banking division phone number: 802-828-3307)

Financial Condition Review, Supervisory Response, and Regulatory Relief: The Department appreciates that some financial institutions with customers affected by COVID-19 related issues may experience an increase in their levels of delinquent and nonperforming loans. Consistent with long-standing practices, the Department will consider the unusual circumstances these financial institutions face when reviewing an institution's financial condition and determining any supervisory response. As needed, the Department will work with affected financial institutions 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: Financial institutions 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 Department to discuss their situation. The Department's staff stand ready to work with affected financial institutions that may experience problems fulfilling their reporting responsibilities, considering each financial institution's circumstances.

Alternative Service Options for Customers: The Department understand that financial institutions may need to temporarily close a facility due to staffing challenges or to take precautionary measures. The Department encourages financial institutions to reduce disruptions to their customers, provide alternative service options when practical, and reopen affected facilities when it is safe to do so. Affected financial institutions are encouraged to notify the Department and their customers of temporary closure of an institution's facilities and the availability of any alternative service options as soon as practical.

Michael S. Pieciak, Commissioner
Vermont Department of Financial Regulation