



Montana Credit Union Network

March 24, 2020

Notes from call with Montana Credit Unions, MT Commissioner Melanie Hall & NCUA Regional Director Cherie Freed -

MT Commissioner Melanie Hall:

- **Essential services:** been in contact with the Governor's office and a major issue. Confirmed we are considered essential service and employees will be able to come to work. There may be some language to the extent possible, do your best for social distancing. All businesses need to do what they can. For most part drive-thrus are working throughout the state. May be some fluidity with this... but employees will be able to come and go to work. Not sure what that will look like.
- **Annual Meeting:**
new by-laws for this out on the website. You can do what you need to do to change your annual meeting calendar. Looking at issues with virtual meetings (may be more of an issue with over 500 shareholders – not sure if members too under state law, but researching). Reach out if any questions.
- **Extending Mortgages:** how can CUs give relief and/or skip pay
Many members may have their mortgage through you. If Fannie or Freddie – familiarize yourself with what they are doing for forbearance (HUD and FHA).
For those held in portfolio, encourage you to work with members to provide some forbearance to skip payment for a month or two months, etc. The more proactive you are the better. Reach out if you have questions.

NCUA Regional Director Cherie Freed:

- **Essential Services:**
CUs are actually putting together a letter for employees to carry stating they work for X CU.
- **Annual Meeting:**
FCUs : NCUA provided 2 guidance letters providing more information. You can postpone until the fall. Also put out how directors will continue until the next election. Also recently put out a by-law amendment that would allow the virtual option. Especially important for mergers which require a vote. Mail ballots and quorum virtually can at least call in.

- **Extending Mortgages:**

NCUA was part of an interagency statement on modifications. If an extension of the maturity date (skip a pay or extension) that would be considered a modification. For those members that need to have that it would not be considered a TDR because of COVID-19.

Encourage you to continue working with members unable to meet obligation

Do NOT encourage to do blankets across all members... as they may not need it

Work with your borrowers and document in the files. Examiners will be advised to take this into consideration and not be held against the CUs in reviews. This is the case with any of the products you have.

Rick: if you have a problem, get a hold of your regulator and make them your partner. Keep in communication to make it easier for everyone.

QUESTIONS:

1. With regard to extensions: Cherie I would ask you – we have people inquiring already that are out of work? Normally we collect the interest due. Is it OK to move the due date 1-3 months?

Do what you think is best for your member and document in file.

2. Cherie on business loans: would the same advice in using our best judgement and modifications be applicable?

Yes... work with them and do what is reasonable. If carry-out and income reduced, work with them on their payment method to make sure the CU is helping them and not hurting them.

Can we go longer than 3 months?

We've seen some do 6 months... look at the industry they are working in and do your best guesstimate. It's really going to be dependent on some industries. It's really going to be dependent on members situation.

MELANIE: We are asking anyone doing modifications to make sure you are documenting in the file. Note HOW they are impacted by COVID (laid off, sick, etc). Is this COVID related... just clearly note it's a COVID-related modification.

?: If we do a modification on a mortgage are we going to have issue with title insurance and that information? Because they have a due date.

Whatever the process is with the title company to get that change of terms – especially if there's a date – look to the title policy as some do have a date and some may not.

Shout out on Remote Exams!!

Remote work with examiners: so currently we're working with Jenny Shaw – we go through

secured website and send all documents electronically. So far so good and appreciate that! Communication is the key... for some reason emails do have tone. Sometimes just picking up the phone goes a long way.

?? loans that are currently in a 30-90 day delinquency – haven't gotten to repo or charge-off status. Members are calling indicating they can't make payment because of COVID. Can we refuse to do an extension (even though they're already behind). Can we refuse extension and move forward with collection?

Yes... you know who your borrowers are and you know who have not been paying – have already been on delinquency path. But reality is some were already behind and not going to pay. If they come in with a valid reason – especially real estate. But 'toy loans' or extra there's not requirement that you have to give modification.

MELANIE: If you know you have an exam coming up you can expect to hear from the examiners. They will be asking for scanning of a lot of loan documents. Trying to put together an essential loan doc list but will require certain parts of your loan file to be accessible off-site.

CAPITAL LEVELS: What discussions are being had about what is acceptable or how much of my capital is ok before our regulators get grumpy with us?

NCUA: Capital unfortunately we have prompt correction actions. And PCA starts when you go 7% and below and it's set by congress. However, we are starting to look at our procedures. Looking at what will be our min. requirements – if it's just because of shares coming in that cause that dip or your field of membership and whether you are in an area that can recover more quickly, as well as what losses are due to COVID-19. Starting to look at phase 2. Starting to look at a lot of liquidity tools that we can have available to help out. We won't take a hard line until we get to that PCA dip... but do look at the WHY behind it. Lots of 'depends' but can't do much at this point.

MELANIE: Every CU is different, and some have ability to make up the difference.

1. Can you reasonably come back from it? Where does it come from? How quickly can you make it back up?
2. Get concerned as we're all living in this 'what if we have to go longer' currently in this short timeframes (2-weeks). But should look a little longer term and what some of those numbers look like. None of us know how long this is going to last. If you dip now, how do you respond in July, October, etc.

If extending Mortgage Loans – may need to update deed of trust. Just a reminder to look at all dates.

COMMERCIAL LENDING:

Pay attention to what's going on with SBA right now. It will be a first-come, first-serve system. For those that are already SBA approved – if you are not and want to you may want to contact and be prepared.

Traditionally taken 3-4 months getting funds... but anticipate getting money quickly.

Cherie encouraged email or contact if needed as they are there to work for you.