



Community Bankers Association of Illinois

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The Illinois Department of Financial and Professional Regulation (IDFPR) issued guidance specific to financial institutions and mortgage services today.

Guidance to Illinois Banks and Credit Unions Regarding Support for Consumers and Businesses Impacted by COVID-19

IDFPR encourages Illinois banks and credit unions to use their capital and liquidity buffers as they respond to the financial challenges resulting from the COVID-19 pandemic. These buffers were designed to provide banks and credit unions, among other things, with the means to continue to serve households and communities during difficult periods.

To serve their communities and customers, IDFPR urges Illinois banks and credit unions to provide borrowers directly and indirectly affected by the COVID-19 pandemic with payment accommodations that facilitate their ability to work through short-term setbacks caused by the impact of the crisis.

Prudent efforts to help consumers and businesses will not be subject to examiner criticism.

In addition to working with borrowers, IDFPR urges banks and credit unions to constructively and proactively respond to their customers and communities impacted by the COVID-19 pandemic, including:

- Waiving 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;
- Increasing ATM daily cash withdrawal limits;
- Easing restrictions on cashing out-of-state and non-customer checks;
- Increasing credit card limits for creditworthy borrowers;
- Offering payment accommodations, such as allowing borrowers to defer payments at no cost; extending the payment due dates or otherwise adjusting or altering terms of existing loans, which would avoid delinquencies; triggering events of default or similar adverse consequences; and negative credit agency reporting caused by COVID-19 related disruptions;
- When payments are deferred or modified, coding those payments as deferred with the applicable disaster code to the credit rating agencies;
- Providing new loans on favorable terms;
- Ensuring that consumers and small businesses do not experience a disruption of service if financial institutions close their offices, including making available other avenues for consumers and businesses to continue to manage their accounts and to make inquiries;
- Alerting customers to the heightened risk of scams and price gouging during the COVID19 disruptions, and reminding customers to contact their financial institutions before entering into unsolicited financial assistance programs;
- Contacting customers via app announcements, text, email or otherwise to explain the above-listed assistance being offered to customers.

[Guidance to Illinois Banks and Credit Unions Regarding Support for Consumers and Businesses Impacted by COVID-19 »](#)

Guidance to Illinois-Licensed Mortgage Servicers and Exempt Mortgage Servicers Urging Support for Borrowers Impacted by COVID-19, Including 90-Day Forbearance

The Illinois Department is urging all mortgage servicers, including those licensed under the Illinois Residential Mortgage License Act of 1987 (the "Act") and those exempt from licensing under the Act (such as banks and credit unions), to take concrete steps to alleviate the direct and indirect adverse impacts of the COVID19 pandemic on mortgage borrowers. Servicers should identify and implement fair and prudent actions, subject to the requirements of any guarantee or insurance programs, to support those mortgage borrowers unable to make timely mortgage payments as a result of the pandemic.

[Guidance to Illinois-Licensed Mortgage Servicers and Exempt Mortgage Servicers Urging Support for Borrowers Impacted by COVID-19, Including 90-Day Forbearance »](#)

Federal Guidance (per IDFPFR)

Servicers should check regularly for updates from the federal housing agencies and government sponsored enterprises and quickly implement any available programs to help eligible borrowers. In addition, the Department reminds servicers that they must comply with all relevant loss mitigation requirements, including, but not limited to, those contained in Regulation X under the Real Estate Settlement Procedures Act.

As of the date of this guidance, both Fannie Mae and Freddie Mac have communicated the following temporary policies to mortgage servicers to assist single-family borrowers impacted by COVID-19:

- Foreclosure sales and evictions of borrowers are suspended for 60 days;
- Borrowers impacted by the pandemic are eligible for a forbearance plan to reduce or suspend their mortgage payments for up to 12 months;
- Credit bureau reporting of past due payments of borrowers in a forbearance plan as a result of hardships attributable to the pandemic is suspended;
- Borrowers in a forbearance plan will not incur late fees; and
- After forbearance, a servicer must work with the borrower on a permanent plan to help maintain or reduce monthly payment amounts as necessary, including a loan modification.

In addition, the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA) have issued a foreclosure and eviction moratorium for 60 days for FHA-insured loans. The U.S. Department of Veterans Affairs (VA) has also encouraged servicers to take the following actions for VA-guaranteed loans:

- Extending forbearance to borrowers in distress as a result of COVID-19;
- Waiving late charges on affected loans; and
- Suspending credit bureau reporting on affecting loans.

The Department urges all servicers to not only implement the programs above for eligible borrowers, but also to provide additional assistance whenever permitted under federal requirements, including, but not limited to, the types of assistance outlined in the following section.

[IDFPFR News Release »](#)

Additional IDFPFR Guidance

In addition to the above, the IDFPFR urges all servicers of nonconforming and private mortgages to implement policies at least as helpful to borrowers as those offered for conforming loans, including, but not limited to, the following:

- Forbearing mortgage payments for at least 90 days without incurring additional interest or fees;
- Refraining from reporting late payments to credit rating agencies, and when payments are deferred or modified, coding those payments as deferred with the applicable disaster code;
- Offering mortgage borrowers an additional 90-day grace period to complete trial loan modifications, and ensuring that late payments during the COVID-19 pandemic do not affect their ability to obtain permanent loan modifications;

- Offering other loss mitigation options to mortgage borrowers, including those that help borrowers stay in their homes at affordable payments;
- Waiving late payment fees and online payment fees for a period of at least 90 days and, for mortgage borrowers in a forbearance plan, during the period of forbearance;
- Postponing foreclosures and evictions for at least 90 days; and
- Contacting mortgage borrowers on automatic payment plans to see if they need to temporarily suspend those payments and, if so, grant any such requests without delay and place the mortgage borrower in a forbearance program as discussed above.

In addition, all servicers should make all reasonable efforts to serve their customers, subject to any guidance from or requirements imposed by public health authorities, including the following:

- Ensuring borrowers do not experience a disruption of service if the mortgage servicer reduces staffing or closes an office, including making available other avenues for borrowers to continue to manage their accounts and to make inquiries; and
- Contacting borrowers via app announcements, text, email or other effective means to explain the assistance being offered to them.

IDFPR has also issued additional resources including;

- Help for renters and homeowners struggling with payments during the COVID-19 pandemic and IDFPR guidance for mortgage servicers;
- Help for students struggling with payments during COVID-19 pandemic and IDFPR guidance for student loan servicers;
- Guidance for debt collection agencies and information for consumers about debt collection during COVID-19 pandemic; and
- Help to protect consumers' credit history due to hardships caused by the COVID-19 pandemic.

Those resources can be found in a department news release.

Governor Pritzker Issues Executive Order Addressing the Repossession of Vehicles.

The Executive Order states:

- Section 1. Beginning March 27, 2020, and continuing for the duration of the Gubernatorial Disaster Proclamation, the provisions of the Uniform Commercial Code, 810 ILCS 5/9-609, regarding the possession or usability of a vehicle, and the provisions of the Illinois Vehicle Code, 625 ILCS 5/3-114, regarding the repossession of vehicles, are suspended. No provision contained in this Executive Order shall be construed as relieving any individual of the obligation to make payments or comply with any other obligation that an individual may have pursuant to a loan agreement or otherwise.

Additional Resources for Community Banks:

[Chicago FDIC First Quarter Newsletter »](#)

[U.S. Senate; Small Business Owner's Guide to the CARES Act »](#)

[IBAT: Payment Protection Loan Program Q&A for Community Banks »](#)

[Economic Innovation Group; Understanding the Paycheck Protection Program »](#)



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