

March 30, 2020

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

The Illinois Department of Financial Regulation, Division of Banking and Division of Financial Institutions (the “Department”) urges Illinois banks and credit unions to meet the financial needs of consumers and businesses affected by the COVID-19 pandemic. Banks and credit unions should work constructively and proactively with affected borrowers and other customers in the best interests of the borrowers, the financial institutions, and the Illinois economy. The Department recognizes such efforts serve the long-term interest of Illinois communities, banks, and credit unions when conducted with appropriate management oversight. Such efforts should be consistent with safe and sound practices and applicable laws, including consumer protection laws. Prudent efforts to help consumers and businesses will not be subject to examiner criticism.

To this end, the Department 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. The Department supports Illinois banks and credit unions that choose to use their capital and liquidity buffers to lend and undertake other supportive actions in a safe and sound manner. For additional information regarding the use of these buffers, banks and credit unions may refer to the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (March 22, 2020), FDIC Financial Institution Letter FIL-20-2020 (March 19, 2020) and NCUA Letter to Credit Unions 20-CU-02 (March 2020), as applicable.

To serve their communities and customers, the Department 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 pandemic. Banks and credit unions are especially encouraged to respond to borrowers from industry sectors particularly vulnerable to the volatility of the current economic environment as well as to work with small businesses, hourly workers, and independent contractors that have less financial flexibility to weather the economic decline. Whatever accommodation a bank may provide, it should be mindful of applicable consumer protection laws regarding changes in loan terms, adequately documenting and accounting for any accommodation provided, and otherwise acting prudently.

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

- 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 COVID-19 disruptions, and reminding customers to contact their financial institutions before entering into unsolicited financial assistance programs; and
- Contacting customers via app announcements, text, email or otherwise to explain the above-listed assistance being offered to customers.

The Department recognizes such efforts to help consumers who are temporarily unable to work due to temporary business closures, slowdowns, or sickness and to assist businesses will serve the long-term interest of Illinois communities and financial institutions.