



# COVID-19 Roundtable

March 26, 2020

MODERATED BY:

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# Joining the Discussion

- ⚓ Log in to the **Webinar FIRST**. Then call into the session with the information in the “Audio” section of your webinar panel including your **PIN**.
- ⚓ **You may also select computer audio. You will need to have an active microphone if you wish to speak.**
- ⚓ Please “raise your hand” to be unmuted to speak.
- ⚓ Then **just speak** after the presenter has acknowledged you.



⚓ **Note: This session is being recorded.**



**It's Thursday, or  
as I like to call it:**

**Day 4 of the  
hostage situation.**

# Joint Issuances From Regulators

- ⚓ [Agencies Encourage Financial Institutions to Meet Financial Needs of Customers and Members Affected by Coronavirus](#) (March 9, 2020)
- ⚓ [Joint Statement on CRA Consideration for Activities in Response to the COVID-19](#) (March 19, 2020)
- ⚓ [Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus](#) (March 22, 2020)

# Joint Issuances From Regulators

- ⚓ The federal and the state banking regulators, will host an interagency webinar to help clarify the interagency statement issued on March 22, 2020, which encourages financial institutions to work constructively with borrowers affected by COVID-19 and provides additional information regarding loan modifications, including when such modifications would not result in accounting for troubled debt restructuring designation
- ⚓ This webinar is scheduled for Friday, March 27, 2020, from 2 to 2:45 p.m. Eastern Time
- ⚓ Registration is now open at <https://www.webcaster4.com/Webcast/Page/583/33856>.

# Regulators

⚓ The OCC has issued the following Bulletins:

- [Pandemic Planning: Working With Customers Affected by Coronavirus and Regulatory Assistance](#) (March 13, 2020)
- [Coronavirus Disease 2019 \(COVID-19\) Frequently Asked Questions for National Banks and Federal Savings Associations](#) (March 2020)

⚓ The FDIC has provided two sets of frequently asked questions ([FAQs](#)), one for financial institutions and one for consumers (March 19 & 20, 2020)

⚓ The NCUA has issued a set of [FAQ's](#)

⚓ CFPB (for Consumers):

<https://www.consumerfinance.gov/coronavirus/>

# ask the Regulators



## Regulators

⚓ Regulators General Covid-19 Information Pages

- [OCC Information Page](#)
- [FDIC Information Page](#)
- [Federal Reserve Information Page](#)
- [NCUA Information Page](#)

# Fannie and Freddie

⚓ Fannie and Freddie have issued the following Lender Letters:

- Fannie [LL-2020-02](#) and [Freddie Bulletin 2020-04](#) provides information about:
  - Forbearance plan eligibility: Eligibility for a forbearance plan has been expanded for borrowers impacted by COVID-19
  - Evaluating the borrower for a mortgage loan modification after a forbearance plan: clarifies the mortgage loan modifications that must be considered near the conclusion of a forbearance plan term
  - Credit bureau reporting: Servicers must suspend credit reporting when the hardship is related to COVID-19
  - Suspension of foreclosure sales: Servicers are not to allow any foreclosure sales within the next 60 days

# Fannie and Freddie

- Fannie [LL-2020-03](#) provides reminders and temporary guidance on these loan origination policies:
  - Verbal verification of employment
  - Continuity of income
  - Notes, electronic records, and signatures
  - Title insurance
  - Seller/servicer business continuity and submission of financial statements
- Fannie [LL-2020-04](#) provides temporary guidance on appraisal requirements and completion reports, including allowing exterior-only and desktop appraisals for many transactions
- Freddie Mac [Bulletin 2020-05](#)
  - Temporary guidance related to credit underwriting and property valuation requirements
  - Expansion of the automated collateral evaluation eligibility
  - An extension to the deadline for certain annual reporting requirements

# Questions from the Group

⚓ We received numerous questions regarding loan modifications/deferments

⚓ Generally the questions raised the following issues:

- Is anyone working on loan deferment/modification program or a short-term loan program?
  - If so, can you share some of the details of the program?
- How is the modification/deferment being documented?
  - Use of change in terms document?
- What consumer compliance regulations must be considered when documenting a consumer mortgage loan modification/deferment?



# Compliance Issues – Reg. Z and RESPA

- ⚓ A loan modification is exempt from Reg. Z and Respa if the modification is not considered a “refinancing”
- ⚓ Under Reg. Z and RESPA a refinancing occurs when an existing obligation that is satisfied and replaced by a new obligation undertaken by the same consumer
- ⚓ If the original note and security instrument remain in place a modification should not constitute a refinancing
  - Make sure your documentation is a modification and not a refinancing
- ⚓ Refinancing’s are considered new loans and require all new disclosures

# Compliance Issues – Flood

- ⚓ Flood determinations are generally required when a loan is modified, increased, renewed or extended
- ⚓ However, a prior flood determination can be used if the following conditions are met:
  - You are not making a new loan
  - The previous determination is not more than 7 years old
  - No new or revised flood map has been issued in the interim
  - The prior determination was recorded on the SFHDF
  - Don't forget to watch the loan balance
    - If the loan balance is increased (i.e. capitalized interest) an increase in flood insurance may be required



# Compliance Issues - Other

⚓ Always remember to consider UDAP/UDAAP and Fair Lending when:

- Servicing – Make sure that mitigation options are extended fairly to all borrowers, do not steer into more expensive options, make sure all terms are clearly disclosed,
- Marketing and origination – watch ability to repay, make sure that if programs are marketed, they are marketed over your entire service area, be careful not to target certain areas
- Collections – make sure that collection activity is taken consistently with all similarly situated borrowers, take caution when taking escalated collection actions

# Questions from the Group

- ⚓ How should we verify that a borrower is affected?
- ⚓ Can a line be frozen if a borrower asks for deferments?
- ⚓ Should deferments be done for LOC's, investment loans?
- ⚓ Can deferments be offered to Commercial loans where the business is closed or should they apply for the federal disaster relief loan?
- ⚓ What is the best way of managing fees, specifically Overdrafts and ATMs?
  - Are institutions keeping fees the same, granting refunds on case-by-case, or waiving fees all together for x-period of time ?

# Questions from the Group

- ⚓ How do you handle communicating with borrowers when signatures are required?
  - How are signatures being notarized?
- ⚓ How will you handle escrow payments if you currently collect them?
- ⚓ Are you making any accommodations for senior citizens, especially those who don't have mobile access?





- ⚓ Have you addressed expired DL and State issued IDs that have expired?
- ⚓ How are you handling new account openings?
- ⚓ Have you changed anything on your BO program due to COVID-19?
- ⚓ Have you implemented a loan modification program?

# ABA Resources

⚓ The following is a list of resources provided by the ABA:

- An [alphabetical list](#) of publicly announced steps taken by banks of all sizes to respond to the crisis
- A page that contains a range of resources to assist banks ([aba.com/coronavirus](http://aba.com/coronavirus))
- A frequently asked questions document [FAQ's](#)
- The Coronavirus Response Network, a discussion group for bankers to engage directly with one another about the operational challenges they are facing
  - The members-only forum is intended to bring bankers together to find solutions to these common challenges so that banks can continue to prioritize the health and safety of staff and customers, while also continuing to provide financial services to their communities [Response Network](#)

# ABA Resources

⚓ Two recent coronavirus webinars, both hosted by ABA, are now available for members to download

- The first webinar addressed the operational challenges posted by the pandemic, provides an updated on the current situation and highlights business continuity planning practices for banks

[Download the webinar recording](#)

- The second webinar focused on managing the operational risk posed by the pandemic, department by department

[Download the webinar recording](#)



# NYDFS

⚓ On March 19, 2020, the New York Department of Financial Services (“NYDFS”) issued guidance urging all state-regulated financial institutions during the outbreak of the coronavirus to reduce its adverse impact by working with consumers and small businesses that can demonstrate financial hardship caused by COVID-19

- Forbearing mortgage payments for 90 days from their due dates
- Refraining from reporting late payments to credit rating agencies for 90 days
- Offering mortgagors an additional 90-day grace period to complete trial loan modifications, and ensuring that late payments during the COVID-19 pandemic does not affect their ability to obtain permanent loan modifications
- Waiving late payment fees and any online payment fees for a period of 90 days

# NYDFS

- Postponing foreclosures and evictions for 90 days; and
- Ensuring that mortgagors do not experience a disruption of service if the mortgage servicer closes its office, including making available other avenues for mortgagors to continue to manage their accounts and to make inquiries; and
- Proactively reaching out to mortgagors via app announcements, text, email or otherwise to explain the above-listed assistance being offered to mortgagors.

## [NYDFS Guidance](#)

# ACBB Resource Center

⚓ ACBB has also created a resource center located at <https://www.acbb.com/resources/bankers-associations>

## ACBB MESSAGE CENTER



Week of March 23, 2020

# The Latest Home Gardening Idea!



# Stay Tuned!!

## ⚓ **Common TRID Errors Explained (CRCM Credits Pending)** April 21st from 2:00-3:00 PM EST

- It has been almost 5 years since TRID went into effect. Since that time the CFPB has issued numerous amendments, guides and FAQ's. Yet we still find ourselves struggling to address questions and issues that arise on a daily basis regarding compliance with the regulations. This webinar is intended to review and discuss many of the major issues lenders are facing with TRID, including the most recent updates.

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