Lenders Are Urged To Work With Borrowers

The federal banking regulatory agencies issued guidance to lenders encouraging them to work with borrowers whose businesses have been affected by COVID-19 to modify loan terms where appropriate. These modifications can include payment deferrals, fee waivers, extensions of repayment terms or other assistance to the borrower.

The interagency statement made clear that these short-term modifications, made to otherwise current borrowers, would not constitute a troubled debt restructuring (TDR), nor would regulatory examiners criticize financial institutions for offering prudent loan modifications, allowing greater flexibility to lenders to grant them.

This guidance should help lenders who want to help borrowers.

Click here for more information...