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Interim Superintendent

Douglas A. Ducey
Governor

April 24, 2020

Statement on Financial Institutions Working with Customers Affected by the Coronavirus; Regulatory Assistance

On March 11, 2020, Governor Douglas A. Ducey issued a Declaration of Emergency and Executive Order 2020-07 to provide health officials and administrators with tools and guidance necessary to combat the continued spread of the Coronavirus Disease 2019 (COVID-19). The proclamation directed state agencies to use all the resources necessary to prepare for and respond to the outbreak. The Declaration of Emergency and Executive Order 2020-07 are available from Governor Ducey's website at azgovernor.gov.

The Arizona Department of Financial Institutions recognizes the potential for the COVID-19 to adversely affect the customers and operations of financial institutions and enterprises (licensees). We encourage you to take steps to meet the financial services needs of affected customers and communities.

Working with Customers

We encourage you to work with affected customers and communities. We recognize that such efforts serve the long-term interests of communities and the financial system when conducted with appropriate management oversight and consistent with safe and sound banking practices and applicable laws. These efforts may include, but are not limited to:

- 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 or skip some payments or extending the payment due date, which would avoid

delinquencies and negative credit bureau reporting caused by COVID-19-related disruptions;

- Suspending actions to foreclose on homes and businesses and suspending occupant evictions due to loan payment delinquencies.

Prudent efforts to modify the terms on existing loans for affected customers will not be subject to our criticism. For example, when appropriate, a financial institution may restructure a borrower's debt obligations due to temporary hardships resulting from COVID-19 related issues. Such cooperative efforts can ease cash flow pressures on affected borrowers, improve their capacity to service debt, and facilitate the financial institution's ability to collect on its loans.

You may also ease terms for new loans to affected borrowers, consistent with prudent banking practices. Such practices may help borrowers to recover or maintain their financial capacity and enhance their ability to service their debt.

We recognize you may be able to offer other accommodations that could assist customers and communities in responding to challenges from COVID-19. We support and will not criticize your efforts to accommodate customers in a safe and sound manner. We encourage you to work with us regarding additional measures you wish to take that may more effectively manage or mitigate adverse impacts from COVID-19.

Financial Condition Review, Supervisory Response and Regulatory Relief

We appreciate that some licensees with customers affected by COVID-19-related issues may experience an increase in their levels of delinquent and nonperforming loans. Consistent with long-standing practices, we will consider the unusual circumstances these licensees face when reviewing an institution's financial condition and determining any supervisory response. We will work with affected licensees to reduce burden when scheduling examinations or inspections, including making greater use of off-site reviews, consistent with applicable legal and regulatory requirements.

Regulatory Reporting Requirements

If you are affected by COVID-19-related issues that you expect will make it difficult to meet regulatory reporting requirements, including audited financial statements and related reports, please contact us to discuss your situation. We stand ready to work with you and will consider your circumstances in determining whether providing an accommodation is warranted.

Alternative Service Options for Customers

We understand that you may need to temporarily close a facility due to staffing challenges or to take precautionary measures. Certain sections of the Arizona Revised

Statutes allow you to curtail service or temporarily close a branch if you notify us as promptly as conditions permit. We encourage you to minimize disruptions to your customers, provide alternative service options when practicable, and reopen affected facilities when it is safe to do so.

We're Here to Help

- Phone: 602-771-2800
- Banks and Trusts: gdunn@azdfi.gov
- Credit Unions: mcorral@azdfi.gov
- Mortgage Lending: gmacias@azdfi.gov
- Financial Services: tseto@azdfi.gov
- Licensing: licensing@azdfi.gov