

Cornerstone Credit Union League

PANDEMIC POLL RESULTS

APRIL 8, 2020

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Executive Summary

- Approximately one-third (36%) of the respondents have offered, or are planning to offer, 0% or very low rate emergency loans in response to the COVID-19 pandemic.
- Eight of ten (81%) have made, or are planning to make, modifications to some, if not all, of the loans they offer. The most frequent cited modification is *Postponed Payments*, followed by *Fee Waivers*, *Collection/Repossession Adjustments*, and *Reduced Payments*.
- Nearly all of the participants (97%) have altered *Lobby* operations in response to COVID-19, and a large majority (82%) have made changes in *Personal Appointments with Members*. About one-third (35%) had altered their *Drive-Thru* operations, and one-in-five have made adjustments to *Online Banking* (21%) and *Mobile Banking* (21%).
- Roughly one-fourth (23%) of the respondents have experienced a *Significant Increase in Cash Withdrawals* as a result of the current pandemic. Somewhat lower percentages have faced *Challenges with Title Searches or Car Loans* (17%), *Burdens Arising out of the EFMLA Paid Leave Provision* (16%), and *Information Technology Issues* (13%). Some respondents reported that employee-related issues (for example, adjusting to working from home) have also impacted their credit unions as a result of the pandemic.
- Nine-out-of-ten respondents (89%) have implemented *Social Distancing of Employees in the Office*, while about one-fourth (23%) have instituted *Daily Limits on Cash Withdrawals*.
- When asked to identify the top regulatory and compliance challenges they have encountered while working through the pandemic, the poll participants cited, among other things, *Giving Loan Extensions While Staying in Compliance*, *EFMLA Issues*, *Reg D*, *Annual Meeting Requirements*, and *TDR Issues*.
- Respondents provided a variety of suggestions for ways the League can help during the pandemic. Those mentioned more often included *Continuing to Provide Timely and Accurate Information* (including updates and interpretations of new laws) and *Sharing Best Practices* on how other credit unions are coping.

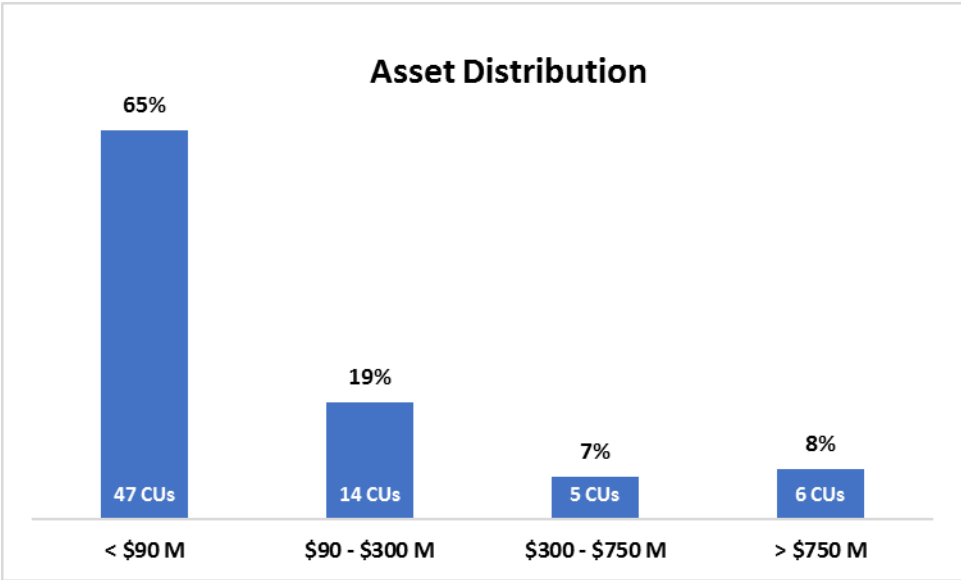
Preface

The COVID-19 Response Poll was conducted from March 31 through April 4. Invitations to participate were sent to the CEOs of all affiliated credit unions, and a total of 72 responded. The Poll results are presented in tabular as well as verbatim formats. Where possible, cross tabulations of the results by asset size are also presented.

Survey Respondents (59 of 72 self-identified)

Alamo City CU	Hockley County School Employees CU
Arbuckle FCU	Irving City Employees FCU
Arkansas Best Federal Credit Union	JSC Federal Credit Union
Austin FCU	Laredo Federal Credit Union
Baylor Health Care System Credit Union	Lifetime FCU
BCM Federal Credit Union	Little Rock Federal Credit Union
Bison	MCT Credit Union
Brazos Valley Schools	Me/CU
Capitol CU	MemberSource Credit Union
Caprock Federal Credit Union	Mesquite Credit Union
Central Texas Teachers Credit Union	Neighborhood
Cherokee County FCU	North East Texas CU
Combined	Pampa Municipal Credit Union
Common Cents FCU	Port Arthur Teachers Federal Credit Union
Concho Educators Federal Credit Union	RelyOn credit union
Cooperative Employees CU	Rio Grande Valley Credit Union
Cooperative Teachers CU	Sabine Federal Credit Union
Corner Stone Credit Union	Sacred Heart Parish FCU
DATCU	Southwest Financial Federal Credit Union
Diamond Lakes Federal Credit Union	Space City
Education CU	SWEMP FCU
Employees FCU	Temple-Inland Federal CU
Endurance Federal Credit Union	Texans CU
Federal Employees Credit Union	Texas Trust
First Class American Credit Union	Texoma Educators FCU
First Tulsa FCU	TxDOT Credit Union
Fort Roots FCU	UP Arkansas FCU
Fort Smith Teachers Federal Credit Union	USEM Mena Federal Credit Union
Friends FCU	Ward County Credit Union
Highway District 9 Credit Union	

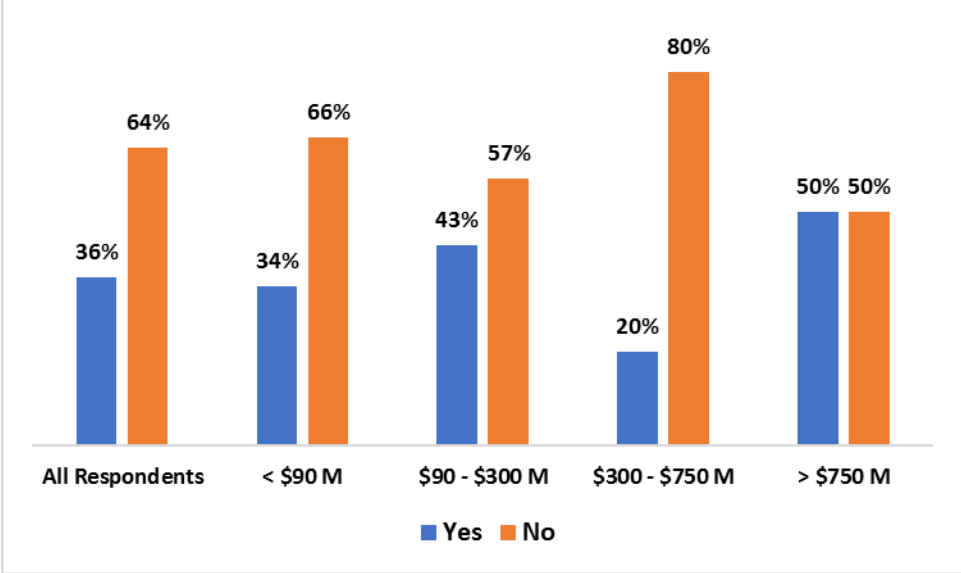
Respondent Asset Size



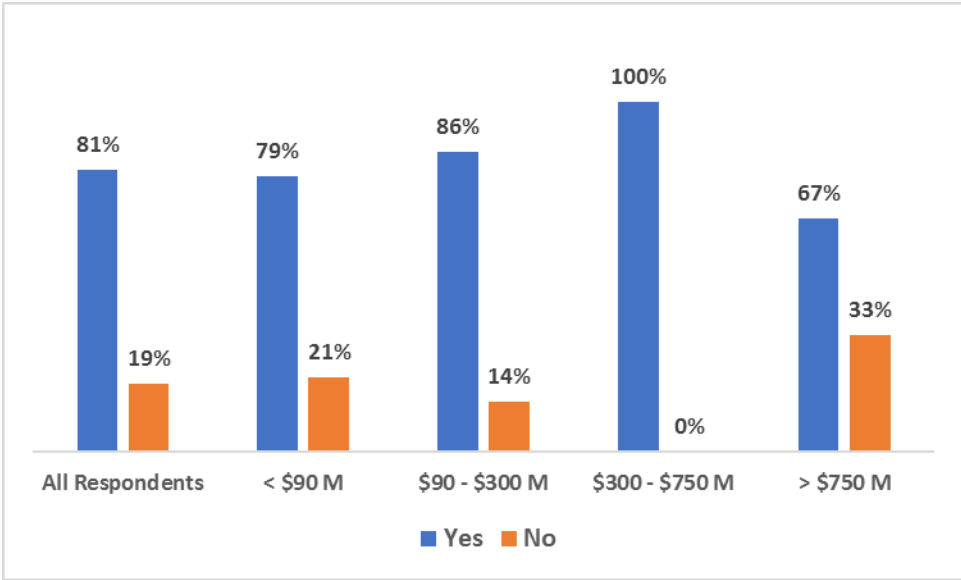
Statistics on Assets	
Number	72
Mean	\$191,347,056
Median	\$43,500,000
Minimum	\$1,600,000
Maximum	\$2,300,000,000

Detailed Findings

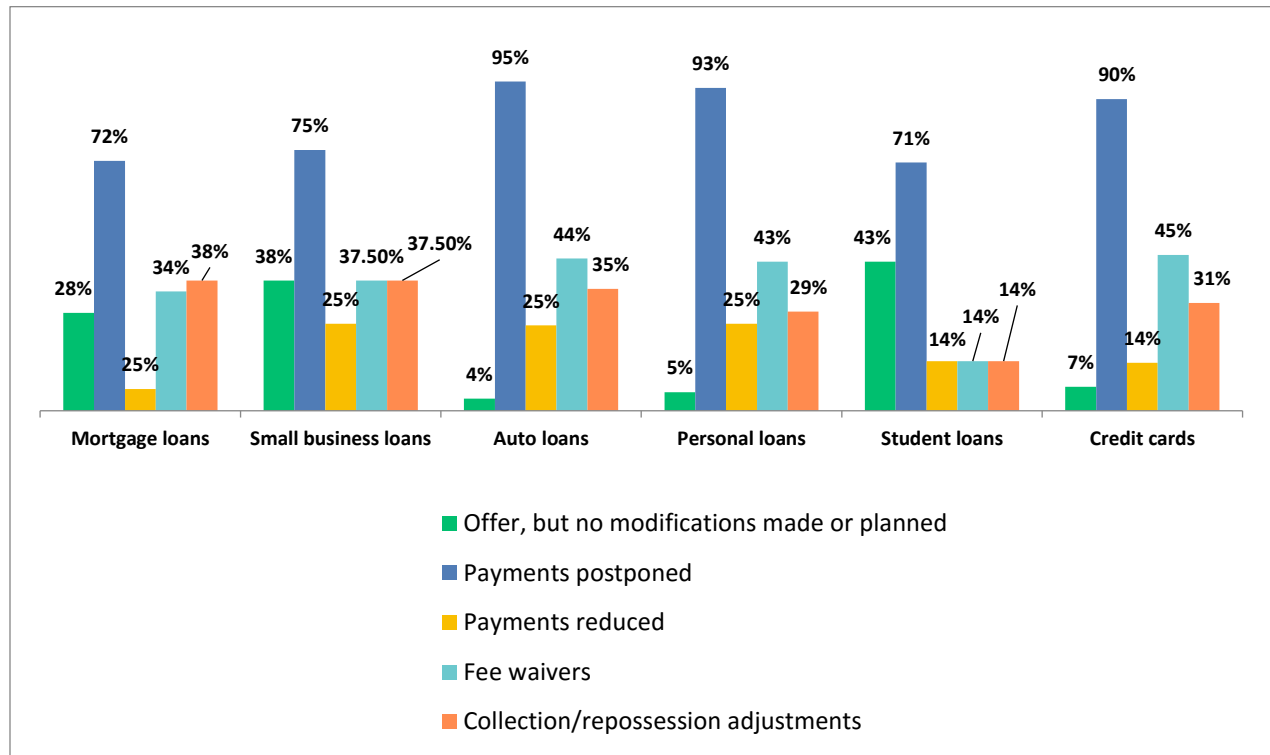
In response to the COVID-19 pandemic, have you offered, or are you planning to offer, 0% or very low rate emergency loans?



In response to the COVID-19 pandemic, have you made, or are you planning to make, modifications to any of the loans you offer?



For the following loans that you offer, what modifications have you made, or are you planning to make?

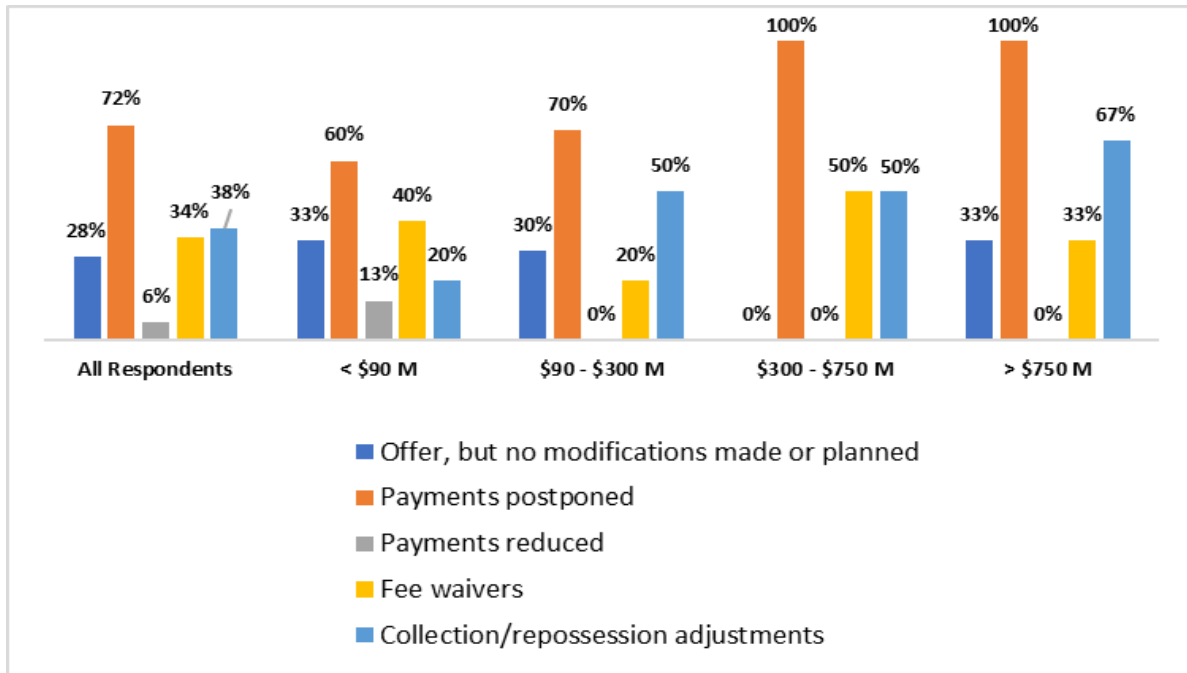


Other Modifications:

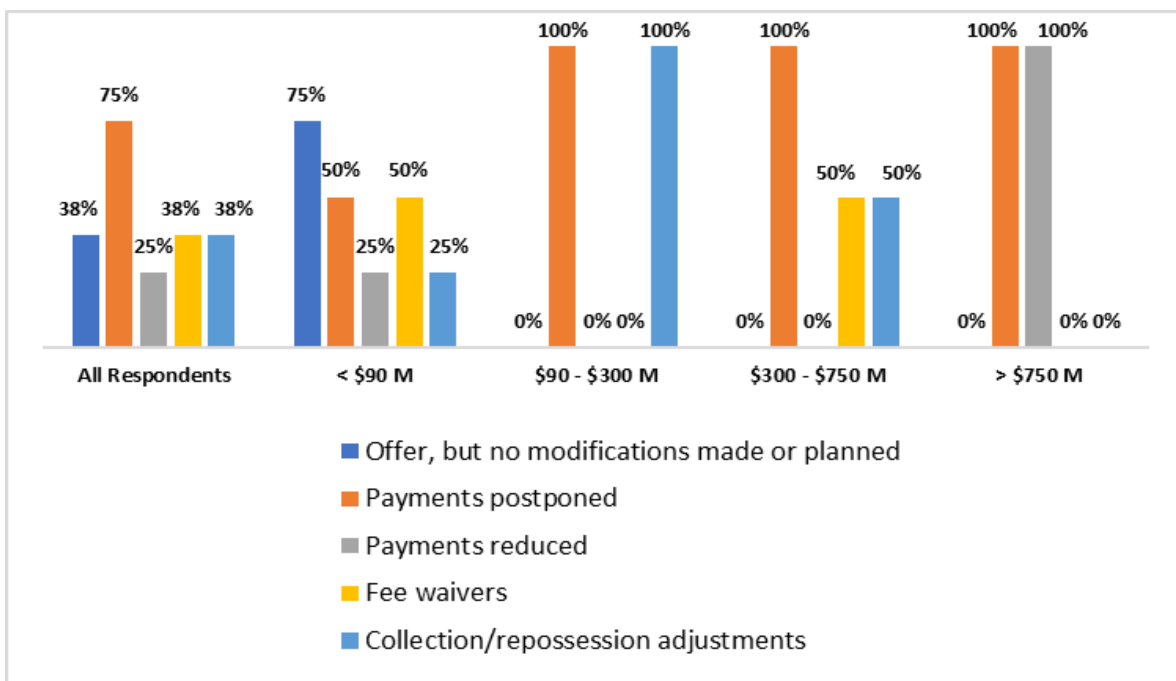
- Home Equity – unsure.
- Lower interest rate and extension agreement.
- Extending 1st payment on new purchases, offering financial counselling and begin to look at member's debts - how could a loan from credit union help - combine possibly.
- Created non-credit qualifying loans (but not at 0%).
- Small personal loans, no credit pulled with option for 1st payment deferral.
- Online loan discount for complete online close on any loan.

Modifications by Loan Type and Asset Size

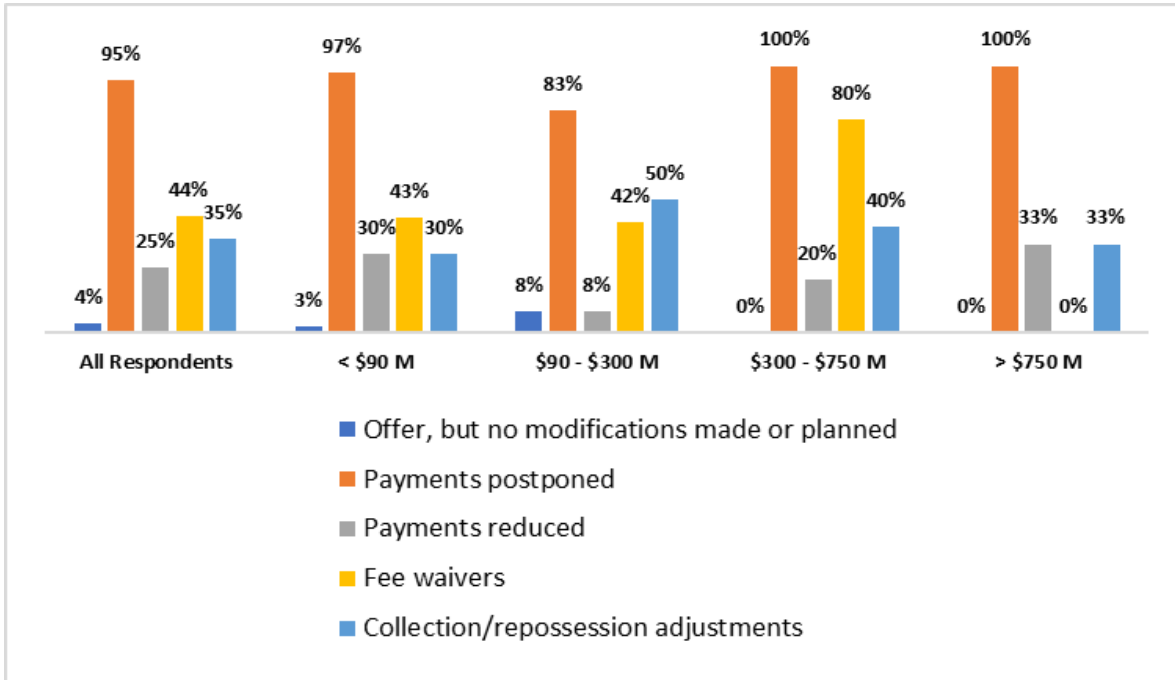
Mortgage Loans



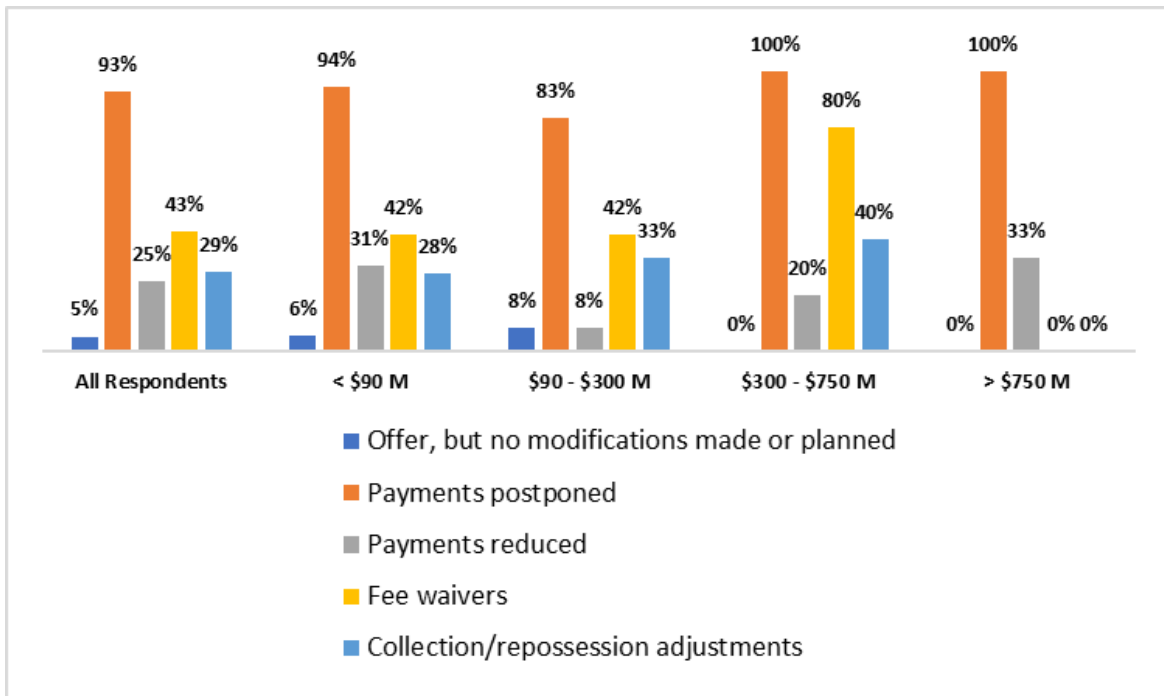
Small Business Loans



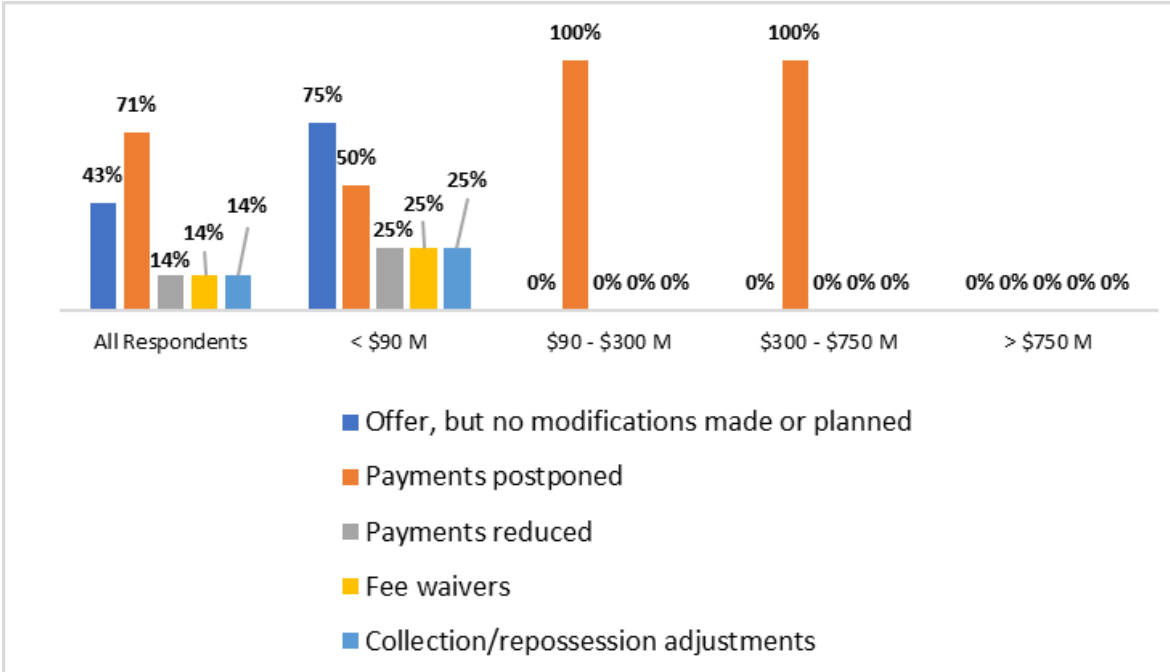
Auto Loans



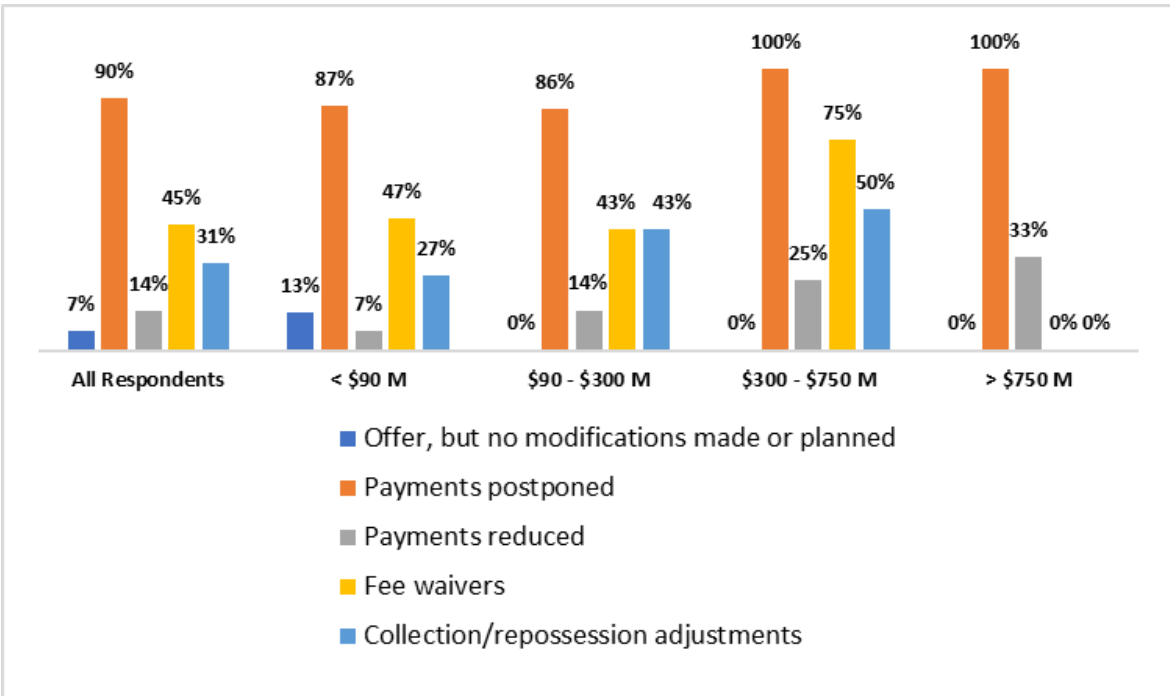
Personal Loans



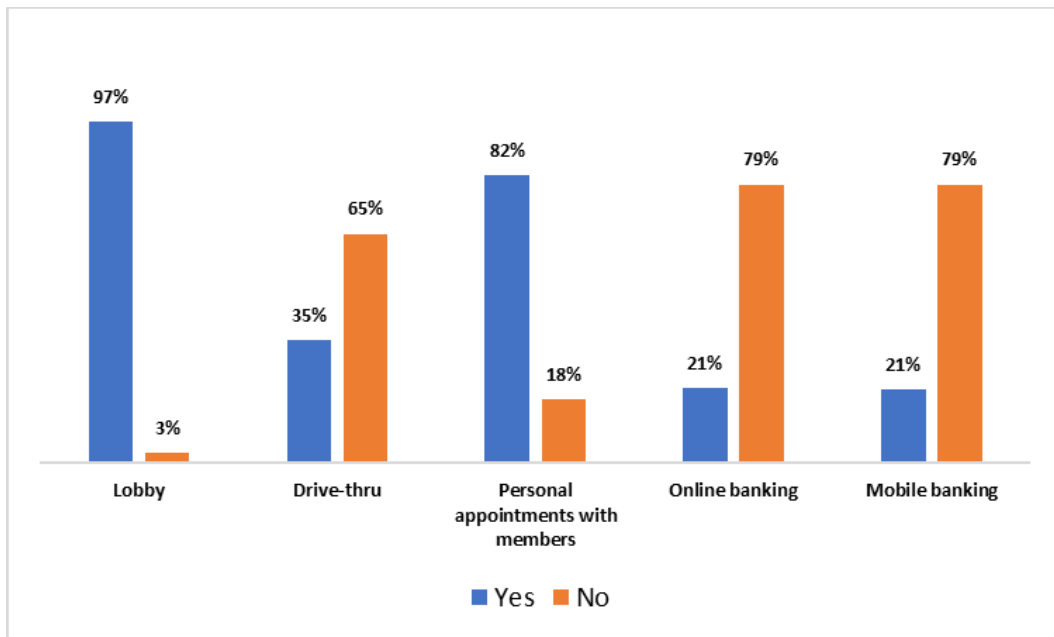
Student Loans



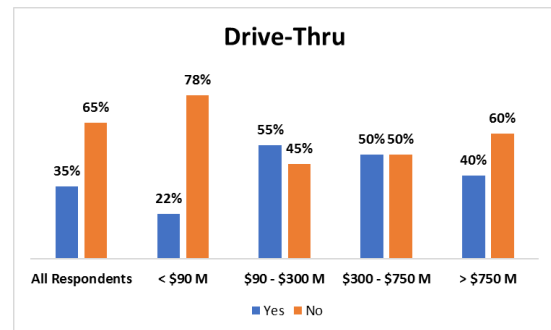
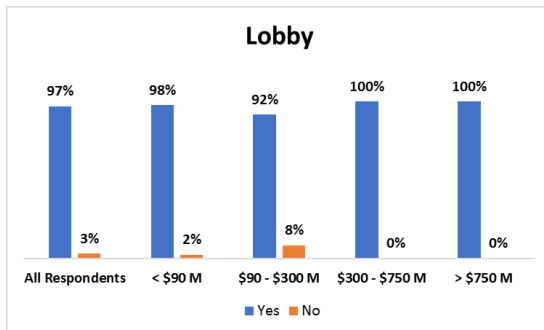
Credit Cards

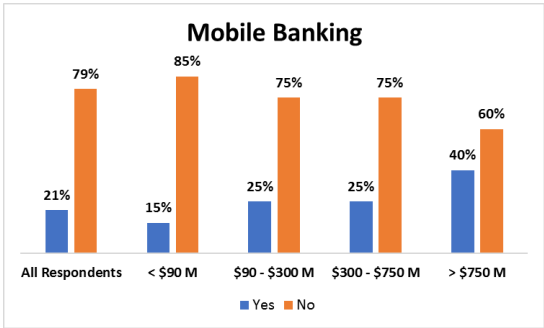
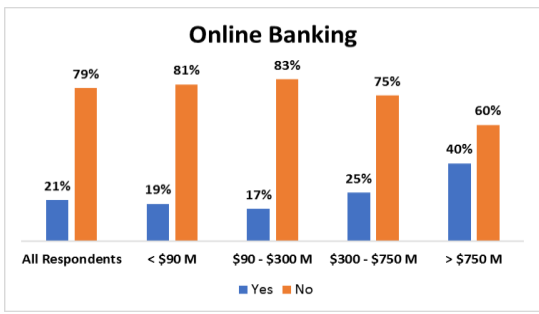
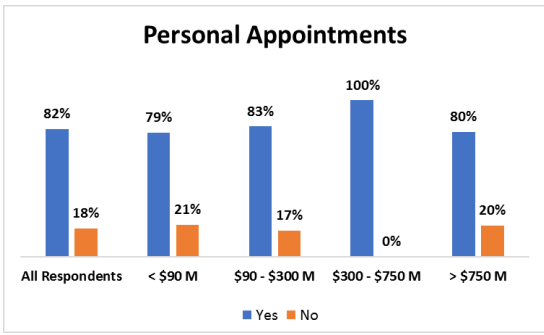


Have you altered operations in the following areas in response to COVID-19?

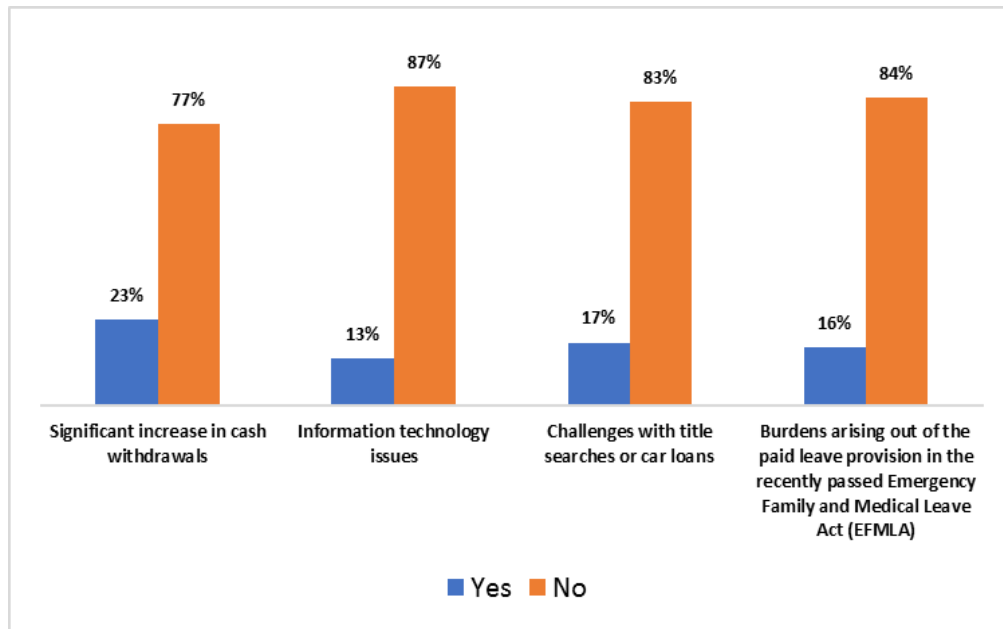


Responses by Asset Size

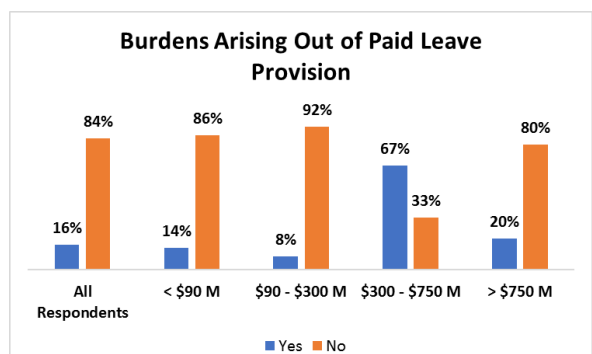
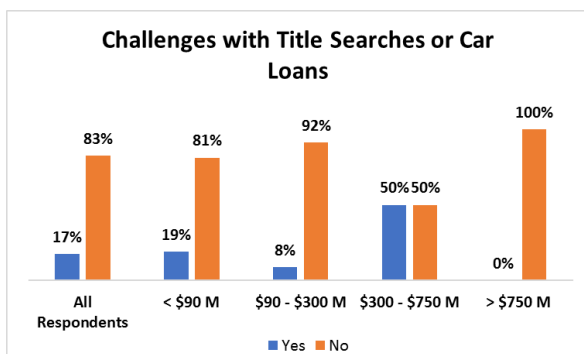
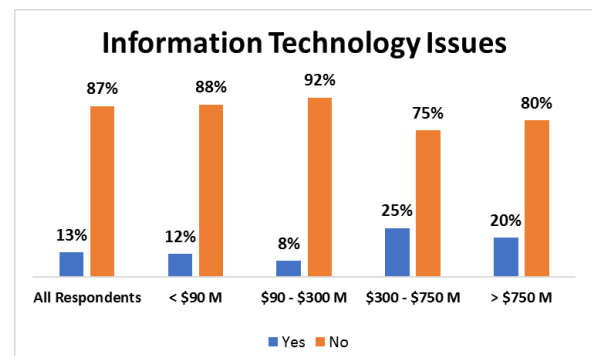
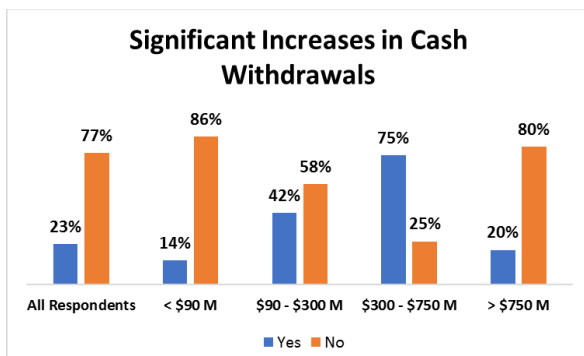




Have you experienced the following as a result of the current pandemic?



Responses by Asset Size



Are there other ways the pandemic has impacted your credit union?

Increase in loan modification requests.

No, we are a teachers credit union and they're all getting paid as usual.

Reduced part-time hours.

Shared branches not accepting guest members.

Shared branching limitations.

Small staff - with some trying to work remote.

The amount for members wanting to skip a loan payment.

The City of Irving (our FOM) has not cut staff, so only minimal problems so far.

Too early to tell regarding EFMLA.

Trying to steer members to electronic or phone contacts vs office visits.

We are a small employer so we have been exempt, but my staff has been amazing.

We are alternating workdays. Only 1 part time employee may be affected monetarily.

We are doing more transactions through the drive-thru to keep our lobby traffic to a minimum.

We are having our employees that get 3 or more weeks of vacation per year take at least one week during the "stay at home" orders so that when business resumes, we are not then stressed with levels of understaffing due to vacation leave. All employees have complied without hesitation.

We have lost one of our 6 employees to fear.

Working from home.

What are the top three regulatory and compliance challenges you've encountered while working through this crisis?

1 Challenge

ALM concerns over very low mortgage rates.

Annual Meeting Postpone/Virtual discussion; although this is satisfied, it was a challenge.

As a small employer the leave/pay provisions of the COVID19 compliance.

Bank was unable to fulfill an emergency request for ATM cash when our machine was depleted by foreign card use while people from surrounding communities and cities were hoarding during the first weekend.

Board meetings being in person.

Complying with loans that might now be TDR loans.

Dealing with already delinquent members who need extensions or modifications.

Excess staffing.

Giving extensions within 6-month time from last extension.

How to offer loan extensions and stay in compliance.

In-person notary services.

Keeping current on emergency FMLA and Sick Leave.

Keeping up with policies.

Lack of clarity from the DOL on how to implement the EPSLA and EFMLA.

Loan collections and Modifications for COVID-19.

Loan forgiveness regulations.

Making sure data is safe when accessed outside the credit union (home networks).

Member annual meeting.

Multiple policy additions, revisions.

Need reg D limits to be lifted.

None at this point - NCUA has issued flexibility that allows us to help our members.

Paid Sick Leave.

Reg D.

TDR/Modification Regulations.

The new Emergency Leave Act and Emergency Family Leave Act. How do you pass something like that and expect it to be implemented in two weeks?

The potential effect to our capital.

Understanding and responding promptly to rapid changes.

Vague and pointless communications from TCUD.

2 Challenge

Annual Meeting Notification Requirements.

Annual meeting re-work.

Automatic returns on ACH deposits that will be coming from the Treasury on members who have closed their account since their last IRS filing.

CECL - the implications.

Dealer's not able to issue white slips / Auto Title Issues.

EFMLA EPSLA.

Handling personnel issues in compliance while still maintaining adequate staff.

Human Resources.

Keeping employees safe.

Knowing what to offer to help members that won't long term hurt them or credit union.

Loan modifications.

Mandated Sick Leave/Family Medical Care Regulations.

Mortgage deferments.

NCUA and TCUD touch points. They both collaborate and ask for the same things via one person.

NCUA told me to do what I think was right. I would have been nice to get some best practices. I made the offer to ask for permission.

Need appraisal guidance for home equity loans.

Questions on Annual Meeting requirements. Looks like the regulators are working on that one.

Rescheduling annual meeting within NCUA guidelines - notification requirements.

Training to be in compliance, BSA, etc.

Working from home.

3 Challenge

Additional cost for services like eDOC, additional Laptops needed, etc.

Credit Card and LOC deferments.

Difficult to get appraisers to physically visit a home right now to appraise it. Would be nice to have some flexibility in the appraisal requirements.

DOL restrictions on part-time employees.

DRC (other types of disasters) testing being postponed.

Examiner Intrusion---Just let us do our job.

Finding a way to keep employees feeling safe while handling cash, members and fear of where they been.

Home Equity or Mortgage Skips.

Lack of ability to market.

Loss of Equity.

Mortgage modifications.

N/A

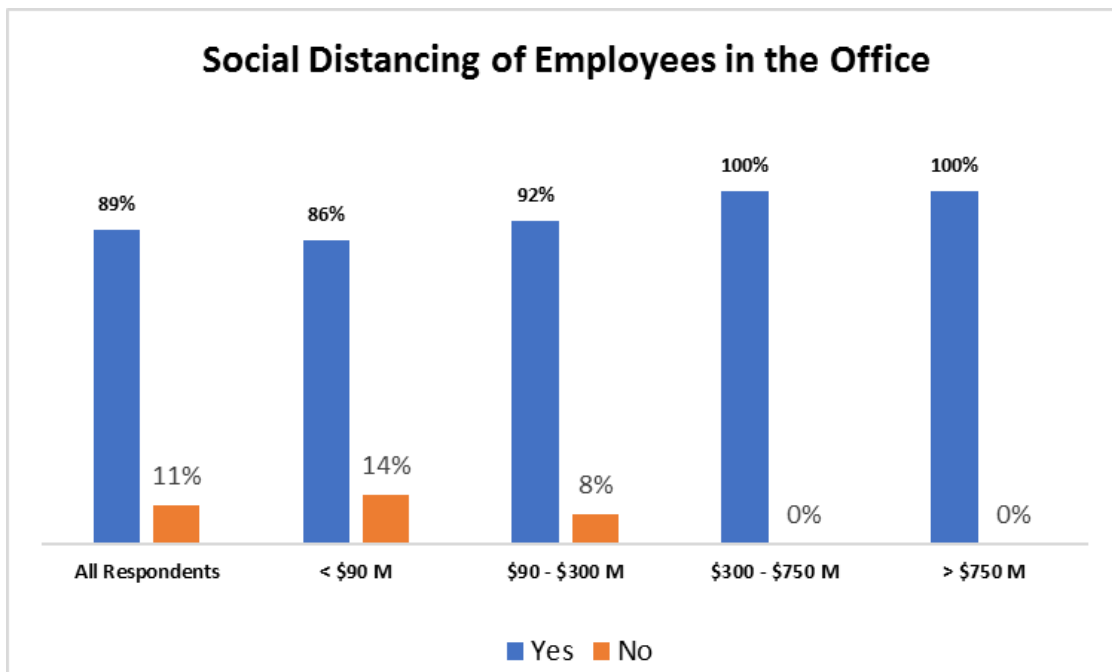
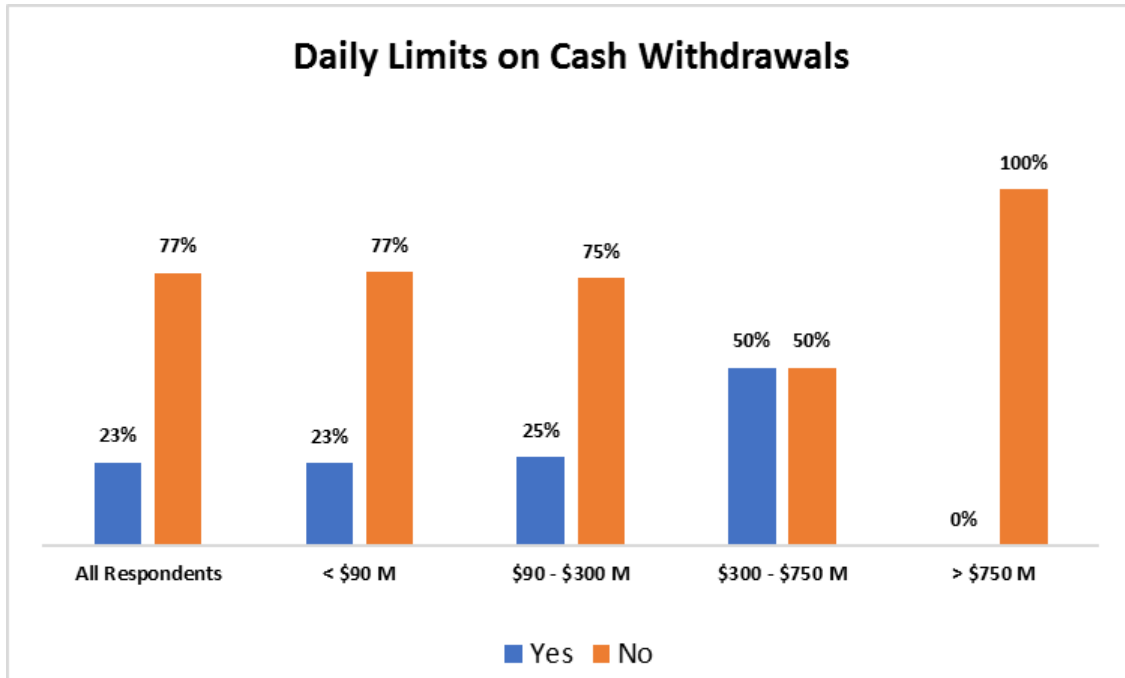
Need simplified way to modify real estate loans.

Shaming for not offering same program as other institutions...knowing we don't lend like other institutions.

Trying to close mortgage with all of the disclosures and preliminary consultations and disclosures. Made it very cumbersome.

We are hesitant to extend loan payments for more than 90 days without running into TDR issues.

Have you implemented, or do you plan to implement, either of the following?



What other efforts (if any) is your credit union undertaking, or planning to undertake, to assist your members during this time?

We have already offered them an extension for 30 days with no questions asked and no fee. In addition to that, because of the shelter in place order we are allowing 1 transfer in excess of the 6 per month.

Hardship loans with reduced rate, examine NSF's on a case by case basis, increased drive thru limits, SBA lender so will participate.

Financial counseling to help members budget with what they have.

Waiving skip pmt. fees - offering 2-3 month skip.

Created a Coronavirus Assistance Loan that allows three draws and four months with no payments.

More use of technology - DocuSign type options. We already used, but certainly daily now.

We don't carry cash. Only have 2 employees and their desks are not together.

Tellers, member services wearing gloves, cleaning after each member transaction, masks during cash counts, spraying disinfectant on cash as it comes in, looking at UV lights for cash.

Implementing card free cash program and ATM deposit program.

We are here to listen to their needs and come up with solutions that are fiscally responsible for our members.

Meeting members at the door to help with the traffic inside. Simple withdrawals and payments are being made through the night drop.

Waivers of early w/d penalties on certificates; surcharge fees; overdraft fees; late fees, bank wire fees.

Offering loan skip-a-pays to members directly impacted by the pandemic.

We have waived early withdrawal penalties, holiday account withdrawal penalties, and offered low fee real estate modifications so members can take advantage of the low mortgage rates. We are also waiving transaction requirements on our high rate checking account effective 4/1. In the process of giving early credit for direct deposits, basically depositing when received.

We are reaching out to our members to let them know how safe the credit union is and to let them know we are here for them should they need us.

As business inside the credit union has slowed on its own, I am allowing employees to each take 1 day per week off to do what they need to at home. We only have 3 full-time staff members.

Waived wire transfer fees.

Still working case by case (many are still getting paid) and seeing if stimulus check will help prolong needs for money to survive.

Waiving or reducing NSF Fees and fees for excessive withdrawals, and longer term extensions and loan modifications than normal.

Increased Extensions for member loans, doing lobby type transactions on the phone and in the drive thru.

Low rate 24-month personal loan, loan payment skips, fee waivers, fee reversals.

We make every effort to "listen" to our member and give them time to tell us their financial needs and try to find a way to assist them during their personal financial situation. This could mean a hardship deferment for their loan payment for 90 days or it could be an emergency assistance loan to help with immediate cash until financial aid comes or unemployment pay comes in or they are able to get back to work.

We are doing automatic skips for two months on credit cards that are current. Offering up to three-month extensions on loans that are current for members that have been impacted by COVID-19. Offering up to a two-month forbearance on mortgage related loans.

Loan Payment Deferment, fee Waivers, incoming Wires, ATM.

Effective communication is key; updating website and social media regularly to help with getting the word out about lobbies being closed.

Change plans daily that deal with e-services. Most of our members are older and have a challenge with our e-services.

Emergency Loans and skip-a-payment.

We are just doing the best we can.

As I said previously, we only have 1 person working per day and, due to that, shortened our hours by 1 hour per day.

Whatever it takes to get our family through this.

We've closed the lobby to all traffic. We only talk with members via appointment on the phone for loans, and we handle all other correspondence online, telephonically or via the drive thru.

All transactions are home banking, docu-sign, electronic wire, etc.

Allowing lobby transactions (loan papers and new accounts) in the drive thru.

50 percent off courtesy pay, early ACH credit posting, free skip pay.

Finally, how can the Cornerstone Credit Union League best provide help to you during the COVID-19 pandemic?

Sit back, relax and enjoy your family. Work remotely if possible and communicate as you have via email etc.

Sharing best practices and maybe some help navigating the CARES Act.

Nothing at this time, but thanks for asking.

Continue to offer the webinars on various topics...one of my concerns is how does a one-branch, small credit union operate if an employee gets sick?

What I would think, many will think "really"? But as a small CU, I have not needed to use a virtual setting for a board meeting - so a webinar as to "HOW" do you set up and do a virtual meeting. Bigger credit unions have technology people on staff, but for those of us who do not we simply do not even know where to look or how to do!

Continue providing timely and accurate information, including updates and interpretations on new Acts and laws coming out.

Regulatory updates nationally and also from Oklahoma.

Continue with education and webinars - very helpful. Looking forward to CEO talks - encourage shared branching but may be too late for us:(

Continue the regular flow of information and sharing of best practices.

Keep the daily updates coming, even though it's hard to keep up with the reading, they help.

Keep sending out the overviews of changes to credit unions, e.g., the HR staff stating the overview on the EFMLA was easy to understand and concise

We're fine unless one of us gets sick, and we're being extremely careful.

Making sure we have the latest news, rules, etc.

No help required at this time.

We are OK for now. Just continue to pray for the spread to stop.

Continue to be a resource of information for us.

Please just keep us up to date on any regulatory things we need to know. Also, thank you for expanding your presence on Facebook...it is so easy to check in and see what's going on.

Keep the info flowing. It has been very helpful to hear what other CUs are doing.

Keeping a link that provides Q&A that may be helpful for credit unions' CEO/President and/or BOARD that could read about what others are doing and use what others have done to help their own credit union membership.

With all the regulatory and compliance challenges, I think one BIG aspect being overlooked is what is going to happen in three months. If unemployment is higher in 2020 than it was in 2009 credit unions are going to be charging off more loans than ever. Credit unions that are not well capitalized, or don't have a good collection program may not survive. Some credit unions are paying staff "hazard pay" which I think is not a good idea in many respects, when they should be preparing for the worst to come. I would like to hear immediately from the chief economist from CUNA and/or CUNA Mutual as to their predictions and models of potential unemployment and charge offs.

Minimize communications/marketing/sales efforts. Have singular touchpoint weekly unless something truly urgent. I am being bombarded by pointless information from every vendor in the business. I'm not considering new products or services, or a core conversion, right now. Everyone feels the need to write a COVID-19 Response letter but the information isn't valuable.

Not sure yet, but I will probably be asking questions if this goes on a lot longer.

Continue distributing information.

Keep the information coming. It has obviously been a lot information coming to us, but it has been very, very informative.

Just keep doing what you're doing and be there when we need help.

The resources that Cornerstone has provided have been helpful and I like the page that has been set up. The Small CU Facebook page and the Compliance Hotline have been a big help.

Sharing the results of this survey would be good; keep providing webinars...I missed at least one of them due to my time constraints.

Nothing at this time.

Legal interpretations on the new laws that were recently passed.