

# DIVISION OF FINANCE

Telephone 573-751-3242  
Mailing Address:  
P.O. Box 716  
Jefferson City, Missouri 65102-0716



Harry S Truman State Office Building  
Sixth Floor  
301 West High Street  
Jefferson City, Missouri 65101

STATE OF MISSOURI

## MEMORANDUM

**TO: Missouri State Chartered Financial Institutions**  
**FROM: David A. Doering, Chief Examiner**  
**DATE: May 12, 2020**

**The Division of Finance issues the following guidance in response to the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (revised April 7, 2020).**

The Division of Finance (DOF) expects financial institutions to work with customers affected by the COVID-19 outbreak. The DOF has no intent to impede the ability of financial institutions to work with these customers and encourages lenders to take all necessary steps to support borrowers that have been adversely impacted by the pandemic.

DOF examiners will not automatically adversely classify loans prudently modified for this purpose. Loans that were not past due/nonaccrual and were otherwise sound when modified to accommodate borrowers impacted by COVID-19 will not be criticized for these modifications. Loans that were past due/nonaccrual when modified should be evaluated for inclusion as Troubled Debt Restructures, under existing guidelines.

The Division expects the following documentation on loans modified:

1. Specific reason for modification – not just COVID-19
2. Status/internal rating at time of modification
3. Terms modified
4. Monitoring plan with reasonable economic projections

The Division expects evidence of Board review of:

1. Volume of loans, list of individual borrowers
2. Maturity distribution of loans involved
3. Percentage of portfolio modified by industry, location, type of loan, risk weighting and any other strata management deems appropriate
4. Track volume as a percentage of Capital
5. Loans modified that also had PPP loans
6. Qualitative & quantitative analysis of loan modifications on adequacy of Allowance for Loan and Lease Losses (ALLL)