

Top Recommendations for Lenders During the COVID-19 Pandemic

Amundsen Davis Financial Services Alert
March 19, 2020

The economy is experiencing one of the worst dislocations in years. Here are our recommendations for keeping your institution healthy:

- Think about the impact of social distancing on corporate governance issues, such as annual meetings, employee reviews, employee training, and remote working.
- The Families First Coronavirus Response Act (HR 6201) was signed into law. Access this link for the latest news on the bill and other updates: **laborandemploymentlawupdate.com**.
- File evaluations are a necessity right now for any marginal borrowers. Re-check the validity of your mortgages, financing statements, and loan documents.
- Meet with your borrowers in person, by video conference or by skype session. Get updated, verified financial statements from your borrowers and any guarantors.
- Obtain updated appraisals of real estate and personal property. Update Phase I reports on real estate collateral.
- Inspect your collateral in person or have a trusted vendor do so.
- Forbearance agreements are a powerful tool. You can shore up weak spots in your position, if any, and give your borrower some breathing room. This may also allow time for any government aid packages to take effect.
- Call the question on marginal borrowers. Some of them were already struggling, and this disruption may be the end of the road. Have a plan in place for ending the credit.
- Consider a deed-in-lieu of foreclosure and preserve the right to foreclose if there are junior interests.
- The Small Business Reorganization Act took effect on February 19, 2020, making it easier for small businesses to reorganize in Chapter 11. This could be the first test for the new law. If a bankruptcy is filed, contact your attorney immediately.
- Consider training loan officers in workout techniques. We can help with training.

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