



STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS

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COMMISSIONER

Date: June 26, 2020

To: President/CEO

From: Greg Gonzales

The below linked interagency guidance was developed to assist state and federal examiners as agencies resume their examination efforts. As Tennessee continues to reopen after the pandemic lockdowns, Tennessee Department of Financial Institutions (TDFI) examiners will be contacting institutions about their next examination. While the interagency guidance in the link below discusses what examiners will be doing generally, I wanted to provide some additional detail regarding your examination.

As part of TDFI's efforts to continue to practice social distancing, as well as to not interfere with institution management's efforts to continue serving the public, for the foreseeable future, we will be conducting all examinations entirely offsite. We anticipate the examinations to take a bit longer than usual due to the offsite work. We will continue to use risk scoping practices to determine how to use your time (and ours) most efficiently and attempt to make the process as smooth as possible.

If your institution doesn't already have loan files imaged or digitized, your examiner will work with you to identify the best and most efficient way to access those files without presenting an undue burden on you or your institution. We also understand that some institutions simply are not equipped for a complete off-site examination. In those instances, examiners will work with you to determine if there is an effective work-around that would allow the examination to move forward, or if a delay in a portion of the examination is the only alternative in the current environment.

Examiners will set up a mutually agreeable contact schedule for questions/discussions with you and your management team. These discussions provide the examiners with valuable information and remain a vital part of every examination.

Examiners routinely look at the risks for each institution and whether they are effectively identified, measured, monitored, controlled, and Board reported, consistent with safe and sound practices. Institutions should tailor their risk management system to their needs and circumstances, proportionate to the size and complexity of the institution. Examiners will review any risks that have arisen from the pandemic and how challenges related to the pandemic are being addressed. TDFI understands that many institutions may not have committed those risks to paper yet due to the significant time demands on managing the pandemic impact upon institution operations, personnel and public responsibilities; however, we do expect management and Board to have discussed these concerns and have a working understanding of the impact on the institution, as well as to have developed a preliminary remediation plan for those risks. Examiners will also discuss and review credit concentrations, whether long-standing or newly emerging from the pandemic, and plans for those concentrations.

We understand the unprecedented environment that you have been operating in during this COVID-19 pandemic. We also understand that you have made tremendous efforts to support your customers and Tennessee 's economy. Your families, employees, and community are all going to be demanding your continued undivided attention. During these times you will be fully engaged in institution operations, helping employees return to work, and meeting customers' needs. Our constant goal is to provide your institution with a tailored and balanced assessment to assist you in continuing to serve your communities. Working together we hope that the examination process can be an important catalyst towards economic recovery.

[FFIEC Interagency Examiner Guidance](#)

If you have any questions about the examination process going forward or any other area of concern, please don't hesitate to contact Chief Administrator Brian Williams at brian.williams@tn.gov or 865 337-2650.

Thank you for your help and continued partnership during this time.