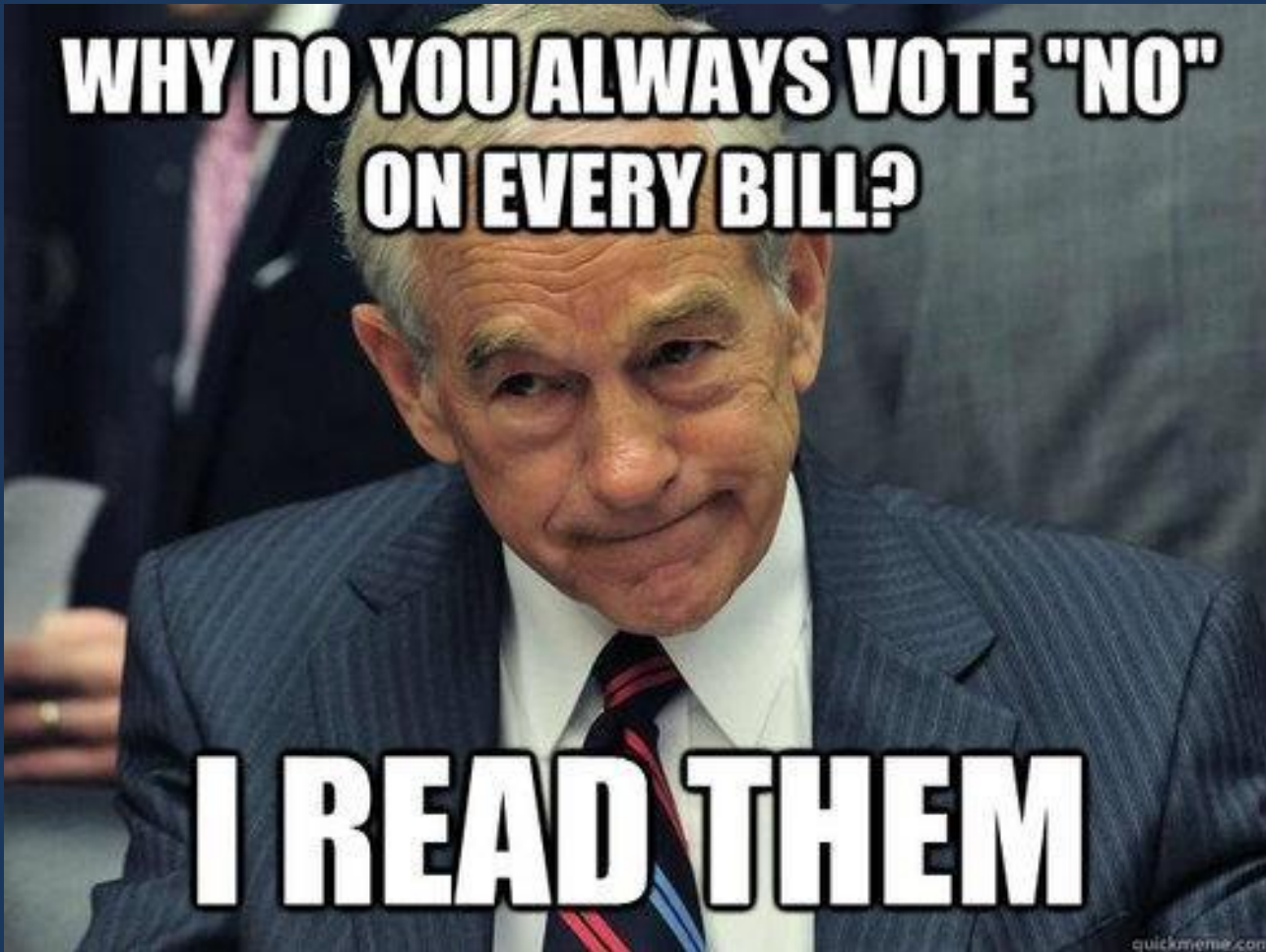


FEDERAL ADVOCACY UPDATE

MAY 13, 2020

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VP, Advocacy





KEY DIFFERENCES ON CARES 2

House

Senate

Administration



FEDERAL ADVOCACY ISSUES

Overall: Include Credit Unions	Runs on Cash	Essential Services	Suspend Exams	Suspend New Rulemakings	Board Meetings	Membership Meetings	What it Means to be Open	CLF
Credit Unions can Lend Through PPP	Troubled Debt Restructuring	Disbursement of Gov't Checks	Deposit Insurance	Reg D Transfer Limit	Finalize Appraisal Rule	Credit Union Board Members can Borrower From PPP	Postpone Implementation Dates of Upcoming Regs	LICUs Definition: APO/ FPO
Adverse Credit Reporting	Mortgage Deferral	PPP Implementation	Extend CLF Expansion	MBL Flexibility	Community Capital Improvement Program	Main Street Lending Facility Implementation	Debt Collection / Repossession Moratorium	Overdraft Moratorium
Cash Benefit Checks for Free	PPP Changes	Confession of Judgment Moratorium	Benefit Check Garnishment	CDFIF / CDRLF Appropriations	Remote Notary / Wet Signature Requirements	PCA Flexibility	Call Report Filings and Calculations	CECL Delay
NCUA Operating Fund	NCUSIF Equity Ratio	Remittances	TRID-3 Day	Other Disclosures	FHFA: Fannie / Freddie Mortgage Deferral Issues	FHFA: Employment Verification	FHFA: Real Property Inspection Flexibility	FCC: Call Blocking Issues
Title and Recording Issues	Paid Leave Tax Credit Issues	Credit Unions as PPP Borrowers	FHLB Liquidity	Supplemental Capital	TARP-Like Relief Program	Nonmember Deposits	Housing Assistance Fund	Interchange

HEROES ACT (H.R. 6800)

- ✓ State and Municipal Financial Support
- ✓ Funding for Hospitals
- ✓ Economic Impact Payments
- ✓ Housing & Rental Support
- ✓ PPP Restructuring
- ✓ Student Loan Debt Relief
- ✓ Credit Reporting Relief
- ✓ Minority Support
- ✓ SNAP and Social Services Funding
- ✓ Thousands of Provisions...

HEROES ACT CU PROVISIONS

- ✓ CDFI Funding
- ✓ Payroll Credit for Certain Pandemic-Related Employee Benefit
- ✓ Employee Retention Credit up to \$12,000
- ✓ PPP Improvements
- ✓ SAFE Banking Act

CREDIT UNION PROVISIONS IN HOUSE

Payroll Credit for Pandemic-Related Benefits & Tax Credits

- Provides a refundable payroll tax credit for qualified pandemic-related employee benefit expenses paid by employers. Maximum credit is \$5,000 per employee.
- Permits federal credit unions to claim the paid sick and family leave payroll tax credits in the Families First Coronavirus Response Act.

SAFE Banking Act

- The SAFE Act previously passed the House in September and provides the ability for financial institutions to legally serve the cannabis industry.

Community Capital Improvement Program

- Utilizes funds available under CARES Act to provide capital and interest-free loans to MDIs, CDFIs, impact banks, and credit unions that serve low-income communities.
- Impact credit union = <\$10b in assets and >50% of loans to low-income borrowers.

Main Street Lending Facility Implementation

- Mandates that the Treasury and Fed's Main Street Lending program support nonprofits, eliminates minimum loan threshold for small business, opens access for CDFIs to be lenders, and Fed support to participating MDIs/CDFIs.

Community Lender Set-Aside for Fed Loan Programs

- Require at Least 25% of Federal Reserve programs or Facilities Fund Loans originated by Community Financial Institutions, specifically 20% for community lenders <\$10B; and 5% for MDIs/CDFIs <\$10B

PPP PROVISIONS IN HOUSE

- ✓ Extends the covered period to December 31, 2020
- ✓ Extends loan forgiveness period to 24 weeks after such date of origination or Dec. 31, 2020
- ✓ Permits 501(C) organizations (though credit unions and other lenders still prohibited from borrowing)
- ✓ Amends the maximum maturity of the loan to 5 years (from 10 years)
- ✓ Sets aside 25% of funds for business with 10 or fewer employees
- ✓ Returned loan amounts must go to businesses with 10 or fewer employees
- ✓ Sets aside 25% of funds for nonprofits (and 12.5% must go to nonprofits with 500 or fewer employees)
- ✓ Sets aside 25% or \$10 billion of remaining PPP funds for loans to be issued by community financial institutions
- ✓ Expands eligible expenditures to include interest on any other debt obligation incurred before Feb 15, 2020
- ✓ Extends rehire period to Dec. 31, 2020 and holds employers harmless from a forgiveness reduction if they are unable to rehire employees
- ✓ Restricts the Administrator from limiting forgiveness amounts (addressing the 75% rule)

You can read more [online here](#)

CREDIT UNION PROVISIONS IN HOUSE

Payroll Protection
Program Changes

SAFE Banking Act

CDFI & EIDL
Funding

Employer
Employment
Benefits

Permits FCUs to
Claim Paid Sick
Leave and FMLA
Payroll Tax Credits

Benefit Check
Garnishment

Reporting of
Credit Information
During Major
Disasters

Small Business
Debt Collection
Moratorium

Debt Collection /
Repossession
Moratorium

Overdraft
Moratorium

CONCERNING PROVISIONS IN HOUSE

Debt Collection Moratorium

- Prohibits debt collection activities.
- Treats first and third party collectors the same.
- Establishes penalties 10x those of normal third party debt collection violations.
- Effective through 120 days after the expiration of the COVID-19 Emergency.

Creates a new facility for impacted debt collectors

Overdraft Moratorium

- Prohibits overdraft fees during federal disasters and for 120 days after the expiration of the disasters
- Would not be limited to COVID-19

Reporting of Credit Information During Major Disasters

- Suspension of negative credit reporting, requires CFPB to assist in the removal of adverse information from credit reports, free credit reports/scores, removal of COVID-19 related medical debt, treatment of absent information, restriction on new credit scoring models that would identify a large portion of the population as less creditworthy.

Small Business Debt Collection Moratorium

- Prohibits during the pandemic (and for 120 days after the end of the Presidential declaration) certain actions used in the collection of debt related to small businesses (as defined by SBA's term "small business concern") and nonprofits during a national disaster.

Treatment of Recovery Rebates

- Clarifies that EIPs or Recovery Rebates are not subject to garnishment or past due child support, and likely other associated fees.

WE CONTINUE TO ADVOCATE FOR: ACCESS, MODERNIZATION, FLEXIBILITY

- ✓ Remote Notary/Wet Signature Requirements
- ✓ PCA Flexibility
- ✓ Capital Flexibility
- ✓ Further CECL Delay
- ✓ FHLB Liquidity
- ✓ Homeowner Assistance Fund
- ✓ Privacy & Data Security – Wicker language
- ✓ MBL Flexibility - Excludes business loans made through the period ending one year after the end of the emergency declaration from the MBL cap. H.R. 6789/ S. 3676

QUESTIONS?

