



## Compliance eNewsletter

April 3, 2020 Vol. 14, Issue 13

### Pandemic Preparedness

Just a reminder that content is being update frequently in the new **Pandemic Preparedness** topic in the Security Channel. *Here's what's new:*

#### NEWLY ADDED RESOURCES

**March 27, 2020**

- Pandemic Preparedness Webinar Video (Best Practices)
- FAQs Regarding Employment Law related to Coronavirus
- FAQs Regarding the DOL Model Paid Leave Notice
- Examples of Relief for Members

**March 30, 2020**

- Families First Coronavirus Response Act Model Policy
- Additional Resource Links

As soon as there is additional guidance for the newly passed CARES Act, we will let you know about it here!

Because this situation is ever-changing, you may want to save this channel to your Topics of Interest, as outlined in a previous newsletter.



## Compliance and Advocacy News & Highlights

### NCUA Issues Guidance Regarding Exams During COVID-19

NCUA released [20-CU-05](#) reiterating the agency's strict offsite policy for all employees and contracted support staff. The policy has been in effect since March 16th. In addition to extending the offsite examination policy until May 1, 2020, NCUA's letter outlines its triage priority

approach to the examination and supervision program for the duration of the COVID-19 pandemic.

**Priority 1: Credit unions experiencing problems**

Approach: Credit unions experiencing that have asked for assistance and those credit unions that NCUA determines are in need assistance (based on their financial and operation condition) are the focus of the agency's supervision efforts. Examiners will work with credit unions to identify what assistance is needed. If your credit union is in need assistance, please contact your NCUA examiner or regional office.

**Priority 2: Contacting Credit Unions**

Approach: Based on the information in the letter, NCUA has started to reach out to credit unions (and will continue to do so periodically) to assess an institution's operational and financial status, any associated challenges - and if the institution needs assistance. Information obtained by examiners between now (March 30th) and April 10th will be used as the baseline for monitoring a credit union's condition. NCUA staff will have periodic check-ins with each credit union for the duration of the pandemic.

**Priority 3: Offsite Examinations**

Approach: Unless approved by the Office of Executive Director, examiners will not require a credit union to provide information for offsite examination work. Nationwide, many credit unions are occupied with the impact that COVID-19 is having on their operations, employees, and members. NCUA may request information if it is a serious or time-sensitive matter and as a result, may conduct onsite work at a credit union.

The letter provides the following key procedures for how it will conduct examinations during the COVID-19 pandemic:

- Any exceptions to the strict offsite approach must be approved by the NCUA's Office of the Executive Director. While NCUA staff will not schedule any onsite examination work until further notice, the NCUA may conduct onsite work at a credit union if necessary, to deal with a serious or time-sensitive matter.
- Examiners will work with credit union staff to facilitate the secure exchange of information needed to conduct offsite examination and supervision work, and will be mindful of the impact information requests may have on a credit union experiencing operational and staffing challenges associated with responding to the COVID-19 pandemic.
  - Credit unions are not required to provide documentation or make staff available for discussions with examiners at this time, unless approved by the Office of Executive Director.
  - Even if an examination is not scheduled for many months, NCUA staff may contact a credit union to request documentation needed to complete offsite examination activities.
  - Examiners may schedule virtual meetings with credit union staff or officials to discuss an examination if the credit union staff and officials are willing and able to do so.
- The NCUA understands that credit unions need to focus on continuing uninterrupted service to their members. While examiners will be conducting examination work offsite, the NCUA will generally not be issuing examination reports to credit unions until further notice. If an examination was mostly completed before March 16, 2020, the Regional Director may authorize an examiner to issue a report to a credit union to formally conclude the examination.

- Once the NCUA begins to issue examination reports, any corrective actions issued to a credit union will be appropriately prioritized and will consider the impact of the COVID-19 pandemic on the credit union's operations and financial condition.
- The NCUA will be flexible and reasonable when working with credit unions that have outstanding corrective action items (including Document of Resolution items, Letters of Understanding and Agreement, and Preliminary Warning Letters). A credit union should work with its examiner if it requires flexibility in meeting deadlines.
- Regional offices continue to coordinate examination and supervision efforts with the state supervisory authorities during this time.

*Source: NCUA*

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## CFPB Offers Flexibility to Financial Companies

The Consumer Financial Protection Bureau has [announced](#) that it is providing needed flexibility to enable financial companies to work with customers in need as they respond to the COVID-19 pandemic. The Bureau is postponing some data collections from industry on Bureau-related rules to allow companies to focus on responding to consumers in need and making changes to its supervisory activities to account for operational challenges at regulated entities. The Bureau will not expect quarterly information reporting by certain mortgage lenders as required under the Home Mortgage Disclosure Act (HMDA) and Regulation C. The Bureau also will not expect the reporting of certain information related to credit card and prepaid accounts under the Truth in Lending Act, Regulation Z, and Regulation E.

The Bureau is also postponing data collections for:

- a survey of financial institutions that seeks information on the cost of compliance in connection with pending rulemaking on Section 1071 of the Dodd-Frank Act; and
- a survey of firms providing Property Assessed Clean Energy (PACE) financing to consumers for the purposes of implementing Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

*Source: CFPB*

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## Regulators encourage making small-dollar loans in response to COVID-19

Recently, the Federal Reserve, CFPB, FDIC, NCUA, and the OCC issued a [joint statement](#) encouraging banks, savings associations and credit unions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19. The statement of the agencies recognizes that responsible small-dollar loans can play an important role in meeting customers' credit needs because of temporary cash-flow imbalances, unexpected expenses, or income disruptions during periods of economic stress or disaster recoveries. Such loans can be

offered through a variety of structures including open-end lines of credit, closed-end installment loans, or appropriately structured single payment loans.

In addition to this statement, the agencies are working on future guidance and lending principles for responsible small-dollar loans to facilitate the ability of banks, credit unions, and saving associations to more effectively meet the ongoing credit needs of their customers, members, and communities.

*Source: Federal Reserve*

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## IRA and HSA/MSA deadlines extended to July 15

The IRS has posted an [FAQ on Filing and Payment Deadlines](#) that reflects revised deadlines in accordance with IRS [Notice 2020-18](#). The answers to questions 17 and 21 indicate that the deadline for contributing money to an IRA, Health Savings Account (HSA) or Archer Medical Savings Account (MSA) for tax year 2019 follows the deadline for filing returns for 2019, which was postponed to July 15.

*Source: IRS*

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## Articles of Interest

- [Families First Coronavirus Response Act Questions & Answers](#)
- [CUNA COVID-19 Response FAQ](#)
- [CFPB Resources](#)

## CUNA's Advocacy Resources:

- [CUNA Advocacy page](#)

## Compliance Calendar

- April 1st, 2020: Emergency Paid Sick Leave Act (EPSLA) Effective Date
- April 26th, 2020: 5300 Call Report Due to NCUA
- May 25th, 2020: Memorial Day - Federal Holiday
- June 30th, 2020: Supplementing Data Security Requirements (Effective Date)
- July 1st, 2020: Regulation CC – Monetary Limit Threshold Changes