



Compliance eNewsletter

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InfoSight News

Truth in Lending – The **Truth in Lending Act** topic in the Loans and Leasing channel was updated in many places to include references to the effect COVID-19 may have on borrowers, based on a recent [CFPB interpretive rule](#).

Central Liquidity Facility – The **Central Liquidity Facility** topic under the Investments Channel was enhanced as part of the recent interim NCUA final rule.

Pandemic Preparedness – The **Pandemic Preparedness** topic in the Security Channel has been revised to include more information on the Main Street Lending Program established by the Federal Reserve. For credit unions interested in providing loans through this program, the updated content includes a model policy, loan term sheets and frequently asked questions.

Compliance and Advocacy News & Highlights

NCUA Outreach Related to COVID-19 Impact

In a [letter to credit unions](#) recently issued, the NCUA has indicated that beginning on May 4, the NCUA has started contacting credit unions to review their COVID-19 response. The letter also included a list of "[COVID-19 Outreach Questions](#)" for review, and encouraged open discussion with the NCUA examiner to "ask questions, and express challenges you may be facing."

Source: NCUA

NCUA seeks CECL exemption

NCUA Chairman Hood has [written a letter](#) urging the Financial Accounting Standards Board to exempt credit unions from complying with the current expected credit losses methodology, or CECL. Hood noted that the NCUA uses the incurred loss model when it supervises and examines the 5,236 credit unions under its purview for safety and soundness — nearly 70 percent of which are less than \$100 million in assets. Hood said that attempting to recognize all expected credit

losses is fraught with data collection challenges for the smallest credit unions that the agency supervises.

Source: NCUA

SBA adds to PPP FAQs

The Small Business Administration has [updated its FAQ on Paycheck Protection Program Loans](#) to add questions 40–42.

- Question 40 indicates that a borrower's PPP loan forgiveness amount will not be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer. An interim final rule to that effect can be expected soon.
- Question 41 addresses seasonal employers' ability to make all the required certifications on the Borrower Application Form if the employer elects to use the summer months of 2019 to calculate its maximum PPP loan amount.
- Question 42 clarifies the borrower-eligibility status of nonprofit hospitals exempt from taxation under section 115 of the Internal Revenue Code.

Source: SBA

FFIEC Issues Statement on Risk Management for Cloud Computing Services

The Federal Financial Institutions Examination Council (FFIEC) on behalf of its members today [issued a statement](#) to address the use of cloud computing services and security risk management principles in the financial services sector.

Security breaches involving cloud computing services highlight the importance of sound security controls and management's understanding of the shared responsibilities between cloud service providers and their financial institution clients. The statement does not contain new regulatory expectations, though it highlights that management should not assume that effective security and resilience controls exist simply because the technology systems are operating in a cloud computing environment.

The statement highlights examples of risk management practices for a financial institution's safe and sound use of cloud computing services and safeguards to protect customers' sensitive information from risks that pose potential consumer harm. The statement also provides a list of government and industry resources and references to assist financial institutions using cloud computing services.

Additional information on general risk management and outsourcing practices is available in the FFIEC Information Technology Examination Handbook's "Outsourcing Technology Services" booklet and other documents published by FFIEC members.

Source: FFIEC

New IRS guidance on tax impact of PPP loan forgiveness

The IRS recently issued guidance regarding the deductibility for Federal income tax purposes of certain otherwise deductible expenses incurred in a taxpayer's trade or business when the taxpayer receives a PPP loan. [IRS Notice 2020-32](#) clarifies that no deduction is allowed under the Internal Revenue Code for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a PPP loan, and the income associated with the forgiveness is excluded from gross income for purposes of the Code pursuant to section 1106(i) of the CARES Act.

Source: IRS

The IRS Answers COVID-19 Related IRA Questions

The IRS recently posted "[Coronavirus-related relief for retirement plans and IRAs](#)" to provide additional guidance on this topic.

Source: IRS

CFPB posts ECOA appraisal factsheets and FAQ

The CFPB has released two factsheets on the ECOA valuation rule that provide information on [transaction coverage](#) under the rule and the [delivery method and timing requirements](#) for appraisals and other written valuations. A [COVID-19-related FAQ on the appraisal rule](#) was also published.

Source: CFPB

Bureau updates COVID-19 stimulus relief guide

The CFPB has updated its blog article, "[A guide to COVID-19 economic stimulus relief](#)," with new information.

Source: CFPB

Articles of Interest

- [As America Inches Forward, Some Credit Unions Reopen Branches](#)
- [Lawmakers Ask to Make It Clear That FCUs Are Eligible for COVID-19 Tax Credits](#)

- [Credit unions must work to define their future](#)

CUNA's Advocacy Resources:

- [This week in Washington](#)
- [CUNA Advocacy Issues - COVID-19](#)
- [CUNA Advocacy page](#)

Compliance Calendar

- May 25th, 2020: Memorial Day - Federal Holiday
- June 30th, 2020: Supplementing Data Security Requirements (Effective Date)
- July 1st, 2020: Regulation C – Home Mortgage Disclosure Act (HMDA)
- July 1st, 2020: Regulation CC – Monetary Limit Threshold Changes
- July 3rd, 2020: Independence Day - Federal Holiday