Phase III

Coronavirus Relief Package - Coronavirus Aid, Recovery, and Economic Security (CARES) Act

March 27, 2020

The most recent federal response is the passage of the Phase III relief package, titled the Coronavirus Aid, Recovery, and Economic Security (CARES) Act. The House passed and President Donald Trump has signed into law the latest coronavirus disease (COVID-19) relief bill Friday, March 27,2020, one with several provisions for credit unions. CUNA/League advocacy helped ensure credit unions were included in several provisions that, through drafting oversight, had only included banks.

This $2.2 trillion package provides resources to combat the coronavirus and provide financial stability to Americans and U.S. businesses. These resources are vital as we take the unprecedented step of halting most economic activity in an effort to stop this pandemic. While the law includes numerous provisions, the provisions directly referencing credit unions include:

- Making credit unions eligible to participate in the paycheck protection program, which would allow for 100% federally guaranteed loans to small businesses that maintain their payroll;
    - As a result of this bill, the SBA is now required to establish regulations no later than 15 days after the March 27, 2020 enactment date of this legislation. Once these regulations are officially established, we will provide more information on how credit unions and credit union members can participate.

- Reestablishing the Transaction Account Guarantee Program, in which the government guarantees certain noninterest-bearing transaction accounts;
    - Requires NCUA Board action. Allows the NCUA Board discretion to vote to increase to unlimited, or such lower amount as the Board approves, the share insurance coverage provided by the National Credit Union Share Insurance Fund on any noninterest-bearing transaction account in any federally insured credit union without exception, provided that any such increase shall terminate no later than December 31, 2020.

- Including credit unions in troubled debt restructuring, allowing credit unions to further modify existing loans;
    - Seeking additional NCUA Guidance. Temporary relief from TDR disclosures allows credit unions to modify troubled and other loans in relation to COVID-19 difficulties without being required to comply with FASB Troubled Debt Restructurings by Creditor Accounting Standards.

- Expanding NCUA's Central Liquidity Facility, which serves as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls.
    - Seeking additional NCUA Guidance. Expanding liquidity temporarily enhances credit union (including corporates) access to the Central Liquidity Facility (CLF). Makes it easier for credit unions to access CLF funds.

- Including credit unions in a current expected credit loss (CECL) delay for those entities currently required to comply with CECL.
    - Seeking additional guidance from the Financial Accounting Standards Board (FASB). Changes CECL requirements related to Financial Accounting Standards Board Accounting Standards Update No. 2016–13 ("Measurement of Credit Losses on Financial Instruments"), however it **DOES NOT** alter the required future CECL compliance date of January 2023 for credit unions. That date remains the same.

- Credit Protection During COVID-19.
    - Amends the Fair Credit Reporting Act to shield borrowers from the reporting of negative information related to pandemic-related loan accommodations.

- Foreclosure Moratorium and Consumer Right to Request Forbearance
    - The bill includes provisions related to forbearances of federally-backed mortgage loans as well as a foreclosure moratorium on those loans during the COVID-19 pandemic. These provisions seem to codify policies already announced by FHFA. We continue to evaluate the impact of these policies.
    - Except with respect to a vacant or abandoned property, a servicer of a Federally backed mortgage loan may not initiate any judicial or non-judicial foreclosure process, move for a foreclosure judgment or order of sale, or execute a foreclosure-related eviction or foreclosure sale for not less than the 60-day period beginning on March 18, 2020.
    - For a period of 120 days or 120 after the termination of the "National Emergency," whichever is later, a borrower with a Federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID–19 emergency may request forbearance on the Federally backed mortgage loan, regardless of delinquency status.

Phase II

Coronavirus Relief Package - Families First Coronavirus Response Act (FFCRA)

March 18, 2020

The Families First Coronavirus Response Act (FFCRA) was signed March 18th. It is effective April 1st through the end of the year. This $100 billion package provides paid leave for certain individuals, establishes free coronavirus testing, adds additional protection for frontline health workers, and provides additional benefits for those most affected by this crisis. The bill also provides emergency funding for state unemployment insurance programs.
Additional information from our CUAD COVID-19 Pandemic Page.

We are still waiting on regulations to be issued by the US Department of Labor (DOL) to clarify some items. Here is the DOL information so far on the topic - https://www.dol.gov/agencies/whd/pandemic along with the regarded posters for your employees.

We are also still waiting on the IRS guidance for their piece of the puzzle. Under IRS guidance, eligible employers who pay qualifying sick or childcare leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.

Phase I

Coronavirus Relief Package – Coronavirus Preparedness & Response Supplemental Appropriations Act

March 6, 2020

Phase I provided $8.3 billion in emergency funding for research on a vaccine, gave money to state and local governments to fight the spread of the virus, allocated money to help with efforts to stop the virus's spread overseas, and officially declared the coronavirus as a “disaster” for SBA purposes, detailing that impacted small businesses can qualify for Small Business Administration (SBA) Economic Injury Disaster Loans (EIDLs).