

Delaware Advocacy Update on Coronavirus

The pandemic associated with COVID-19, or coronavirus, has significantly disrupted daily life all over the world and the United States. As the number of reported cases has increased, Congress has passed both an emergency appropriations bill and the Families First Coronavirus Response Act, which provides tax relief for paid leave as well as additional resources for social programs aimed at alleviating the spread of the disease and any economic consequences of the epidemic. In addition, the Federal Reserve has taken a number of actions to prevent the coronavirus epidemic from leading to a broader economic breakdown. Earlier this week, both Congress and the Administration launched renewed discussions regarding a large fiscal stimulus package that is intended to prevent a recession. The enormous package being negotiated is Congress's third coronavirus relief bill and by far the largest financial rescue ever attempted by Congress, dwarfing legislation passed during the financial crisis of 2008. The next massive stimulus bill is targeted to counteract the continued economic fallout from the coronavirus outbreak. It will likely include direct payments to all Americans and is estimated to be a \$2 trillion economic-stimulus package.

The current strategy for passage is to have the Senate pass the measure so that the House may follow by passing it using unanimous consent. House Rules Committee Chairman, Massachusetts Congressman Jim McGovern, has cautioned lawmakers that quickly establishing an electronic system to cast votes remotely is "unrealistic" given a variety of logistical challenges. Potential security threats against an internet-based voting system, as well as possible legal challenges from opponents of legislation passed under such a system, are challenges. Also, Congressman McGovern cautioned against trying a new system for the first time on major legislation like an economic stimulus package in response to a pandemic.

He has noted that the best option is to use the existing House rules and current practices, specifically by unanimous consent or voice vote, which do not require all members to be present. Lawmakers in both parties are fearful of traveling and spending time in close quarters now that at least three members of Congress have tested positive for the coronavirus. Precedent established during the 1918 flu pandemic exists in which the House used a unanimous consent agreement to pass legislation. The House also recently passed changes to the second economic stimulus package, which established paid sick leave for some workers and enhanced unemployment insurance, among other provisions, by unanimous consent.

As efforts continue before Congress, NCUA and member state policymakers to address flexible approaches for credit union governance, member service and economic stimulus efforts, there are several key areas that the Association continues to work with CUNA and local industry and business trade groups to press for change in the following areas:

- Ensuring that credit unions are included in any legislative language applicable to expanded bank authorities such as eligibility to participate in federal guarantee loan programs, troubled debt restructuring, CECL delays, and other endeavors;
- Working with NCUA to include language enhancing the Central Liquidity Facility;
- Permitting on-site testing for employees in "essential" industries so that on-site testing would be available for workers in "essential" industries;
- Supporting provisions to waive the 10% early-withdrawal penalty from qualifying retirement savings accounts for disbursements worth up to \$100,000, if individuals are responding to "coronavirus-related purposes;"

- Increasing funding for the Community Development Financial Institutions Fund and the Community Development Revolving Loan Fund to allow more credit unions to access monies to provide specific programs to help their members;
- Increased guarantees and support for small business debt relief through the Small Business Administration; and
- Continuing to advocate advancement for key pending priority legislation such as member business loans, 15-year loan maturities, and other relief.

Before NCUA efforts include:

- Urging NCUA to send a letter to the Financial Accounting Standards Board asking it to suspend implementation of its Current Expected Credit Loss (CECL) standard for at least one year, until January 2024, at the very minimum;
- Expediting the finalization of the Proposed Rulemaking for Part 722-Real Estate Appraisals, increasing the threshold level below which appraisals would not be required for residential real estate-related transactions from \$250,000 to \$400,000;
- Suspending previously scheduled onsite examinations and data collections for at least 120 days unless there is an immediate need. This extension should include deadlines for submitting call report data or other examination-related information, unless this data is critically necessary to monitor the health of an individual credit union;
- Issuing guidance on real property inspections regarding how credit unions should respond to COVID-19 related issues regarding real property inspections, and what arrangements can be made if property owners do not want to permit access to their property due to COVID-19 concerns;
- Adopt changes to the low-income credit union designation ("LICU") to permit post office boxes to be included in the count for income purposes which would include military members living on base who possess lower income levels;
- Requesting that the LICU designation be based on an area's unemployment as an indicator of the economic distress of a population;
- Establishing "*Frequently Asked Questions for Credit Union Members Affected by COVID-19*" which could address information for members regarding deposit insurance for credit union accounts, the safety of credit union deposits, how members may contact the NCUA with any questions, how funds can be wired to relatives or friends affected by COVID-19, how personal financial information should be protected against fraudulent activity, how members' credit scores may be affected during the COVID-19 crisis, what steps members may take to prevent identity theft; and
- Updating "*Frequently Asked Questions Regarding COVID-19, NCUA and Credit Union Operations*" as it makes changes to its policies and procedures and listing agency actions and updated interpretations in one document to easily navigate changes.

Other efforts include, but are not limited to, extended examinations and flexibility, amendments to Regulation D to minimize the consumer impact of the six transfer limit; suspension of new rulemakings, and extended compliance deadlines.

At local levels, efforts continue to:

- Ensuring that any declarations of essential services not only include banking services provide by credit unions but also necessary partners to perform transactions such as corporate credit unions, closing attorneys and appraisers;
- Providing for remote acknowledgments;
- Providing meeting flexibility;
- Examination flexibility; and

- Flexibility for workouts, rather than new moratoriums or suspensions, on consumer and mortgage loan payments.

At all levels, the Association remains vigilant to counteract attempts to reduce credit interchange and to dictate limits on adverse credit reporting.

These requests are not finite, but rather are flexible and ever changing. Inclusion in current or future relief efforts will help Association members continue to navigate these uncertain times, support consumer members and spur economic recovery in the weeks and months ahead. Members are encouraged to provide further suggestions or comments to govaff-reg@ccua.org to help the Association advocate for meaningful change.