

# **Delaware Coronavirus Tracker: Federal Letters; NCUA Examinations and Military Members; Cyber Insurance tips; Driver Licenses; Mortgage Provider; U.S. House Schedule – 5.29.10**

## **Association Letters to Treasury and SBA on PPP Loan Forgiveness and Coronavirus Priorities**

The Association has submitted a letter to Treasury Secretary Steven Mnuchin and Small Business Administration Administrator Jovita Carranza raising credit union concerns relative to loan forgiveness of Paycheck Protection Program (“PPP”) loans, and seeking further support and clarification.

The letter addresses credit unions’ concerns that the recently published application for loan forgiveness is overly complex for most businesses. It recommends that Treasury and the SBA revamp the forgiveness application process for loans under \$350,000. This threshold captures the vast majority of loans and is the amount at which the CARES Act makes the lowest cutoff in determining lender processing fees. Furthermore, the process could be simplified even more or made automatic for the smallest of borrowers requiring nothing more than a good faith certification that the funds were spent on forgivable expenses. This threshold could be set much lower, for example at \$50,000. The letter can be read [HERE](#).

In addition, the Association recently sent a letter to the congressional delegations outlining credit union legislative priorities during the coronavirus pandemic. Issues raised in the letter to the [Delaware](#) congressional delegation include:

- statutory limits on credit union loans made to member businesses;
- recent changes to the Central Liquidity Facility through the CARES Act;
- CDFI funding and payroll tax credit parity;
- permanently amending Regulation D to delete the six-per-month limit on convenient transfers from the “savings deposit” definition; and
- extending “exposure liability” limits related to the coronavirus to include credit unions.

## **NCUA Letter to Credit Unions 20-CU-17-Offsite Examination and Supervision Approach**

<https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/update-offsite-examination-and-supervision-approach>

NCUA continues to update its examination and supervision approach to help ensure the safety of personnel and the safety and soundness of the credit union system.

In March 2020, the NCUA provided information on our examination and supervisory priorities during the COVID-19 pandemic in Letter to Credit Unions 20-CU-05, [Offsite Examination and Supervision Approach](#). While priorities remain the same as outlined in that guidance letter, the agency has updated its approach for conducting examinations offsite. The new letter, 20-CU-17, provides information on changes to the NCUA’s examination and supervision approach, effective June 1, 2020.

Key components of the updated approach include continuing offsite work and a return to issuing examination reports. According to the letter, NCUA’s offsite policy for all workers and contracted support staff will remain in effect until further notice. However, NCUA may conduct onsite work at a credit union if necessary to address serious or time-sensitive matters in its discretion. Generally, credit unions will not be required to provide information

to conduct offsite work. More information, however, can result in less time in the future with examiners. According to NCUA, the more information a credit union can provide for offsite reviews, the more likely the NCUA will not have to return to the credit union until the next examination cycle. In addition, regional offices will continue to coordinate with state supervisory authorities on examination and supervision efforts for federally insured, state-chartered credit unions.

Since the launch of the policy, NCUA has conducted offsite examination work at more than 100 credit unions. The median asset size of these reviews is \$56 million. Both credit union staff and examiners have noted that completing an examination offsite may take longer than an onsite examination.

Examination reports will be issued for exams completed offsite. However, NCUA said that it acknowledged that credit unions need to focus on providing service to their members. Any corrective actions issued to a credit union will consider the impact of the COVID-19 pandemic on the credit union's operations and financial condition, and will be prioritized appropriately. NCUA reiterated that it would not criticize credit union efforts to provide prudent relief for members during the pandemic. However, examiners will consider whether such efforts elevate, or reduce, a credit union's risk exposure. If a credit union has taken on additional risk, even if done prudently, then such action may be reflected in the credit union's applicable CAMEL and risk ratings.

Another new step by adopted by NCUA is an enhanced internal review process for all exam reports. In doing so, it recommends that credit unions work directly with examiners and supervisory examiners if they require flexibility in meeting deadlines or have concerns about exam reports.

### **NCUA Letter to Credit Unions, 20-CU-16- Low-Income Designation for Military Personnel**

**<https://www.ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/low-income-designations-qualification-military-personnel>**

In a recent Letter to Credit Unions, 20-CU-16, NCUA supplemented its earlier announcement that military personnel would be designated as "low-income members" and addressed the required methodology change to calculate the number of low-income members which result in a designation of a "low-income credit union." NCUA confirmed that, until now, its primary methodology for determining low-income status is to geocode members' addresses obtained through credit union exams, and assign incomes based on those addresses. This geocoding process, however, cannot account for military personnel with Army/Air Post Office (APO) or Fleet Post Office (FPO) mailing addresses. As a result, these groups were excluded from the analysis as to whether the majority of the credit union's membership are low-income members.

NCUA's new letter states that the process no longer exclude members with an APO or FPO mailing address. Instead, it will now total the number of members with the military mailing address. Such members will be included in the total number of members served and a percentage will be reflected as low-income members in determining whether the majority of the credit union's members are low-income.

Importantly for credit unions:

- this change to the low-income designation methodology will be handled by the NCUA and it does not result in any additional burden or requirements for credit unions; and
- it applies immediately.

#### Best Practice Tip:

NCUA has acknowledged that an APO or FPO mailing address may not cover all military members at credit unions. To prevent a possible calculation limitation, NCUA will allow credit unions to document additional information to allow these members to be included in any geocoding calculation:

- A list identifying members who are active-duty military personnel;
- "Granular data" for military members, including active-duty and members of the Reserve and the National Guard. Data could include actual income, paygrade, years of service, or rank of its military members; and
- "Any relevant analysis" that demonstrates that all or some portion of the credit union's military membership, including active-duty and members of the Reserve and the National Guard, qualify as low-income.

#### **Emerging Issue-Cyber Insurance Tips for Remote Work Plans**

[https://www.ccu.org/images/uploads/Cyber Insurance Tips 5.20 \(003\) .pdf](https://www.ccu.org/images/uploads/Cyber_Insurance_Tips_5.20_(003).pdf)

#### **State Issued Driver's License Extensions**

[https://www.ccu.org/images/uploads/state issued drivers licenses.id . extensions .pdf](https://www.ccu.org/images/uploads/state_issued_drivers_licenses.id_extensions.pdf)

#### **New Mortgage Loan Provider**

Redfin Mortgage, an online real estate brokerage firm, announced that it is expanding its mortgage lending operations into three new states. The company is now lending in Arizona, Delaware, and New Hampshire. With this latest expansion, Redfin Mortgage offers fixed- and adjustable-rate conforming mortgages in 20 states and the District of Columbia. They feature "no lender fees and offers competitive rates, fast pre-approvals and on-time closings." Fully remote digital closing capabilities, which allows customers to sign their mortgage documents are offered, but not in Delaware. Redfin Mortgage also offers a 30-day closing guarantee or the company will provide the buyer with an extra \$1,000 credit towards their closing costs.

#### **Updated U.S. House of Representatives Schedule**

The House released an updated calendar for 2020. They intend to work virtually for most of June as the new rules allow for Committee work during this period. The anticipated return for floor votes is set for the end of June and into July. At present, they are maintaining their August District Work Period.