COVID-19 RELIEF – EXPIRATION DATES

LEGISLATIVE PROVISIONS:

The following list outlines provisions from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) that impact credit unions and the corresponding expiration date.

### Troubled Debt Restructurings (TDRs)

Section 4013 of the CARES Act allows financial institutions, including credit unions, to suspend requirements under U.S. Generally Accepted Accounting Principles (GAAP) for loan modifications related to the coronavirus pandemic and suspend any such determination regarding loans modified during the “applicable period” (beginning March 1, 2020 and ending on the earlier of December 31, 2020 or the date that is 60 days after the termination of the COVID-19 national emergency).

**Expiration Date: December 31, 2020**

### Central Liquidity Facility (CLF)

Section 4016 of the CARES Act temporarily enhances access to the NCUA’s CLF by improving credit unions’ ability to tap the CLF for liquidity and creating additional flexibility for corporate credit unions to access the CLF. The National Credit Union Administration (NCUA) issued a Letter to Credit Unions detailing these changes and also issued an interim final rule implementing some of the CARES Act provisions.

**Expiration Date: December 31, 2020**

### Small Business Administration (SBA) Loan Programs

#### Paycheck Protection Program (PPP)

Section 1102 of the CARES Act created a new SBA lending program, the Paycheck Protection Program (PPP), which allowed eligible small businesses and non-profits to borrow the lesser of $10 million or the sum of 2.5 times the average total monthly payroll costs for the prior year in order to cover eligible business expenses. The CARES Act authorized $349 billion initially for the PPP, which quickly ran out. Subsequently, Congress authorized an additional $310 billion for the program. Although the initial deadline to apply for a PPP loan was June 30, 2020, Congress extended the deadline to August 8, 2020. When lending ended on August 8, 2020, about $130 billion in funding was still available.

PPP loans are fully forgivable if businesses follow the rules for forgiveness. For example, to receive full loan forgiveness, borrowers must use at least 60...
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percent of the PPP funds for payroll costs (this was initially 75 percent, but later adjusted by Congress). Forgiveness is not automatic and borrowers must apply and submit documentation to their lender. The SBA continues to release additional guidance on the forgiveness process. For the latest on the PPP, please see NAFCU’s FAQs.

Program Ended: August 8, 2020

Economic Injury Disaster Loan (EIDL) Program

Section 1110 of the CARES Act expanded the SBA’s EIDL program and permitted EIDL applicants to request an advance of up to $10,000 within three days of submitting the application during the covered period from January 31, 2020 through December 31, 2020. This “emergency grant” may be used for any purpose allowable under Small Business Act section 7(b)(2) and does not need to be repaid, even if the applicant is subsequently denied a loan. The CARES Act provided $10 billion for the EIDL Advance program, and Congress subsequently authorized an additional $10 billion. Funding for the program was exhausted in July.

NAFCU continues to advocate and support legislative efforts to remove a provision of the CARES Act regarding EIDL loan advances that has had unintended consequences. Section 1110(e)(5) of the CARES Act explicitly states that EIDL advances do not need to be repaid; treating these advances as a grant. However, section 1110(e)(6) provides that if a borrower subsequently receives a PPP loan, that any EIDL advance is deducted from the amount of loan forgiveness. Not only are these advances no longer treated as a grant, but they are effectively an outstanding loan on a credit unions’ balance sheet that they did not underwrite and tying up capital

Expiration Date: December 31, 2020

Increased Dollar Threshold for Express Loans

Section 1102 of the CARES Act temporarily amended the dollar threshold for express loans from $350,000 to $1,000,000. On May 7, 2020, the SBA issued Information Notice 5000-20025, regarding the temporary increase to SBA express loan amounts as well as permanent changes to fee relief for SBA express loans to veteran-owned small businesses.

Expiration Date: December 31, 2020

Subsidy for 7(a) and 504 Loans

Section 1112 of the CARES Act provides a subsidy for certain loan payments for the 7(a) and 504 loan programs. A borrower may be eligible for six months of payments. As clarified by SBA guidance, 7(a) loans had to be fully disbursed to the borrower no later than September 27, 2020 to be eligible for six months of

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payments. The final 504 loans eligible for the subsidy were funded by the debenture sale on September 16, 2020. Under section 1107 of the CARES Act, the funds appropriated for this subsidy were available until September 30, 2021.

Expiration Date: September 30, 2021

Credit Protection During COVID-19

Section 4021 of the CARES Act requires furnishers of information to consumer reporting agencies, such as credit unions, to report an account current if an accommodation has been made to defer, modify, forbear or accept partial payment on one or more payments during the COVID-19 pandemic. If the account was delinquent prior to the accommodation, furnishers should maintain that status unless the consumer brings the account current.

Expiration Date: 120 days after the termination of the COVID-19 national emergency

Foreclosure Moratorium

Section 4022 of the CARES Act prohibited foreclosures on all single family, federally backed mortgage loans for not less than the 60-day period beginning March 18, 2020. The Federal Housing Finance Agency (FHFA), Department of Housing and Urban Development (HUD) and Department of Veterans Affairs (VA) have since extended the moratorium on foreclosures until December 31, 2020.

Expiration Date: December 31, 2020, but may be extended further

Mortgage Forbearance

Federally Backed Single-Family Mortgage Loans

Section 4022 of the CARES Act permits a borrower experiencing financial hardship, which does not require documentation, to request a special forbearance lasting up to 180 days with the option of an additional 180 days for federally backed mortgage loans.

Expiration Date: Technically undefined due to a drafting error but presumed to be December 31, 2020

Federally Backed Multifamily Mortgage Loans

Section 4023 of the CARES Act provides up to 90 days of forbearance in 30-day increments to lenders with a federally backed, multifamily loan who are experiencing financial hardship during the covered period. Evictions and late fees are prohibited.

Expiration Date: December 31, 2020

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Current Expected Credit Loss (CECL)

Section 4014 of the CARES Act provides optional, temporary relief from the Financial Accounting Standards Board’s (FASB) Current Expected Credit Losses (CECL) standard. While FASB previously delayed the mandatory effective date for CECL until 2023 for credit unions, if a credit union elected to adopt CECL early, this provision would provide optional relief. Related to CECL, the NCUA also recently issued a proposed rule to phase-in the day one impacts of CECL on credit unions’ regulatory capital.
Expiration Date: December 31, 2020

Insured Deposit Threshold

Section 4008 of the CARES Act gave the NCUA Board the authority to increase by an unlimited amount the share insurance coverage on non-interest bearing transaction accounts.
Expiration Date: December 31, 2020

REGULATORY RELIEF:

The following list describes recent COVID-19 relief, and the corresponding expiration or sunset date, provided by regulatory agencies.

Bureau of Consumer Financial Protection (CFPB or Bureau)

Examinations

On June 4, the Bureau released joint guidance with state bank supervisors intended to assist mortgage servicers in compliance with the CARES Act. The guidance addresses requiring documentation to prove hardship, and the terms of forbearance required under the Act.
Expiration Date: until further notice. This guidance pertains to section 4022 of the CARES Act which does not have a defined expiration date.

On March 26, the CFPB released policy statements regarding supervisory and enforcement in response to COVID-19. Separate statements were released on the supervisory and enforcement practices regarding quarterly reporting under the Home Mortgage Disclosure Act (HMDA) and information collection for credit card and prepaid account issuers. The CFPB does not intend to cite credit unions in examinations or initiate an enforcement action for failure to report quarterly HMDA data. Credit unions should continue to collect HMDA data in anticipation of the annual submission. In addition, the CFPB does not intend to
cited credit unions in examinations for failure to submit the following information relating to credit card and prepaid accounts:

- annual submission of information concerning agreements between credit card issuers and institutions of higher education;
- quarterly submission of consumer credit card agreements;
- collection of certain credit card price and availability information; and
- submission of prepaid account agreements and related information.

Expiration Date: until further notice; however, the 2020 annual HDMA submissions are currently still due by March 1, 2021, absent any additional postponement from the CFPB.

National Credit Union Administration (NCUA)

Annual Meetings

On March 20, NCUA issued [Letter to Federal Credit Unions 20-FCU-02](https://www.ncua.gov/News/Rules/Letters.aspx) which allows the directors of a federal credit union board to add an amendment to its bylaws allowing for a fully virtual annual meeting if the following four criteria are met: (1) a national or state emergency has been declared that impacts the community a credit union serves or its headquarters; (2) the credit union has the technological capacity to hold the meeting virtually; (3) the credit union provides members with at least seven-days’ notice of the change to a virtual meeting format; and (4) the NCUA has issued guidance indicating it is appropriate to invoke this bylaw amendment. In the letter, NCUA indicates that the bylaw amendment can now be invoked for meetings during 2020 if a federal credit union’s board resolves so. In a [recent blog on this topic](https://www.nafcu.org/newsletter/2020/10/ncua-letter-to-federal-credit-unions-20-fcu-02.html), NAFCU provides further analysis of the Letter to Federal Credit Unions.

Expiration Date: December 31, 2020, if a credit union has adopted the bylaw provision and is relying on the National emergency proclamation in relation to COVID-19 to hold a virtual annual meeting in 2020. Credit unions may adopt this permanent bylaw amendment to be triggered if they meet the four criteria outlined above. The NCUA has not yet issued guidance authorizing virtual meetings in 2021.

Examinations

On May 28, 2020, NCUA published an [interim final rule](https://www.gpo.gov/fdsys/pkg/FR-2020-05-29/pdf/2020-11318.pdf) temporarily modifying its prompt corrective action (PCA) regulations to ensure liquidity in response to any potential temporary increase in shares as a result of the pandemic. The temporary IFR waives the earnings retention requirement for any credit union that is classified as adequately capitalized and modifies regulations with respect to the specific documentation required for net worth restoration plans (NWRPs) for credit unions that become undercapitalized.
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Expiration Date: December 31, 2020

Eligible Obligations, Participations and Occupancy Flexibility

On April 17, NCUA issued Letter to Credit Unions 20-CU-09 discussing temporary regulatory relief in connection with the purchase of eligible obligations and loan participations. It also addressed relief related to occupancy and disposal of acquired and abandoned premises. These changes were described in a Temporary Final Rule which sunsets December 31, 2020.

Expiration Date: December 31, 2020

Appraisal Flexibility

On September 17, 2020, the NCUA Board adopted as a Final Rule an April 16 Interim Final Rule that temporarily allows a credit union to defer certain appraisals for up to 120 days when other alternatives are not available and when the appraisal would delay closing. Transactions involving acquisition, development, and construction real estate loans are excluded from this interim final rule. The NCUA Board approved a Final Rule increasing the threshold level where an appraisal is not required for residential real-estate related transactions from $250,000 to $400,000. Transactions below the threshold still require written estimates of the market value, consistent with safe and sound practices.

Expiration Date: December 31, 2020

| Small Business Administration (SBA) |

Loan Deferments

On March 23, the SBA announced automatic deferment of existing disaster loans through the end of 2020. This alleviates the need for borrowers to request deferment from the SBA.

Expiration date: December 31, 2020

On March 10, the SBA issued Information Notice 5000-20004 reminding 7(a) lenders of their unilateral authority to provide temporary relief to borrowers with deferred payments in certain circumstances. Loans sold on the secondary market may be granted a deferment up to six consecutive months. Loans not sold on the secondary market may be granted a one-time deferment up to 90 days without requiring prior investor consent.

Expiration date: None; 7(a) lenders have the authority to grant deferments at any time.
On October 21, the FHFA announced that Fannie Mae and Freddie Mac will extend their policy of buying qualified loans in forbearance through November 30, 2020. Three other loan origination flexibilities were also recently extended, including:

- Alternative appraisals on purchase and rate term refinance loans;
- Alternative methods for documenting income and verifying employment before loan closing; and
- Expanding the use of power of attorney to assist with loan closings.

Expiration Date: November 30, 2020

On August 27, the FHFA again extended its moratorium on foreclosures and evictions that was set to expire on August 31, 2020. The moratorium will now extend until at least December 31, 2020.

Expiration Date: December 31, 2020

On August 27, the FHA confirmed another extension on its foreclosure and eviction moratorium through December 31, 2020. The moratorium was previously set to expire on August 31, 2020.

Expiration Date: December 31, 2020

On June 2, the FHA announced a temporary policy that provides guidance for lenders to obtain FHA insurance endorsements on mortgages where the borrower has requested or obtained a COVID-19 forbearance. The Mortgagee Letter temporarily reverses the current FHA policy, which states mortgages that are in forbearance are not eligible for FHA insurance.

Expiration Date: November 30, 2020
Federal Reserve Board (Federal Reserve or Fed)

Liquidity and Credit Facilities

On July 28, The Federal Reserve announced an extension through December 31, 2020 of its lending facilities that were scheduled to expire on September 30, 2020. The extension is intended to aid planning by potential facility participants and provide certainty that the facilities will continue to be available to help the economy recover from the COVID-19.

Expiration Date: December 31, 2020

Department of Labor (DoL)

On April 1, the DoL issued a temporary rule implement public health emergency leave under Title I of the Family and Medical Leave Act (FMLA), and emergency paid sick leave to assist working families facing public health emergencies arising out of the COVID-19 pandemic.

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