

# RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

May 2020

## U.S. Small Business Administration Issues PPP Interim Final Rule

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May 4, 2020

On April 2, 2020, the U.S. Small Business Administration (SBA) posted an interim final rule (the First PPP Interim Final Rule) announcing the implementation of the Coronavirus Aid, Relief, and Economic Security Act (the Act).

The Act temporarily adds a new program, titled the “Paycheck Protection Program, to the SBA's 7(a) Loan Program. The Act also provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program (PPP). The PPP is intended to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19).

SBA posted additional interim final rules on April 3, 2020, April 14, 2020, and April 24, 2020. This interim final rule supplements the previously posted interim final rules with additional guidance. This interim final rule supplements SBA's implementation of the Act and requests public comment.

Effective: May 4, 2020

[Additional Information](#)

## U.S. Department of the Treasury Issues Regulations for Paycheck Protection Program (PPP) Administered by Small Business Administration

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April 30, 2020

The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorizes the U.S. Department of the Treasury (Treasury) to issue regulations for the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA), including regulations that allow additional lenders to originate loans and establish terms and conditions. In this interim final rule, Treasury authorizes all lenders eligible to originate loans under the PPP to use an alternative criterion for calculating the maximum loan amount for PPP loans issued to seasonal employers

[Additional Information](#)

## NCUA Amends Regulation Requiring Appraisals for Certain Residential Real Estate-Related Transactions

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April 30, 2020

The NCUA Board (Board) is amending the agency's regulation requiring appraisals for certain residential real estate-related transactions. The final rule increases the threshold level below which appraisals are not required for residential real estate-related transactions from \$250,000 to \$400,000. Instead of an appraisal, and consistent with the requirement for other transactions that fall below applicable appraisal thresholds, federally insured credit unions (FICUs) are required to obtain written estimates of market value of the real estate collateral consistent with safe and sound practices.

For ease of reference, this final rule explicitly incorporates the existing statutory requirement that appraisals be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). This final rule is consistent with the final rule, effective October 9, 2019, issued by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency (federal banking agencies) that increases the threshold level at or below which appraisals are not required for residential real estate transactions from \$250,000 to \$400,000.

[Additional Information](#)

## FEMA Identifies Communities Where Sale of Flood Insurance Authorized Under National Flood Insurance Program are Scheduled for Suspension

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April 30, 2020

This rule identifies communities where the sale of flood insurance has been authorized under the National Flood Insurance Program (NFIP) that are scheduled for suspension on the effective dates listed within this rule because of noncompliance with the floodplain management requirements of the program. If the Federal Emergency Management Agency (FEMA) receives documentation that the community has adopted the required floodplain management measures prior to the effective suspension date given in this rule, the suspension will not occur and a notice of this will be provided by publication in the **Federal Register** on a subsequent date.

Information identifying the current participation status of a community can be obtained from FEMA's Community Status Book (CSB), available at <https://www.fema.gov/national-flood-insurance-program-community-status-book>.

[Additional Information](#)

## CFPB Issues Interpretive Rule on Application of Certain Provisions in the TILA-RESPA Integrated Disclosure Rule and Regulation Z Right of Rescission Rules in Light of COVID-19 Pandemic

April 29, 2020

The Bureau of Consumer Financial Protection (Bureau) is issuing this interpretive rule to provide guidance to creditors, loan originators, settlement agents, real estate appraisers and other covered persons involved in the mortgage origination process.

The Bureau concludes that if a consumer determines that his or her need to obtain funds due to the pandemic (1) necessitates consummating the transaction before the end of a TRID Rule waiting period or (2) must be met before the end of the Regulation Z Rescission Rules waiting period, then the consumer has a bona fide personal financial emergency that would permit the consumer to utilize the modification and waiver provisions, subject to the TRID and Regulation Z Rescissions Rules' applicable procedures.

The Bureau also concludes that the pandemic is a "changed circumstance" for purposes of the TRID Rule, allowing creditors to use revised estimates reflecting changes in settlement charges for purposes of determining good faith. This interpretive rule will help expedite consumers' access to credit under the TRID and Regulation Z Rescission Rules.

[Additional Information](#)

## Federal Reserve Issues Interim Final Rule Amending Regulation D (Reserve Requirements of Depository Institutions)

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April 28, 2020

The Board of Governors of the Federal Reserve System (“Board”) is amending its Regulation D (Reserve Requirements of Depository Institutions) to delete the numeric limits on certain kinds of transfers and withdrawals that may be made each month from “savings deposits.” The amendments are intended to allow depository institution customers more convenient access to their funds and to simplify account administration for depository institutions. There are no mandatory changes to deposit reporting associated with the amendments.

Effective: April 24, 2020

[Additional Information](#)

## NCUA Issues Interim Final Rule to Make a Conforming Amendment to Its Capital Adequacy Regulation Following Enactment of CARES Act

April 27, 2020

The NCUA Board (Board) is issuing this interim final rule to make a conforming amendment to its capital adequacy regulation following the enactment of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act authorizes the Small Business Administration to create a loan guarantee program, the Paycheck Protection Program (PPP), to help certain businesses affected by the COVID-19 pandemic. The CARES Act requires that PPP loans receive a zero percent risk weighting under the NCUA's risk-based capital requirements.

To reflect the statutory requirement, the interim final rule amends the NCUA's capital adequacy regulation to provide that covered PPP loans receive a zero percent risk weight. The interim final rule also provides that if the covered loan is pledged as collateral for a non-recourse loan that is provided as part of the Board of Governors of the Federal Reserve System's (FRB) PPP Lending Facility, the covered loan can be excluded from a credit union's calculation of total assets for the purposes of calculating its net worth ratio.

The interim final rule also makes a conforming amendment to the definition of commercial loan in the NCUA's member business loans and commercial lending rule. The Board has found good cause to issue the interim final rule without advance notice-and-comment procedures and with an effective date upon publication.

[Additional Information](#)

## CFPB Amends Regulation C - Increasing Reporting Thresholds for HMDA

April 16, 2020

The Bureau of Consumer Financial Protection (Bureau) is amending Regulation C to increase the threshold for reporting data about closed-end mortgage loans, so that institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020. The Bureau is also setting the threshold for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary threshold of 500 open-end lines of credit.

The Bureau is releasing for this final rule an [unofficial, informal redline](#) to assist industry and other stakeholders in reviewing the changes that this final rule makes to Regulation C.

[Additional Information](#)

## CFPB Issues Interpretive Rule on Treatment of Pandemic Relief Payments Under Regulation E and Application of Compulsory Use Prohibition

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April 27, 2020

The Bureau of Consumer Financial Protection (Bureau) is issuing this interpretive rule to provide guidance to government agencies distributing aid to consumers in response to the COVID-19 pandemic.

The Bureau concludes in this interpretive rule that certain pandemic-relief payments are not “government benefits” for purposes of Regulation E and the Electronic Fund Transfer Act (EFTA) and are therefore not subject to the compulsory use prohibition in EFTA, if certain conditions are met.

Specifically, government benefits do not include payments from Federal, State, or local governments if those payments are:

- Made to provide assistance to consumers in response to the COVID-19 pandemic or its economic impacts;
- Not part of an already-established government benefit program; are made on a one-time or otherwise limited basis; and
- Distributed without a general requirement that consumers apply to the agency to receive funds.

Effective April 27, 2020

[Additional Information](#)

## Federal Reserve Issues Interim Final Rule Excepting PPP Loans From Regulation O

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April 22, 2020

In light of recent disruptions in economic conditions caused by the Coronavirus Disease 2019 and current strains in U.S. financial markets, the Board is issuing an interim final rule that excepts certain loans that are guaranteed under the Small Business Administration's Paycheck Protection Program from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board's Regulation O.

Effective April 22, 2020

[Additional Information](#)

## Rural Housing Service, USDA Issues Temporary Policy on Payment Deferrals

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April 21, 2020

The Rural Housing Service, hereinafter referred to as the Agency, will temporarily allow borrowers with direct loans within the Community Facilities (CF) Program to request payment deferrals during the period specified in the **DATES** section of this notification. This temporary authorization applies to CF direct loan borrowers who are experiencing temporary cash flow issues due to the Coronavirus (COVID-19) pandemic. The Agency will provide the option of principal and interest payment deferrals to borrowers impacted by COVID-19 for up to one year due to hardship on a case-by-case basis.

Effective May 12, 2020 and expires September 30, 2020

[Additional Information](#)

## OCC, Federal Reserve & FDIC Issue Interim Final Rule to Amend Regulations Requiring Appraisals of Real Estate for Certain Transactions

April 17, 2020

The OCC, Board and FDIC (collectively, the agencies) are adopting an interim final rule to amend the agencies' regulations requiring appraisals of real estate for certain transactions. The interim final rule defers the requirement to obtain an appraisal or evaluation for up to 120 days following the closing of a transaction for certain residential and commercial real estate transactions, excluding transactions for acquisition, development, and construction of real estate.

Regulated institutions should make best efforts to obtain a credible valuation of real property collateral before the loan closing, and otherwise underwrite loans consistent with the principles in the agencies' Standards for Safety and Soundness and Real Estate Lending Standards.

The agencies are providing this relief to allow regulated institutions to expeditiously extend liquidity to creditworthy households and businesses in light of recent strains on the U.S. economy as a result of the National Emergency declared in connection with coronavirus disease 2019 (COVID-19).

Effective April 17, 2020 and expires December 31, 2020

[Additional Information](#)

## FEMA Extension of Grace Period for NFIP Policies and Impact on OCC's Force Placement Requirements

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April 15, 2020

On March 29, 2020, the Federal Emergency Management Agency (FEMA) announced in Bulletin W-20002 that the grace period to renew National Flood Insurance Program (NFIP) policies that expire between February 13, 2020 and June 15, 2020 (FEMA emergency period) has been extended from 30 days to 120 days due to the COVID-19 emergency. Based on Bulletin W20002, a borrower will be covered by the NFIP policy if the flood insurance premium is paid before the 120-day grace period expires.

A bank may provide notice to the borrower after determining the policy has expired informing the borrower they should obtain sufficient flood insurance, which also includes an indication that the NFIP grace period has been extended for 120 days, OR a bank may delay providing the required notice until 45 days before the end of the 120 day grace period. At the end of the 120 day grace period, the bank MUST force place.

[Additional Information](#)

## OFAC Issues Final Rule to Adjust Civil Monetary Penalties for Inflation

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April 9, 2020

The Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing this final rule to adjust certain civil monetary penalties for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

Effective April 9, 2020

[Additional Information](#)

## Interagency Statement Issued on Loan Modifications and Reporting for Financial Institutions Working With Customers Affected by Coronavirus

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April 9, 2020

The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB) (the agencies), in consultation with state financial regulators are issuing a revised interagency statement to provide additional information to financial institutions working with borrowers affected by COVID-19).

- Generally, COVID-19 related modifications do not need to be categorized as TDRs
- Prudent efforts consistent with safe and sound lending practices should not be subject to examiner criticism

[Additional Information](#)

## Interagency Statement Issued on Mortgage Servicing Under RESPA and CARES Act

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April 3, 2020

This Joint Statement is intended to clarify the application of the Regulation X mortgage servicing rules and the agencies approach to supervision and enforcement related to the rules during this emergency, including those applicable to short-term options. Concurrently with this statement, The Bureau issued Mortgage Servicing Rules FAQ's related to the COVID-19 Emergency.

Borrowers may request a financial hardship may request a forbearance from their mortgage servicer affirming that they are experiencing a financial hardship during the COVID-19 emergency. In response servicers must provide a CARES Act forbearance, and may not require any additional information from the borrower before granting a CARES Act forbearance.

Servicers must provide required loss mitigation notices, but delays in sending notices (five day acknowledgement, 30 day evaluation, and appeals notice), establishing live contact with delinquent borrowers, and sending early intervention notice (45 day letter), and annual escrow statements, will be considered in good faith if made within a reasonable time.

[Additional Information](#)

## CFPB Issues Compliance Bulletin and Policy Guidance on Handling of Information and Documents During Mortgage Servicing Transfers

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May 1, 2020

The Bureau of Consumer Financial Protection (Bureau) is issuing this Bulletin to residential mortgage servicers and sub-servicers (collectively, servicers), in light of potential risks to consumers that may arise in connection with transfers of residential mortgage servicing rights.

This bulletin covers: (A) Transfer-related policies and procedures, and (B) loan information and documents for ensuring accuracy.

[Additional Information](#)

## Release of FFIEC Federal Disclosure Computational Tools

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April 16, 2020

The Federal Financial Institutions Examination Council (FFIEC) announced the availability of FFIEC Federal Disclosure Computation Tools, including the Annual Percentage Rate (APR) Computational Tool and the Annual Percentage Yield (APY) Computational Tool.

The FFIEC Tools are available at <https://www.ffiec.gov/calculators.htm>

[Additional Information](#)

## FDIC to Postpone Effort to Modernize Agency's Signage & Advertising Requirements

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April 16, 2020

The FDIC announced it will temporarily postpone its efforts to modify its signage and advertising requirements.

[Additional Information](#)

## Freddie Mac and Fannie Mae Extend Implementation Timeline for URLA – Form 1003

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April 14, 2020

Freddie Mac and Fannie Mae (the GSEs) will extend the implementation timeline for the redesigned Uniform Residential Loan Application (URLA) and automated underwriting systems (AUSs) to support the industry during the COVID-19 pandemic. The new mandate date for the use of the redesigned URLA and AUS specifications is March 1, 2021.

- August 1, 2020 Limited Production Begins
- January 1, 2021 Open Production Begins
- March 1, 2021 Mandate and Pipeline Transition Period Begins
- March 1, 2022 Retirement Date

[Additional Information](#)

Effective Date	Implementing Rule/Regulation	Additional Details
April 1, 2019	Prepaid Rule	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> <li>• <a href="#">Compliance Guide</a></li> </ul>
July 1, 2019	Mandatory acceptance of certain private flood insurance	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 12, 2019	Reg D – Reserve Requirements of Depository Institutions	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 12, 2019	Reg A – Extensions of Credit by Federal Reserve Banks	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
August 19, 2019	Small Business Size Standards	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
September 20, 2019	Assessment of Fees	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 1, 2019	Regulatory Capital Rule	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 1, 2019	Recordkeeping for Timely Deposit Insurance Determination	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 9, 2019	OCC, Federal Reserve System and FDIC Rule on Real Estate Appraisals	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
October 22, 2019	NCUA Rule on Real Estate Appraisals	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>
December 2, 2019	NCUA Payday Alternative Loans	<ul style="list-style-type: none"> <li>• <a href="#">Rule</a></li> </ul>

Effective Date	Implementing Rule/Regulation	Additional Details
December 28, 2019	Taxpayer First Act	• <a href="#">Rule</a>
January 1, 2020	Simplify “Volcker Rule”	• <a href="#">Rule</a>
January 1, 2020	CRA Asset Size Adjustment for Small and Intermediate Small Institutions	• <a href="#">Rule</a>
January 1, 2020	HMDA Adjustment to Asset Size Exemption Threshold	• <a href="#">Rule</a>
July 1, 2020	Final Amendments to Reg. CC Funds Availability	• <a href="#">Rule</a>
November 1, 2020	New URLA Required Use – POSTPONED DUE TO COVID-19	• <a href="#">Issuance</a>
November 19, 2020	Payday, Vehicle Title, and Certain High-Cost Installment Loans; Delay of Compliance Date	• <a href="#">Issuance</a>
March 1, 2021	New URLA Required Use	• <a href="#">Issuance</a>



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