

Update

Paycheck Protection Program Guidance

The Small Business Administration (SBA) released interim final rules on the second round of Paycheck Protection Program (PPP) loan applications. No date was announced for the reopening of the application portal. The first two days after the portal opens, the SBA will only accept applications from community financial institutions. Additional measures aimed at increasing PPP loan access for minority, underserved, veteran and woman-owned businesses were also included.

The interim final rule on PPP amendments includes changes made by Congress on fees, borrower eligibility, loan amounts, eligible expenses, borrower certifications and a new registration requirement for lenders.

The second interim final rule addresses second-draw loans. Businesses with fewer than 300 employees will be eligible for a second PPP loan if they can demonstrate a 25% reduction in revenue.

The NBA is reviewing the details of the guidance. Additional information will be posted on the [NBA coronavirus website](#) as it becomes available.

[Read the Loan Access Guidance](#)

[Read the Interim Final Rule on PPP Rule Amendments](#)

[Read the Interim Final Rule on Second-Draw Loans](#)

Volunteer for the NBA in 2021

All employees of NBA-member banks are encouraged to apply to serve the banking industry as a member of an NBA committee.

NBA Chairman-Elect Kirk Riley with Waypoint Bank (Cozad) will make committee member selections, subject to approval by the NBA Board of Directors in March. To volunteer for an NBA committee, complete and return the [NBA Committee Interest Form](#) by Jan. 15.

NBA Foundation Scholarship Application Available

The Nebraska Bankers Association Foundation will award up to 10-\$2,000 scholarships.

To be eligible for a scholarship, the student must be a junior or senior, a full-time student pursuing a business-related degree at one of the Nebraska state or privately funded colleges or universities (excluding the University of Nebraska), and have a minimum GPA of 3.0.

The deadline to submit applications is **Feb. 1**. Please share this opportunity with potential applicants in your bank or community.

[Scholarship Application](#)

Guidance on Deductibility of Qualified PPP Expenses

The Internal Revenue Service (IRS) released issued guidance clarifying that PPP loan forgiveness does not create taxable income. The IRS also confirmed that qualified expenses that result in PPP loan forgiveness are deductible.

[Read the Guidance](#)

Economic Impact Payments Processing Issues

The IRS clarified that economic impact payment (EIP) recipients who had their ACH payments erroneously sent to a closed, inactive or a temporary account, will not receive their payment and must instead claim the Recovery Rebate Credit when filing their 2020 tax return electronically. In an updated set of frequently asked questions (FAQs), the IRS noted that eligible EIP recipients can check the status of their payment on the IRS' [Get My Payment](#) tool. Individuals whose payments were sent to the wrong account will see "Payment Status #2 – Not Available."

[Read the FAQs](#)

AML Updates Included in the NDAA

The recently enacted National Defense Authorization Act (NDAA) includes several improvements to anti-money laundering rules, including a directive for the Financial Crimes Enforcement Network to establish and maintain a national registry of beneficial ownership information that banks may rely on when complying with customer due diligence requirements. The legislation also requires the Justice Department to report on how law enforcement uses Bank Secrecy Act (BSA) data; calls for the Treasury Department to review BSA reporting requirements, including reviewing current thresholds; and provides for financial institutions to share BSA compliance resources.

Audit Relief for Banks with COVID-Expanded Balance Sheets

In a financial institution letter, the Federal Deposit Insurance Corporation advised banks on its interim final rule providing relief from auditing due to participation in pandemic-related government stimulus programs and short-term inflows of assets and deposits during the coronavirus pandemic. Auditing requirements in Part 363 would be required if it determines that asset growth was related to merger or acquisition transactions. Part 363 generally requires specific independent auditor reports to be issued for banks that exceed \$500 million and \$1 billion in assets and requires specific audit committee member qualifications for banks with over \$3 billion in assets.

[Read the Letter](#)

Credit Union Subordinated Debt Rule

The National Credit Union Administration (NCUA) approved a final rule that would allow large credit unions to issue subordinated debt for regulatory capital purposes from outside for-profit investors, such as corporate debt markets while maintaining their tax-exempt status. The banking industry strongly objected to the rule, noting that it lacked both a reasonable basis – given the fact that the vast majority of credit unions currently meet the NCUA's net worth and risk-based capital requirements – and a legal one, as the Federal Credit Union Act does not authorize the issuance of debt for capital purposes.

The NBA shared the banking industry's concerns with Nebraska's Congressional Delegation.

[Read the Final Rule](#)

OCC Allows the Use of Stablecoins for Payment Activities

In an interpretive letter, the Office of the Comptroller of the Currency (OCC) verified that national banks and federal savings associations may use independent node verification networks (INVN) and stablecoins, to engage in and facilitate payment activities. An INVN consists of a shared electronic database where copies of the same information are stored on multiple computers, such as the distributed ledgers that are used to record cryptocurrency transactions.

[Read the Letter](#)

OCC Proposal on Permissible Bank Premises

The OCC released a proposal that would change the requirements on bank or federal savings association ownership of real property. The proposal will provide a set of general standards, including an occupancy test and excess capacity standards, the OCC will use for determining whether the acquisition and holding of real estate is necessary for the transaction of an institution's business.

[Read the Proposal](#)

CFPB Updates HMDA Asset-Size Exemption Thresholds

The Consumer Financial Protection Bureau (CFPB) announced the annual adjustment to the asset-size exemption thresholds for banks reporting data under the Home Mortgage Disclosure Act (HMDA) Regulation C. The final rule increased the threshold so banks with assets of \$48 million or less on Dec. 31 are exempt from collecting data in 2021. The change is based on 1.3% increase in the consumer price index for a 12 month period ending in November. The adjustments took effect on Jan. 1.

[Learn More](#)

CFPB HMDA Filing Period Open

The filing period for CFPB HMDA data collected in 2020 opened on Jan. 1. Submissions will be considered on time if they are received on or before March 1. Financial institutions subject to Regulation C other than insured depository institutions or insured credit unions must collect, record and report all HMDA data.

[Access the HMDA Platform](#)

Regulation D Changes

The Federal Reserve proposed changes to Regulation D, which addresses reserve requirements of depository institutions. The proposal would eliminate references to an "interest on required reserves" rate and to an "interest on excess reserves rate." The proposal would replace these with a reference to a single "interest on reserve balances" rate. The Fed also proposed to simplify the formula used to calculate the amount of interest paid on balances maintained by or on behalf of eligible institutions in master accounts at Federal Reserve Banks, among other things.

The Fed adopted a final rule lowering reserve requirement ratios on transaction accounts maintained at depository institutions to zero percent. The rule takes effect upon publication in the Federal Register.

[Read the Proposed Rule](#)

[Read the Final Rule](#)

Nebraska Legislative Session Opens

Yesterday was the first day of the 107th First Session of the Nebraska Legislature. The NBA will continue to advocate for the banking industry by supporting pro-banking and pro-business policies.

Your involvement and support are vital to the success of these efforts. Banks, bank directors and bankers like you contributed nearly \$150,000 to the NBA BankPAC in 2020. The NBA BankPAC Committee allocated funds received to a majority of the Senators who were sworn into the Legislature.



J.B. Eberly, Stanton State Bank, Stanton, and NBA President and CEO Richard Baier presented an NBA BankPAC check earlier this year to then-candidate Mike Flood (District 19).

Senator Mike Hilgers of Lincoln was elected Speaker of the Legislature. All three of the bankers in the Legislature were elected by their peers to committee leadership roles. Senator Matt Williams was again elected Chairman of the Banking, Commerce and Insurance Committee. Senator John Stinner was reelected as Chairman of the Appropriations Committee, while Senator Rob Clements was elected Chairman of the Rules Committee. Members of the Banking, Commerce and Insurance Committee include: Senator Aguilar, Senator Bostar, Senator Flood, Senator Gragert, Senator Lindstrom, Senator McCollister and Senator Pahls.

Preferred Vendor: Office Depot

The NBA welcomes the opportunity to demonstrate how our Office Depot program can save your bank money. Most banks participating in this national program, which is specifically built for banks, save at least 20%. Maybe you are wary of switching vendors. Don't be. You can rest assured that Office Depot will do the heavy lifting to ensure a quick, easy and smooth transition. There are no contracts to sign or hoops to jump through. Every bank needs office supplies, and where you buy them matters. By choosing the NBA's Office Depot program you can help us help you. Now through Jan. 11, Office Depot has special offers to help your bank get ready for the year ahead.

[Flash Sale](#) | [\\$20 off of a \\$150 purchase](#) | [\\$35 off of a \\$250 purchase](#) | [\\$50 off of a of \\$350 purchase](#)

Compliance Alliance

Q: Bank A has a loan that is paying off a dwelling with funds from a new dwelling secured loan. The old and new loans are not secured by the same dwelling, but they are both to the same borrower. Would this be reported as a Refinance for HMDA purposes?

A: Under HMDA's definition of a Refinance, the old and new loans do not have to be secured by the same dwelling, as long as they both are to the same borrower. As such, this would be reported as a Refinance.

Refinancing means a closed-end mortgage loan or an open-end line of credit in which a new, dwelling-secured debt obligation satisfies and replaces an existing, dwelling-secured debt obligation by the same borrower. § 1003.2(p): <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1003/2/#p>

Compliance rules and regulations change quickly! For timely compliance updates, [subscribe to Compliance Alliance's email newsletters](#).

Compliance Alliance offers a comprehensive suite of compliance management solutions. To learn how to put them to work for your bank, call (888) 353-3933 or email info@compliancealliance.com and ask for our membership team.