



March 19, 2020

I. INTRODUCTION

This morning, the Independent Bankers Association of New York State held another conference call to provide updates on issues related to the coronavirus (Covid-19) and the potential impact on New York community banks, their customers, their employees and their communities. Banks provided input on practices their institutions have implemented (or are considering) regarding their operations, policies and procedures.

The call also included an update from IBANYS Legislative Counsel Bill Crowell on the current status of legislative and executive orders by the Governor regarding the crisis.

II. SUMMARY OF CALL

IBANYS President Witkowski convened the call and specified the purpose was to provide a second update from IBANYS, listen to questions, concerns and updates from the banks and provide a forum for discussion.

- **In Albany**, the State Legislature passed and the Governor has signed legislation that addressed the issue of paid sick leave. The legislation states that:
- **For businesses with 10 employees or fewer and a net income of less than \$1 million**, employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19 will receive **unpaid sick days** and the ability immediately to qualify for paid family leave and temporary disability benefits, plus full job protection.
- **For businesses with 11-99 employees, and small employers (1-10 employees) with a net income of at least \$1 million a year**, employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19 will receive **five paid sick days** . . .and, the ability immediately thereafter to qualify for paid family leave and temporary disability benefits, plus full job protection.
- **For businesses with more than 100 employees**, employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19 will receive paid sick days for the entirety of the quarantine (up to 14 days), plus full job protection.
- **Mandatory or precautionary orders of quarantine or isolation must be issued by a government agency** (state or local) -- it does NOT cover decisions made by employees who are undiagnosed or asymptomatic who decide to self-quarantine or self-isolate.
- **All employees subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19** are given full job protection during time of absence. Employees will qualify for paid family leave to care for a minor dependent child subject to a mandatory or precautionary order of quarantine or isolation due to COVID-19.

- **The Department of Financial Services** will implement a risk adjustment pool to assist in the stabilization of claims related to paid family leave.

III. OTHER ACTIONS FROM ALBANY

This morning, the Governor announced a new program for COVID-19 related mortgage relief for NYS chartered banks (See below). The program will be guidance from the NYS DFS, not a mandatory program. The guidance, applicable only to state chartered institutions, is attached to this notice. It will suggest banks take steps to help customers that demonstrate the inability to repay. In summary the Governor/DFS has offered the suggestions below, which are in line with what has been discussed on our IBANYS calls, but we wanted to provide some language.

90-Day Mortgage Relief for Financial Hardship of COVID-19

- Waive mortgage payments based on financial hardship
- No negative reporting to credit bureaus
- Grace period for loan modification
- No late payment fees or online payment fees
- Postponing evictions and foreclosures
- Ensuring mortgagors don't experience disruption of service if mortgage servicer closes its office
- Proactively reaching out to mortgagors to explain the above listed assistance being offered

The Governor also suggested the following for 90-days:

Waive fees for overdrafts, ATMs, credit cards

The Governor also announced that yesterday's 50% employee cap will be reduced to 25%. We are awaiting details on that as well, but assume that no changes have been made to an essential service list. (As "essential businesses" banks are specifically exempted.)

IV. ACTIONS FROM WASHINGTON

Pandemic Planning: Joint Statement on Community Reinvestment Act Consideration for Activities in Response to COVID-19 <https://www.occ.gov/news-issuances/bulletins/2020/bulletin-2020-19.html>

The Office of the Comptroller of the Currency (OCC), along with the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies), recognize the potential for Coronavirus Disease (also referred to as COVID-19) to adversely affect the customers and operations of financial institutions. The agencies encourage financial institutions to work with affected customers and communities, particularly those that are low- and moderate-income. The agencies recognize that such efforts—when consistent with safe and sound banking practices and applicable laws, including consumer protection laws—serve the long-term interests of these communities and the financial system.

Highlights

On March 9, 2020, the federal financial institution regulatory agencies and state bank regulators issued a statement to encourage financial institutions to meet the financial services needs of their customers and members in areas affected by COVID-19.² Consistent with the March 9, 2020, statement, the OCC, Federal Reserve, and FDIC

- encourage financial institutions to work with affected customers and communities, particularly those that are low- and moderate-income.

- clarify that financial institutions will receive Community Reinvestment Act (CRA) consideration for qualifying community development activities.

Further Information: Please contact the Community Reinvestment Act and Fair Lending Policy unit at (202) 649-5470.

V. BANKS' QUESTIONS, COMMENTS & INPUT (Reflects comments from both our Monday and our Thursday conference calls)

It was noted that banks will likely remain open even in a scenario where other businesses being closed. The issues of employee protection and support were prominently discussed.

--Banks on the call may consider providing drive-through service only at some branches, to go along with digital/online banking services.

--Bank branches with no drive-through or ATM facilities should consider asking other nearby banks to make arrangements for cashing checks and consider refunding foreign ATM fees.

-- Most banks have closed their lobbies, and are rotating their staff.

--Banks are considering reduced hours during the week and also closing branches on Saturdays.

--Banks are rotating or dividing their operations and customer care staffs to different locations (e.g., split among branch, operation center and headquarters) to ensure they are not all in one facility together and run the event of exposure.

-- Banks do not anticipate reducing their customer service hours over the telephone

-- Banks are conducting meetings by appointment only

--Some banks are considering or have already moved to requiring interest only payments on loans during the crisis. They have also considered waiving overdraft fees for a certain period of time.

-- Banks have suspended business travel including attending conferences

-- Most banks are considering ways to handle employees who have recently returned from personal vacations where they could have been exposed. Some are requiring employees to self-quarantine for certain amounts of time, and paying them.

-- It was noted that in addition to managing, or preparing to manage, a public health crisis, banks also are managing to address and mitigate employees' sense of fear and extreme concern. Banks are keeping employees fully informed, and transparency and full communication is vital.

-- One bank has given all employees five extra days of "PTO" (personal time off)

-- Banks are identifying essential, critical functions (e.g., the wire room, Fed related issues, IT), and the key individuals within those areas, and relocating them to different locations away from other staff.

-- Banks anticipate a surge in requests for loan deferrals (e.g., mortgages, auto loans, commercial loans, consumer loans, etc.), as borrowers likely face layoffs and loss of employment. There is a need for banks' credit people to develop policies and procedures related to these expected requests. It was noted that some regulators have indicated an understanding of this issue. There is also a need to determine how the accountants (e.g., GAAP) will view the matter.

IBANYS will keep New York community banks fully informed and up-to-date as this fluid situation continues to evolve. We will provide updates on an ongoing basis as new information becomes available or additional developments require. We will be also schedule additional conference call updates as needed.

Thank you for your support and participation.

John J. Witkowski, President & CEO
Stephen W., Rice, Director, Communications & Government Relations

Helpful links:

New York State Department of Financial Services (DFS): dfs.ny.gov
Office of the Comptroller of the Currency: occ.treas.gov
Federal Deposit Insurance Corporation: fdic.gov
Federal Reserve: federalreserve.gov
Federal Reserve Bank of New York: nyfed.org
Independent Bankers Association of New York State: ibanys.net
Independent Community Bankers of America: ICBA.org