

March 23, 2020 – Evening Update

In our evening update of the day, we are including updates on several items, ranging from developments in Albany and Washington, to an update on the question of community banks' using virtual meetings in lieu of in-person meetings for their shareholder or member annual meetings.

I. Latest From Albany:

- Gov. Cuomo proposed his state budget priorities in January, the major issue was how to address a \$6.1 billion budget gap for the Fiscal Year beginning April 1st. The subsequent coronavirus cover-19 epidemic, and the impact on public health and the economy, dramatically altered the Albany agenda and political environment in Albany. With 8 days left until the April 1 deadline, the budget, measures such as paid sick leave, cash bail, health care funding and school aid may be wrapped up as soon this week. While the legislature is expected to return to Albany this week, no one knows exactly when. The Governor told lawmakers and advocates to limit their funding requests for the budget in light of the state's deteriorating fiscal situation. A key factor in enacting a budget is the federal government. Negotiations continue in Washington over a second stimulus package in response to the coronavirus outbreak and the damage it has done to state and local finances. Meanwhile, a new analysis of New York City's financial straits projects the city will lose somewhere between \$4.8 billion to \$6 billion in tax revenues in the fiscal years 2020 and 2021.

II. Latest From Washington, DC: An Update From ICBA

"As the coronavirus emergency continues, ICBA has been working around the clock and through the weekend to ensure critical reforms and resources are available to help the nation's community banks support American customers, small businesses, and the economy. Here is a quick update on some of the key reforms achieved on your behalf thus far and the latest information available.

Stimulus legislation

With negotiations continuing today on stimulus legislation responding to the coronavirus outbreak, the latest Senate proposal includes **several ICBA-advocated measures for community banks**. These include Small Business Administration enhancements, tax relief, broad FDIC authority for a transaction account guarantee and increased deposit insurance limits, suspended Current Expected Credit Losses implementation, troubled-debt-restructuring relief for COVID-19 loan modifications, and temporarily reducing the Community Bank Leverage Ratio to 8 percent.

Rest assured that ICBA will continue working with Congress and the Trump administration on this stimulus plan to maximize support for community banks.

Loan modifications

Also this weekend, federal and state banking regulators said they will not direct supervised institutions to automatically categorize coronavirus-related loan modifications as troubled debt restructurings. As advocated by ICBA, the **interagency statement** says short-term modifications made on good faith in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. It goes on to provide examples of short-term modifications.

Federal Reserve actions

The Federal Reserve **today launched** several new actions to promote financial stability, including unlimited purchases of Treasury and mortgage-backed securities. Other facilities will bolster corporate bonds as well as securities backed by student, auto, credit and SBA loans. The Fed also said it will soon announce a Main Street Business Lending Program to support lending to eligible small and medium-sized businesses, complementing efforts by the SBA.

Critical infrastructure

A **weekend memorandum** from Treasury Secretary Steven Mnuchin supports the ability of community banks to continue normal operations and meet the needs of local communities during the pandemic. The memo encourages state and local governments to follow last week's Cybersecurity and Infrastructure Security Agency **guidance** that bank employees are "essential critical infrastructure workers" that should maintain their normal work schedules.

Confidence for consumers

Through all of these advocacy efforts, **ICBA is reminding** consumers and community banking customers that their insured deposits are safe and backed by the full faith and credit of the federal government through the FDIC. You can spread the message with customizable news releases on ICBA's **Crisis Response and Preparedness Center**, which offers a comprehensive array of resources on the coronavirus outbreak.

ICBA wants to hear from community bankers about whether these policy updates are answering your workforce and regulatory questions as well as any other questions you might have about the COVID-19 response. You can contact ICBA directly at crisisresponse@icba.org.

While ICBA remains steadfast in representing community banks before policymakers and the public, we are ever grateful of your efforts to support local communities amid this global pandemic. It's times like this when community banks shine the brightest. We sincerely appreciate your support and hope you and your families remain safe during these challenging times. We are here to support you in any way we can. Thank you for continuing to provide us with our positive and purposeful mission—creating and promoting an environment where community banks flourish.

Sincerely,



Rebeca Romero Rainey

President and CEO

Independent Community Bankers of America

III. Use Of Virtual Meetings In Lieu Of In-Person Meetings

Many community banks may have questions regarding operational issues related to COVID-19. One in particular is whether banks can hold their **upcoming shareholder or member annual meetings** virtually in light of health concerns of COVID-19. IBANYS' preferred partner, the law firm Luse Gorman, PC, has prepared **the attached alert addressing the legal and practical considerations for holding a virtual meeting**. If you have questions, contact Jeff Cardone: (202) 274-2033 (direct); (908) 303-9052 (cell); jcardone@luselaw.com; www.luselaw.com. Please take a moment to review the attached.