

Tuesday, May 12, 2020

To: New York Community banks

FROM ICBA

ICBA has produced the the attached document, *A Guide For Pandemic Response: Return To The New Normal*, which will be available on its COVID-19 page. It is an “evergreen” document, so also stay tuned for updates. The ICBA guide includes suggestions to help community banks when they begin resuming more normal operations and person-to-person services. While each community bank will have its own unique circumstances, the guide offers key considerations, such as the emotional state of employees, how to protect personnel, mitigating COVID-19 exposure or outbreak, sanitation, legal liability, and coordinating with regulatory guidelines.

ICBA Urges Hearing On NCUA Low-Income Designation

ICBA called on the Senate Banking and House Financial Service committees to convene hearings on the National Credit Union Administration’s recent change to how it designates low-income credit unions. In [letters to the panels](#) ahead of today's [Senate hearing](#) and tomorrow's [House hearing](#) with federal regulators, including NCUA Chairman Rodney Hood, ICBA said the move sidesteps Congress and benefits the largest credit unions. The NCUA [last week said](#) it will begin counting active-duty military personnel with Army or Fleet Post Office addresses as “low-income” individuals, which will free institutions like Navy Federal and Pentagon Federal from restrictions on member business lending, raising supplemental capital, and accepting deposits from non-members. ICBA's letter also cites credit union industry efforts to exempt COVID-19-related business loans from the member-business-lending cap—a solution to a problem that doesn't exist. "A pandemic and economic crisis should not be an opportunity for credit union powers expansion that does nothing to alleviate the crisis," ICBA wrote. ICBA will continue encouraging Congress to investigate the NCUA designation and to re-examine the credit union industry’s tax and regulatory subsidies.

SBA Rule Details PPP Filing Extensions

The Small Business Administration issued an [interim final rule](#) codifying its previously announced one-week extension of the repayment date for the Paycheck Protection Program safe harbor. Under the policy, any borrower that applied for a PPP loan prior to April 24 and repays the loan in full by May 14 will be deemed by SBA to have made the required certification in good faith. The rule also extended the deadline to file the forthcoming SBA Form 1502 to collect processing fees on fully disbursed PPP loans. For loans approved before the form is released by SBA, the deadline to submit it is now May 22. Once the form is released, lenders will have 20 calendar days after a PPP loan is approved. Community bankers who continue to have trouble with the SBA's E-Tran and SBA Connect Lender Gateway portals can direct assistance questions to the SBA at 833-572-0502 or cls@sba.gov. Additional guidance and resources are available on [Treasury’s PPP webpage](#) and ICBA's [COVID-19 resource center](#).

CFPB Issues Remittance Rule Expanding Safe Harbor

The Consumer Financial Protection Bureau [issued a final rule](#) on remittance transfers generally requiring providers to disclose the exact exchange rate, amount of certain fees, and amount expected to be delivered to the recipient. The final rule increases the safe harbor threshold from 100 to 500 annual remittance transactions, reducing the regulatory burden on an estimated 400 banks. It also includes a permanent exemption allowing community banks to estimate certain fees and exchange rate information under certain circumstances. The current temporary exemption is set to expire on July 21. In its

January [comment letter](#), ICBA urged the bureau to increase the threshold to 1,200 and allow banks to continue providing estimates in their disclosures. The CFPB last month issued an ICBA-advocated [policy statement](#) extending the community bank exemption. Under the policy statement, the CFPB will neither cite supervisory violations nor initiate enforcement actions against insured institutions for continuing to provide estimates under the temporary exception through the end of the year. ICBA's [frequently asked questions](#) on the federal response to the COVID-19 pandemic include information on remittance relief, among many other issues.

Continue Pressing For PPP Loan-Forgiveness Answers

ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge policymakers to provide guidance on Paycheck Protection Program loan forgiveness. ICBA is urging the Treasury Department and SBA to:

- Reconsider the SBA's non-statutory requirement that 75 percent of PPP loan proceeds must be spent on retaining payroll.
- Provide a straightforward, easy-to-apply approach to loan forgiveness, such as developing a PPP loan-forgiveness calculator.
- Establish a presumption of compliance for all loans with an original balance of \$1 million or less based on the borrower's certification.
- Address the many questions that have arisen related to PPP loan forgiveness.

FROM OCC

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[Comptroller of the Currency Discusses Efforts to Support the Federal Banking System's Response to COVID-19](#)

WASHINGTON—Comptroller of the Currency Joseph M. Otting today testified during a hearing held by the U.S. Senate Committee on Banking, Housing, and Urban Affairs.

The Comptroller's testimony discussed the agency's efforts to support the safe, sound, and fair operation of the federal banking system and promote its ability to meet the needs of its customers during the national public health emergency created by COVID-19.

The Comptroller's testimony also provided details about the range of activities currently underway, including our efforts to strengthen the Community Reinvestment Act regulations, make Bank Secrecy Act compliance more effective and efficient, and encourage banks to provide more responsible small-dollar lending.

Related Links

- [Oral Statement](#) (PDF)
- [Written Testimony](#) (PDF)

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Updates From New York State

Legislature Waiting To See If Federal Dollars Are Coming Before ore Addressing Budget

There are more than 300 COVID-related bills waiting to be voted on by the state legislature. In a wide-ranging interview with Spectrum News, <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/05/11/speaker-heastie-warns-state-needs-stimulus-funds>, Assembly Speaker Heastie said the legislature will likely not reconvene in earnest until

it's known if the next federal stimulus package includes direct aid to New York State. "I know people seem to be a little frustrated, but it's kind of like we're circling the airport till they tell us it's safe to land. . . We're looking at the bills, but again, it's very very dependent on what the federal government is going to do for us. I'm just asking people to for a little bit of patience. . . We're not just sitting on our hands." Regarding the state's dependency on federal aid: Estimates indicate the state has a budget gap of somewhere between \$8 and \$15 billion. If federal money doesn't materialize, there will be, what Speaker Heastie calls, "cuts to the bone." Even with federal aid, tax hikes are looking increasingly likely. Governor Cuomo has repeatedly stated that raising taxes is not on his agenda, but may be re-accessing. When asked recently if he would raise taxes on the wealthy, the Governor said simply, "I don't know." This past Friday, Budget Director Mujica said he did not think there was an appetite for a dramatic increase in taxes on the wealthy. That is not the same thing as believing there is no appetite for a tax increase at all.

Meanwhile, hopes are fading on Capitol Hill for a deal on the next round of coronavirus relief before the fast-approaching Memorial Day recess, raising the prospect that Congress won't clinch a new spending agreement until June or beyond, [Politico reports](#).

Latest From The New York Fed

According to Bloomberg News, the New York Federal Reserve said the central bank will start buying corporate-debt exchange-traded funds today through the Secondary Market Corporate Credit Facility, a move originally announced in March that has helped keep markets calm throughout the economic turmoil caused by the coronavirus pandemic. The program is using funds from the stimulus law to get started - the first Fed program to do so.

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

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