

Wednesday, May 13, 2020

To: New York Community Banks

FROM ICBA

FDIC Proposes Mitigating Deposit-Insurance Impact Of PPP

The FDIC approved a proposed rule to mitigate the effects of participating in the Paycheck Protection Program and other emergency programs on deposit-insurance assessments. The proposed rule also would apply to the Federal Reserve's PPP Lending Facility and Money Market Mutual Fund Liquidity Facility. It would ensure banks are not subject to significantly higher assessments for participating in these programs. The FDIC is proposing an effective date by June 30, 2020, and an application date of April 1, 2020, which would ensure that the changes are applied to assessments starting in the second quarter. Comments are due seven days after publication in the Federal Register.

NCUA Chief Testifies On Move Benefitting Largest Credit Unions

National Credit Union Administration Chairman Rodney Hood testified on his agency's recent announcement that it is changing its methodology for designating low-income credit unions. In [testimony](#) for a Senate Banking Committee [remote hearing](#), Hood noted that the change, which will benefit the largest credit unions, will free these tax-exempt entities from restrictions on member business lending, raising supplemental capital, and accepting deposits from non-members. Ahead of the hearing and a separate [House roundtable](#) today, ICBA called on the committees to convene hearings on the change, which is being enacted without a formal rulemaking process. [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 benefit institutions like Navy Federal and Pentagon Federal. ICBA will continue encouraging Congress to investigate the NCUA designation and to re-examine the credit union industry's tax and regulatory subsidies.

Agencies Launch Joint Housing-Assistance Site

As advocated by ICBA, federal regulators [launched a website](#) on the new mortgage and housing assistance available to homeowners and renters. The joint initiative by the Consumer Financial Protection Bureau, Federal Housing Finance Agency, and Department of Housing and Urban Development consolidates information on CARES Act mortgage relief, protections for renters, resources for additional help, and information on how to avoid COVID-19-related scams. ICBA and other groups last week [asked regulators](#) to create a single portal where consumers can access information regarding mortgage payment forbearance and rental relief. In a joint letter, the groups suggested making the information more prominent on the federal COVID-19 landing page.

ICBA's PPP Loan-Forgiveness Push Gaining Traction

ICBA's ongoing push for policymakers to provide guidance on Paycheck Protection Program loan forgiveness made headlines in the [Financial Times](#), [American Banker](#), [Forbes](#), [Banking Dive](#), and more. Community bankers can continue to use ICBA's [Be Heard grassroots action center](#) to urge policymakers 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.

Fed Announces Info It Will Release On Loan Facilities

The [Federal Reserve Board](#) outlined the information it will publicly disclose each month for its Paycheck Protection Program Liquidity Facility and Term Asset-Backed Securities Loan Facility. The Fed said it

will disclose participant names, amounts borrowed, interest rate charged, and value of pledged collateral. It also will release the overall costs, revenues, and fees for each facility. The Fed also announced additional information regarding borrower and collateral eligibility criteria for the TALF, which is designed to help stabilize the markets for asset-backed securities. The [New York Fed](#) separately released frequently asked questions on the facility.

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FROM THE WHITE HOUSE

- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 5/12

Statement from Secretary Steven T. Mnuchin on the Start of Secondary Market Corporate Credit Facility Purchases (HERE)

- “Since announcing the Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF) on March 23, we have seen a dramatic improvement in liquidity and credit market function. Today, the Federal Reserve Bank of New York will begin purchasing shares of eligible U.S.-listed exchange-traded funds in the secondary market through the SMCCF, and eligible corporate bonds shortly thereafter. Once operational, the PMCCF will provide loan and bond financing to U.S. companies with investment grade debt ratings as of March 22, 2020. The SMCCF and PMCCF are supported by a \$75 billion equity investment using funds appropriated to the Department of the Treasury under the CARES Act, \$37.5 billion of which was transmitted yesterday to the special purpose vehicle established in connection with the SMCCF and PMCCF. Together, they will provide up to \$750 billion in liquidity and help ensure large employers have access to the credit they need to maintain their business operations and payroll through this challenging period.”

CFPB, FHFA, & HUD Launch Joint Mortgage and Housing Assistance Website for Americans Impacted By Covid-19 (HERE)

- To ensure homeowners and renters have the most up to date and accurate housing assistance information during the COVID-19 national emergency, today the Consumer Financial Protection Bureau (CFPB), Federal Housing Finance Agency (FHFA), and the Department of Housing and Urban Development (HUD) launched the new mortgage and housing assistance website, cfpb.gov/housing.

FDIC Issues Proposed Rule to Mitigate the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility (HERE)

- The Federal Deposit Insurance Corporation (FDIC) today approved a notice of proposed rulemaking that would mitigate the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration (SBA) and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System.

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Some Fed Officials Concerned Over Long-term Economic Damage From Pandemic

Several Federal Reserve officials flagged concerns about the long-term economic damage from the coronavirus pandemic, including Cleveland Fed President Loretta Mester, who said in a speech that unemployment could reach or surpass 20 percent if the virus isn't contained this year or if "there is considerably more harm in terms of business and personal bankruptcies or if instabilities in the banking system arise." St. Louis Fed President James Bullard warned that economic output could drop by about 40 percent in the current quarter and that the United States would be risking "business failures on a grand scale" and a depression if economic shutdowns continue.

IBANYS Set To Testify Today At Joint NYS Legislative Hearing On Small Businesses & Pandemic

A virtual New York State Legislative Joint Public Hearing today will be held today on the federal response to the economic impact on COVID-19 pandemic on small businesses in New York State. IBANYS will be represented at the hearing by Anders Tomson, President & CEO, Chemung Canal Trust Company and a member of the IBANYS board of directors. The hearing is the first official legislative event since the passing the budget nearly six weeks ago.

City & State Webinar With DFS Superintendent Lacewell

As New York tries to get the spread of coronavirus under control, it still has to reckon with major changes to its financial services industry, as well as the broader economy of the state. Over one million New Yorkers have filed for unemployment due to COVID-19 related job loss/reduced pay, and the ripple effects include a loss of tax revenue that could exacerbate upcoming budget cuts. How are we going to deal with all of this? Hear from NYC Comptroller Scott Stringer, and **NYS Department of Financial Services Superintendent Linda A. Lacewell** in this upcoming webinar on May 28. For details, or to register, see the link provided below.

<https://mailchi.mp/186e4ecb7ce0/can-ny-survive-the-financial-impact-of-coronavirus?e=e55c2af3e3>

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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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