

June 1, 2020

To: New York Community Banks

FROM ICBA

Tell Congress PPP Changes Needed

ICBA is calling on community bankers to provide Congress with policy recommendations to make the Paycheck Protection Program more workable for lenders and borrowers. With Congress considering needed changes to the program, [ICBA's Be Heard grassroots action center](#) offers a customizable letter to lawmakers on pro-community bank provisions. [Contact Congress](#).

FDIC Issues CRA Exam Schedules

The [FDIC issued](#) the lists of institutions scheduled for Community Reinvestment Act examinations during the third and fourth quarter of 2020, as required by law. The schedules are based on the best current information and are subject to change, the agency said.

OCC Ruling Clarifies Permissible Interest On Transferred Loans

The OCC [finalized its rule](#) clarifying that when banks sell or assign a loan, interest permissible prior to the transfer continues to be permissible afterward. "The rule supports the orderly function of markets and promotes the availability of credit by answering the legal uncertainty created by the 'Madden' decision," Acting Comptroller of the Currency Brian P. Brooks [said](#)." Such certainty allows secondary markets to work efficiently and to serve their essential role in the business of banking and helping banks access liquidity and alternative funding, improve financial performance ratios, and meet customer needs." The [ICBA-supported](#) rule addresses confusion from the Madden v. Midland Funding case. In that case, the Second Circuit ruled that when a loan has been sold or assigned to another party, state usury laws where the purchaser or assignee of the debt reside apply to the transaction.

Personal Income Up, Consumer Spending Declines In April

Personal income increased 10.5 percent in April, while consumer spending declined 13.6 percent, the [Commerce Department reported](#). Disposable personal income increased 12.9 percent. The April estimate for personal income and outlays was impacted by the response to the spread of COVID-19, as federal economic recovery payments were distributed, and governments continued with "stay-at-home" orders.

#

OTHER SOURCES

What's Next On PPP, Phase Four Package?

- "The Hill" reports that the Senate is expected to try to pass legislation that would extend the amount of time businesses have to use loans under the Paycheck Protection Program. The House passed legislation last week to extend the window from eight to 24 weeks. Meanwhile, congressional leadership remains far apart on the next larger coronavirus relief measure, and the House isn't expected to return to Washington, D.C., for votes until the end of the month. Senate Majority Leader McConnell anticipates a decision on a "phase four" bill in about a month. "We're taking a careful look at a fourth and final bill. You can anticipate the decision being made on whether to go forward in about a month. It will be narrowly crafted."
- "Roll Call" notes that the debate over whether Congress will approve a new round of pandemic aid is over. Now it's just a question of what's in the package. One key conflict is expected to focus on unemployment benefits, and how to help the 40 million Americans out of work. https://www.politico.com/news/2020/05/31/mcconnell-pelosi-unemployment-battle-289371?mkt_tok=eyJpIjoiWm1RM1I6RmlaalV6T0RneCIsInQiOiJnVjE1RnhaTDJoM1EyWE51dTRRd3RqWGdrcjRCcEiCVXhjNkd5TVZjcVB2Qm9LRDdqOUh4Q0NUZ3pHTUdwVEJ4WE

April Brought Higher Income, Lower Consumer Spending

Press reports note that even as emergency government aid gave incomes a boost in April, coronavirus lockdowns caused Americans to shut their wallets, prompting the biggest monthly drop in consumer spending on record. Personal income rose 10.5 percent, lifted by nearly \$3 trillion in government transfer payments, mostly in the form of \$1,200 checks that millions of households received from the federal government.

#

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

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**