

Wednesday, June 24, 2020

To: New York Community Banks

### **ICBA PPP Webinar Follows Release Of New Rule**

Community bankers can download the recording of Tuesday's ICBA [Community Bank Briefing](#) on the Paycheck Protection Program. The briefing provides a regulatory update with a focus on PPP loan review and forgiveness.

The briefing followed the SBA and Treasury Department release of a [new interim final rule](#) implementing provisions of the PPP Flexibility Act of 2020. The rule enacts provisions extending the forgiveness period and lowering how much must be spent on payroll costs, among others. It also incorporates revised loan-forgiveness application forms, including the Form 3508EZ available to certain borrowers.

Meanwhile, ICBA continues calling on [community bankers](#) and [small-business owners](#) to urge the Treasury Department and SBA to enact additional PPP simplifications, including a loan-forgiveness calculator and presumption of compliance for certain loans.

Questions on submitting 1502 reports can be directed to SBA's Fiscal and Transfer Agent, Colson Services Corp., at [info@colsonservices.com](mailto:info@colsonservices.com) or 877-245-6159. Additional guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

### **Agencies Direct Examiners To Consider COVID-19 Impact**

Federal and state regulators [issued examiner guidance](#) to promote consistency and flexibility in supervising and examining financial institutions affected by the COVID-19 pandemic. The interagency guidance instructs examiners to consider the unique, evolving, and potentially long-term nature of the issues confronting institutions due to the COVID-19 pandemic and to exercise appropriate flexibility.

### **CFPB Offers Leeway On Homeowner Loss Mitigation**

The Consumer Financial Protection Bureau issued an [interim final rule](#) clarifying that mortgage servicers may offer certain COVID-19-related loss-mitigation options based on limited borrower application information.

Regulation X normally would require servicers to collect a complete loss-mitigation application before making an offer. The rule specifies that loss-mitigation options must meet certain criteria to qualify for an exception.

### **ICBA: Don't Open FHLBanks To Ineligible Entities**

ICBA urged the Federal Housing Finance Agency to not allow ineligible entities to access Federal Home Loan Bank funding without a public and transparent process in collaboration with Congress. In a [comment letter](#) to the agency, ICBA noted that allowing unregulated institutions such as REITs to gain access to FHLBank advances would represent significant risks to the system. ICBA said the agency should not introduce unnecessary risks to the FHLBanks or disincentivize community bank membership.

### **FEMA Offers Exercise Kit For Restoring Operations**

The Federal Emergency Management Agency released an [Exercise Starter Kit](#) that organizations can use as they plan for returning to the new normal. The kit contains customizable documents, slides, and a sample facilitator guide for planning and conducting workshops that account for individual organizations' specific operational considerations.

## **New-Home Sales Rebound In May**

Sales of new single-family homes rose 16.6 percent in May from the previous month and 12.7 percent from a year ago, the Commerce Department [reported](#). Sales increased 45.5 percent in the Northeast, 29 percent in the West, and 15.2 percent in the South while declining 6.4 percent in the Midwest.

## **ICBA and The American College announce scholarship for veterans**

ICBA and The American College of Financial Services have announced a new “20 in 2020” scholarship for veterans and their families seeking challenging and rewarding careers as community bankers. Recipients will receive full scholarships to complete coursework and earn [The American College Wealth Management Certified Professional \(WMCP®\) designation](#). Applications are due July 31. Only 200 applications will be accepted.

### **FROM THE WHITE HOUSE**

**Deadline for Support: Small businesses must apply with a lender to be eligible for funding by June 30, 2020. SBA has approximately \$100 billion available for relief.**

- State-by-State Data can be found [here](#).

#### **Program Overview**

- [Top-line Overview of PPP](#)
- [SBA Paycheck Protection Program Loan Report](#)
- [SBA Paycheck Protection Program Loan Report Round 2](#) – Updated 6/22
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 6/19

### **FROM THE OCC**

**News Release: NR 2020-80 June 23, 2020 [Federal and State Regulatory Agencies Issue Examiner Guidance for Assessing Safety and Soundness Considering the Effect of the COVID-19 Pandemic on Financial Institutions](#)**

- **Bulletin | OCC 2020-64 June 23, 2020 [Examinations : Interagency Examiner Guidance for Assessing Safety and Soundness While Considering the Effect of COVID-19 on Institutions](#)**

**To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties**

#### **Summary:**

The four federal financial institution regulatory agencies<sup>1</sup> and state bank and credit union regulators today issued examiner guidance to outline the supervisory principles for assessing banks' safety and soundness given the ongoing impact of the coronavirus disease (COVID-19) pandemic.<sup>2</sup>

#### **Note for Community Banks**

The interagency guidance applies to the Office of the Comptroller of the Currency's (OCC) supervision of community banks.

#### **Highlights**

The interagency examiner guidance

- explains that examiners will
  - consider the unique, evolving, and potential long-term nature of the issues confronting banks and will exercise appropriate flexibility in their supervisory response.

- continue to assign supervisory ratings in accordance with the interagency CAMELS and ROCA rating systems.<sup>3</sup>
- consider whether institution management has managed risk appropriately, including taking appropriate actions in response to stresses caused by COVID-19 impacts.
- includes considerations for assigning composite and component CAMELS and ROCA ratings.

### Further Information

Please contact your supervisory office or examiner-in-charge.

Grovetta N. Gardineer  
Senior Deputy Comptroller for Bank Supervision Policy

### Related Link

- [Interagency Examiner Guidance for Assessing Safety and Soundness Considering the Effect of the COVID-19 Pandemic on Institutions](#) (PDF)

<sup>1</sup> The four federal financial institution regulatory agencies are the Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, the OCC, and the National Credit Union Administration.

<sup>2</sup> Refer to Proclamation 9994, 85 Fed. Reg. 15337 (March 18, 2020).

<sup>3</sup> A bank's composite rating under the Uniform Financial Institutions Rating System, known as CAMELS, integrates ratings from six component areas: capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. ROCA is the interagency uniform supervisory rating system for federal branches and agencies. ROCA integrates ratings from four component areas: risk management, operational controls, compliance, and asset quality. Refer to the "Bank Supervision Process" booklet of the *Comptroller's Handbook* for more information about the CAMELS and ROCA rating systems.

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### FROM OTHER SOURCES

- **Treasury Secretary Mnuchin said the Trump administration is "very seriously considering" another stimulus package** that could get congressional approval in July, and is discussing the matter with lawmakers. Mnuchin also said he anticipates that the U.S. economy will be out of a recession by the end of the year. ([Bloomberg](#))
- **Secretary Mnuchin also said that the government could consider pushing back the deadline for 2019 tax returns again to Sept. 15**, although it's not currently expected to do so. He said that the benefits of extending the deadline a second time would be less clear than the first time, and that the initial decision to move the original April 15 deadline to July 15 occurred partly out of concern that accountants wouldn't be available in March as the country shut down. ([The Wall Street Journal](#))

### FROM NEW YORK

- **"NEW YORK STATE has hit the lowest percentage of positive Covid-19 test results since March, but health officials are [closely monitoring hot spots](#) where higher rates of infection persist.** Earlier this month, Governor Cuomo said that less than 1% of people tested for the novel coronavirus are testing positive. At the same time, the percentage of people testing positive in some lower-income neighborhoods in New York City is higher than 1%. And while infection rates dropped significantly enough for the city to enter phase two of its economic reopening on Monday, city officials said more than 7,500 residents have been diagnosed with Covid-19 since June 1. New York State and City have prioritized testing in lower-income neighborhoods, which have historically seen more cases of the virus.

- **New York State Is Withholding millions of dollars in local government aid as the state government awaits federal pandemic relief** -- a move that is complicating budget making for cities across the state. The numbers are massive: \$20 million for Buffalo, \$17 million for Rochester, more than a \$11 million for Syracuse. The New York Conference of Mayors [first highlighted](#) the withheld aid, calling it "disturbing news." All told, a dozen city governments had 20 percent lopped off from their state aid, which Gov. Andrew Cuomo's budget office said is being withheld as it awaits clarity from the federal government on the next aid package. <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/06/24/local-government-aid-withheld->

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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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