

Monday, June 29, 2020

To: New York Community Banks

We have attached important documents for your attention:

- One is a **letter from ICBA to congressional leadership**, with **recommendations for inclusion** in the **next federal legislative package** to address the fallout from the current pandemic on small businesses and jobs.
- The other attachment is related to **mortgage forbearance** and includes **the recently enacted New York State statute (legislation and chapter amendment) on residential forbearance**.

Meanwhile, there are also two new proposed bills in Albany, related to a) commercial mortgage forbearance, and b) residential mortgage forbearance on investment properties or second homes. IBANYS is studying these draft proposals. As of now, the Legislature does not plan to be in session this week.

Please see below for details, and call or email me with any questions or comments.

-- John

I. Clarification On Residential Mortgage Forbearance Statute

There has been some confusion among counsel for several banks about the residential mortgage forbearance statute. We have had a number of inquiries, and want banks have a thorough understanding of the current law and how to correctly implement any and all changes needed for their customers. IBANYS has reached out to DFS, and they have agreed to prepare a "FAQ" (Frequently Asked Questions) on the new law to help banks better understand the law so they can follow the rules. We are also continuing to seek assistance from DFS to provide training for banks as well.

As an attempt to provide more clarification, the attachment above includes both:

- **Chapter 112 of the Laws of 2020** -- the original bill and chapter signed by the Governor;
- **The subsequent chapter amendment** agreed to by the Governor and Legislature **that amended Chapter 112 that is Chapter 126 of the Laws of 2020. (Part C of Chapter 126 reflects the changes made to the previous Chapter 112, and is the current law.)** IBANYS worked with DFS and the Governor's office to obtain those changes. Both bills were signed on June 17, 2020 but obviously Chapter 126 was signed later.

If there are any questions, please don't hesitate to contact us.

II. New Forbearance Related Bills Proposed In The New York State Legislature that would:

- Provide for **forbearance for small businesses with under 100 employees that own commercial retail space;**
- Provide **forbearance for residential investment property or a second home.**

IBANYS is reviewing these proposals, and we will keep you informed of future developments.

III. ICBA Offers Congress Stimulus Recommendations

As Congress considers the next legislative package to address the economic fallout from the COVID-19 pandemic, ICBA weighed in with recommendations to support local communities. "ICBA and the nation's community banks encourage Congress to include in the next COVID-19 relief bill provisions that will directly support local economies, starting with needed reforms to the current Paycheck Protection Program," ICBA President and CEO Rebeca Romero Rainey said. In its [letter to congressional leaders](#), ICBA recommended Paycheck Protection Program reforms, bank capital and accounting relief, liability protection, tax relief, agricultural support, and more. Meanwhile, ICBA continues calling on [community bankers](#) and [small-business owners](#) to urge the Treasury Department and SBA to enact additional PPP simplifications.

NOTE: We have attached the letter ICBA sent Wednesday to Senate Majority Leader Mitch McConnell, Senate Minority Leader Chuck Schumer, Speaker Nancy Pelosi, and House Minority Leader Kevin McCarthy. These recommendations were developed in consultation with community bankers from across the country representing rural, suburban, and urban markets. Community bankers have a critical stake in finding solutions that will help their communities survive the crisis and rebound strongly once restrictions are lifted.

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FROM ICBA

Contact Congress On Next Pandemic Relief Package

As Congress considers the next COVID-19 legislative relief package, ICBA is calling on community bankers to [provide lawmakers](#) with policy recommendations that will support local communities. A customizable message to Congress on ICBA's [Be Heard](#) grassroots action center advocates Paycheck Protection Program reforms, bank capital and accounting relief, liability protection, tax relief, agricultural support, and more. ICBA provided comprehensive recommendations in a letter to congressional leaders [last week](#). "ICBA and the nation's community banks encourage Congress to include in the next COVID-19 relief bill provisions that will directly support local economies," ICBA President and CEO Rebeca Romero Rainey said. Contact Congress through the link provided:

https://icba.quorum.us/campaign/PPPUpdate-6-26/?utm_campaign=NewsWatch%20Today&utm_medium=email&hsmi=90386381&hsenc=p2ANqtz-8URr3rZK3vmmkpaF2aS55wXl-r1B6eIw0wk3ppqloZ5Pieqplav-kLYe3nWJcJ_oNp8Z1ayKmfuZ90HtyPX5Pc7GTOhA&utm_content=90384542&utm_source=hs_email

SBA Updates PPP Doc Ahead Of Deadline

The SBA updated [its document](#) on calculating maximum Paycheck Protection Program loan amounts by business type with information on self-employed borrowers. Ahead of tomorrow's deadline to apply for a Paycheck Protection Program loan, the latest question and answer address self-employed individuals in operation on Feb. 15, 2020, but not between Feb. 15, 2019, and June 30, 2019. Questions on submitting 1502 reports can be directed to SBA's Fiscal and Transfer Agent, Colson Services Corp., at 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](#).

PPP shines light on community banks

The Paycheck Protection Program has cast a national light on the role of community banks in supporting small businesses, ICBA President and CEO Rebeca Romero Rainey writes in [Main Street Matters](#). The spotlight is directing the nation's attention to all that community banks stand for, such as meeting the needs of underserved communities, individuals of moderate means, and small businesses. [Read the post.](#)

OTHER SOURCES

The Number Of Homeowners Delaying Payments Increased By 79,000 In past Week

The number of homeowners delaying payments increased by a steep 79,000 in the past week, reversing a three-week trend that saw forbearance requests decline, according to data from Black Knight. The CARES Act passed by Congress in March allowed homeowners experiencing financial difficulty due to the COVID-19 pandemic to request forbearance for government-backed mortgages for up to 180 days without being subject to penalties and late fees.

https://thehill.com/policy/finance/504741-delayed-mortgage-payments-increase-by-79000?mkt_tok=eyJpIjoiTIRjM09UVXIObUZoTmpObSIsInQiOiIycWdDXC9KeElib3RlbnFUOUJuN09KZFRg5QlBrNHIPWHJrMnFOU1RCa2xFa0VDRCtUWUesyWI0b2lxWE5nTlh6THQ1U1BFa3pzbTZ1dGk4QnQ4QUNHbW1Ld0VPMFRnSkQzeDNpNThuRVA3a0x5ODMzMUNlZ29lMXNZcDFBM0pFU1UifQ%3D%3D

FROM NEW YORK

Latest From Cuomo On Pandemic

Governor Cuomo said that New York has made no decision yet on whether schools will reopen for in-person learning this fall, but that higher COVID-19 rates across the nation are cause for concern, [Gannett Albany reports](#).

Warnings Against Raising Taxes To Plug State Deficit

Fiscal watchdogs are cautioning lawmakers against raising taxes on the wealthiest New Yorkers to plug the deficit, a move they said could prompt such residents to move elsewhere, [the Times Union reports](#).

Bill Would Expand The Earned Income Tax Credit As Pandemic Recession Will Likely Linger

A bill would expand the state's earned income tax credit in order to benefit low-income households that were likely hit hard by the economic fallout created by the coronavirus pandemic. [Read more](#).

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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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- Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)