

Wednesday, July 1, 2020

To: New York Community Banks

**FROM ICBA**

**ICBA Opposes Resubmitted Rakuten ILC Application**

ICBA called on the FDIC to deny Rakuten Bank America's resubmitted federal deposit insurance application and urged Congress to permanently close the industrial loan company loophole. In a [comment letter](#), ICBA said the application would allow the "the Amazon of Japan's" subsidiary to skirt regulatory oversight and violate U.S. policy separating banking and commerce. Like other ILC applications, Rakuten Bank America is applying as an ILC rather than a commercial bank so its parent companies may avoid the legal restrictions of the Bank Holding Company Act, ICBA wrote. ICBA also said the global reach of Rakuten's commercial activities—which include an online marketing business and even its own professional baseball team—pose risks to the FDIC's Deposit Insurance Fund and the financial system more broadly. In a comprehensive [white paper](#) released last year, ICBA detailed the transformation of the ILC charter into the fashionable charter of choice for financial firms seeking to benefit from the federal safety net while avoiding oversight.

**Senate Votes To extend PPP into August**

The Senate passed legislation to extend the Paycheck Protection Program application deadline until Aug. 8, sending it to the House hours before the SBA stopped accepting PPP applications. The bill, which the Senate passed via unanimous consent, needs to be approved by the House and signed by the president to take effect. After the [SBA](#) has approved \$520.6 billion in PPP loans through Tuesday evening, the program has roughly \$130 billion in remaining funds. The Senate bill also would decouple the PPP reauthorization from the SBA's 7(a) program to avoid shutting it down when the PPP expires. Politico [reported](#) that the Senate extended the PPP into August to give Congress time to pass the next economic relief package, which lawmakers are debating now.

ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to provide lawmakers with comprehensive policy recommendations as Congress considers the next relief package.

**ICBA: Bill To Establish PPP Calculator Supports Small Biz**

ICBA [thanked](#) Reps. Ann Wagner (R-Mo.) and Wm. Lacy Clay (D-Mo.) for [introducing](#) legislation to establish a free online calculator to complete Paycheck Protection Program loan-forgiveness forms. The Calculate Loan Forgiveness Act (H.R. 7413) would implement the ICBA-advocated policy to require the SBA and Treasury Department to establish or certify a free, accurate, and publicly accessible online calculator to help lenders and small businesses. In its letter, ICBA said loan-forgiveness applications remain overly complex and are an unnecessary distraction for borrowers and lenders in a challenging environment.

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**FROM THE WHITE HOUSE**

- 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 6/29
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 6/30

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## FROM NEW YORK

### **Cuomo Signs Eviction Prevention Legislation**

Legislation that will extend measures to prevent tenants from being evicted for nonpayment of rent during this period of coronavirus-related restrictions was [signed into law by Gov. Andrew Cuomo](#) last night. "The Tenant Safe Harbor Act," by Senators Hoylman and Krueger and Assembly Member Dinowitz, prohibits evictions of eligible tenants if any part of the county is still shut down by government as a result of Covid-19. The bill extends eviction protection to tenants by allowing them to use Covid-related financial hardship as a defense in eviction proceedings. While the bill does not specify the criteria for determining hardship, it instructs the court to examine a tenant's income history, liquid assets and government assistance such as food stamps and unemployment benefits. The bill does not waive rents, but buys time for tenants to stay in their homes.

### **NYS DFS Urges State Banks To Lend To Minority- and Women-Owned Businesses During Pandemic**

The New York State Department of Financial Services (DFS) is urging the state's banks to assist minority- and women-owned businesses struggling to access credit during the coronavirus pandemic. DFS issued a letter Tuesday reminding lenders of amendments to the state's Community Reinvestment Act (CRA), under which banks are evaluated on how they meet the credit needs of businesses owned by women and minorities. **NOTE: We have attached the press release from DFS on this issue.**

### **New York Fed's Williams: "Overall Economy May Have Seen Low Point, Begun To Recover"**

Federal Reserve Bank of New York leader John Williams said Tuesday the economy may have already seen the worst of the impact of the coronavirus pandemic, even as significant uncertainty looms. "Encouraging" data that has arrived as some states begin to reopen "indicate that we've likely seen the low point of the downturn and that the overall economy has begun to recover," Mr. Williams said in remarks before a video meeting held by the Institute of International Finance.

### **Analyst: New York's High Unemployment "Could Be A Long-Term Problem"**

Analyst EJ McMahon, President of the Empire Center, noted that New York is facing historic unemployment due to the pandemic -- something that could shape up to be a long-term problem. "I don't think anybody is seriously looking at a v-shaped recovery where everything by the end of this year is back to normal. I think it's going to be quite a while." New York's unemployment rate in May stood at 14.5%, down from 15% in April, but the pace of returning jobs as businesses reopen indicate a return of low unemployment is unlikely -- and the high jobless rate could last into 2021.

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## OTHER SOURCES

### **Experts Warn Pandemic Could Soon See 100,000 New Cases A Day In U.S.**

Staggered by the resurgent coronavirus, cities and states are reinstating restrictions on bars, pools and large gatherings days ahead of July 4 celebrations as the top U.S. infectious-disease expert warned the pandemic could soon reach 100,000 cases a day, [The Washington Post reports](#).

### **Workers Facing Second Round Of Layoffs As Virus's Surge Puts Reopening On Hold**

The *Washington Post* reports workers are getting laid off for a second time, as the virus's surge puts reopening on hold. Millions of American workers are suffering from economic whiplash after returning to work only to be sent home again. Many governors are issuing new safety restrictions, often just weeks after the first round of guidelines had begun to lift. In recent weeks, three states — California, Florida and Texas — have implemented new policies that partly restrict restaurant or bar service, and nine others — Arkansas, Delaware, Idaho, Louisiana, Michigan, Nevada, New Jersey, New Mexico and North Carolina — have postponed or slowed reopening plans.

### **Mnuchin, Powell Say They Will Consider More Economic Relief**

At a House Financial Services Committee hearing, Federal Reserve Chairman Powell and Treasury Secretary Mnuchin promised to consider more economic relief. Mnuchin wants further aid to be "targeted to certain industries that have been especially hard hit by the pandemic." Powell said some economic measures have rebounded more quickly than expected, such as spending and hiring, but the increase in business activity leads to more human interaction and "presents new challenges" such as "the need to keep the virus in check." (Wall Street Journal)

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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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