

Tuesday, August 11, 2020

To: New York Community Banks

## FROM ICBA

### ICBA: Streamline PPP forgiveness process

Policymakers need to simplify the onerous forgiveness process for small businesses to ensure the Paycheck Protection Program fulfills its purpose to support the nation's top job creators, ICBA President and CEO Rebeca Romero Rainey writes in a new op-ed in The Hill. Loans of \$150,000 or less represent 86 percent of borrowers but less than 27 percent of loan dollars issued under the emergency program, Romero Rainey explained noting ICBA's support for congressional efforts to forgive such loans with a simple, one-page document. This would allow the smallest businesses to focus their time, energy and resources on their business and employees, instead of complex forgiveness forms, she wrote. "As the United States continues to grapple with the repercussions of the coronavirus pandemic, these business owners' time and resources would be better focused on getting the economy safely back up and running, not processing burdensome paperwork," Romero Rainey wrote.

### [READ THE OP-ED](#)

### ICBA to CFPB: extend GSE patch

ICBA filed a [comment letter](#) urging the Consumer Financial Protection Bureau to extend its policy exempting Fannie Mae and Freddie Mac mortgage loans from the bureau's Qualified Mortgage rule to January 2022 or one year from the finalization of any proposed rule. The exemption—also known as the GSE Patch—has had sweeping effects on the secondary mortgage market, allowing community banks to earn QM status and legal protections on mortgage loans they sell to the GSEs. Any uncertainty about the Patch's expiration could adversely affect underwriting standards in the conventional mortgage market, which is further complicated by the current economic crisis resulting from COVID-19, ICBA wrote. Extending the QM Patch will also allow community banks time to adjust to changes impacting a borrower's ability to repay.

The GSE patch allows creditors that make loans eligible for guarantee or purchase by the GSEs to achieve QM safe harbor status even if the loans exceed the 43 percent debt-to-income ratio requirement under the general QM loan definition. The GSE Patch is set to expire Jan. 10, 2021.

### OCC reduces assessments due to COVID-19

The [OCC is reducing assessments](#) due to the OCC on Sept. 30, 2020, because of the COVID-19 emergency. Under the rule, assessments will be based on Dec. 31, 2019 call reports, which will result in lower assessments for most OCC-supervised banks. If a bank's assets as reported on the June 30, 2020 call report are lower, the OCC will base its assessment on that data. The interim reduction of assessments goes into effect Sept. 7 and will be reflected in assessments paid on Sept. 30, 2020.

## FROM OTHER SOURCES

- Top congressional leaders and the White House lashed out at each other over who's to blame for stalled coronavirus relief negotiations, the latest sign that a bipartisan deal to boost the U.S. economy appears unlikely anytime soon, [Politico reports](#).
- The Trump administration is sending mixed signals on new aid for state and local governments, despite pressure from Democratic congressional leaders. "We're not going to give a trillion dollars to state and local" governments, U.S. Treasury Secretary Steve Mnuchin [told CNBC Monday morning](#). "Let's not hold up everything over the few things we disagree on." Yet, Trump did not rule out including such aid, and [claimed](#) House Speaker Pelosi and U.S. Senate Minority Leader Schumer requested a meeting to hammer out a deal. However, [Democratic aides told The Washington Post](#) no such request was made.

- Trump administration officials and Democratic leaders urged each other to return to the negotiating table to craft a broad coronavirus package after President Trump issued executive actions on jobless aid and other relief over the weekend. Treasury Secretary Mnuchin said he believed states could start rolling out additional federal unemployment payments within two weeks, as officials made clear that states could provide \$300 a week in federal funds for unemployed workers without adding any of their own funds.
- After a spring and summer bolstered by cash infusions from the federal government of more than \$3 trillion, the U.S. economy may have to sink or swim this fall with a relative trickle of support. Negotiations on another large fiscal aid package remained stalled on Monday, and people close to the talks held no hope of any movement this week - perhaps even for the rest of the month. [https://www.politico.com/news/2020/08/10/trumps-new-pre-election-threat-a-gusher-of-stimulus-turning-into-a-trickle-393194?mkt\\_tok=eyJpIjoiWmpaalpUTmhZekpqWWpobSIsInQiOiJqcEZEc2QwRHZrQjcrTXhXdGc1Wk1KRdV3WU1WdEtOaDk3U1ErY0hqUldnbW9xZ3JsbDhVMm1Zd2V0MkU3ZER1dVRZUUM2YVRGSEZjcjgrSHlyZTg0QmFPUHROcUlxbzFMQWl6WFwvTWpFeFwvaUVBc3hBcVM0clExK3E0T2V6WTNyIn0%3D](https://www.politico.com/news/2020/08/10/trumps-new-pre-election-threat-a-gusher-of-stimulus-turning-into-a-trickle-393194?mkt_tok=eyJpIjoiWmpaalpUTmhZekpqWWpobSIsInQiOiJqcEZEc2QwRHZrQjcrTXhXdGc1Wk1KRdV3WU1WdEtOaDk3U1ErY0hqUldnbW9xZ3JsbDhVMm1Zd2V0MkU3ZER1dVRZUUM2YVRGSEZjcjgrSHlyZTg0QmFPUHROcUlxbzFMQWl6WFwvTWpFeFwvaUVBc3hBcVM0clExK3E0T2V6WTNyIn0%3D)

### FROM NEW YORK

- Governor Cuomo knocked Republican Senate Majority Leader McConnell on Monday in a conference call with the Kentucky lawmaker's home governor Andy Beshear, daring him to introduce a bill that would allow states to declare bankruptcy. [Read More](#)
- New York reported 25,190 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 2 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#).
- Governor Cuomo held a conference call with reporters Monday ([listen here](#)) to highlight the state's priorities for federal stimulus funding. The governor is holding out hope for billions in new federal funding, which he says is necessary to overcome a multibillion-dollar state budget deficit created by the pandemic. He said if the aid does not come through, then public schools, health care and local governments could receive 20% cuts in state aid moving forward.
- With the prospects for new stimulus funding in doubt, New York City Mayor de Blasio reiterated his call for state lawmakers to approve \$5 billion in new borrowing authority to help the city meet its future operating costs. The governor and state legislative leaders have yet to get on board with the idea of allowing the city to accrue such debt even if the stimulus aid is not approved.
- The \$100 million New York Forward Loan Fund is open to small businesses, residential landlords and nonprofits, but more than two months into the program's launch, [only a fraction of the money has been given out](#).
- A total of 107 school districts have missed the July 31 deadline to submit reopening plans for state approval. [Cuomo told reporters](#) Monday that these school districts will not be able to reopen unless they get their plans in by this Friday. The governor's office posted a [list of the districts](#) here.

# # # # #

**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](mailto:Johnw@ibanys.net); 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations ([Stever@ibanys.net](mailto:Stever@ibanys.net))**