

Friday, August 13, 2020

To: New York Community Banks

FROM ICBA

ICBA Responds to GSE decision to impose 50bp fee on mortgage refinances

Plans to impose a 50 basis point fee on most refinance mortgages delivered to Fannie Mae and Freddie Mac after Sept. 1 will unnecessarily raise the cost of mortgage credit for consumers and will negatively impact the sectors of the U.S. economy that have so far weathered the steepest economic downturn in modern history, ICBA said.

This decision is contrary to recent legislative, regulatory, and administrative actions to support consumers and the economy, and will cause financial losses to lenders working hard and complying with government-mandated forbearance, loan workouts and modifications on all forms of credit in response to the COVID pandemic.

ICBA has called for the Federal Housing Finance Agency and the government sponsored enterprises to immediately rescind this destructive and unnecessary tax on homeowners.

READ ICBA STATEMENT

Grassroots push continues amid stimulus debate

As negotiations over the next emergency stimulus package continue, ICBA is calling on community bankers to urge needed reforms. ICBA's [Be Heard grassroots action center](#) offers specific recommendations on the Paycheck Protection Program as well as capital, accounting, and tax relief. [Contact Congress.](#)

FROM OTHER SOURCES

- The August congressional recess has officially started, and Congress is nowhere close to a deal on another coronavirus package. The House left Washington last week, while the Senate officially went on recess yesterday. Congressional leaders have said they would call lawmakers back if an agreement is reached, but it doesn't look like that's going to happen anytime soon. So September will be the last month Congress will be in session before the election, leaving just a few weeks to hammer out a deal on coronavirus aid and also on government funding before it runs dry on Sept. 30. <https://politi.co/2FfezOq>.
- A White House Council of Economic Advisers report said about 82% of layoffs since February are likely temporary, that an expected wave of bankruptcies among small businesses hasn't occurred and that stimulus checks and enhanced unemployment benefits helped narrow income inequality. Council Director Tyler Goodspeed said the U.S. economy will continue to recover, but that it would do so faster "and with much less long-term scarring" with more aid. ([The Wall Street Journal](#))
- Bloomberg reports that there's little chance of agreement on a new federal coronavirus relief plan without a compromise on the roughly \$1 trillion in aid to beleaguered state and local government, which Democrats demand and the White House opposes. Democrats have offered to cut their original stimulus proposal totaling \$3.5 trillion by roughly one third, but insist on keeping help for states, cities and other municipalities. https://www.bloomberg.com/news/articles/2020-08-14/stimulus-talks-are-stuck-in-1-trillion-ditch-over-aid-to-states?sref=GogtSAI4&mkt_tok=eyJpIjoiTURVNE5tWTFPVk0TURSBsIsInQiOiJrSldwd0dsN3p4Tkc3Rzk5XC9sN2tHajBRU2hmaHRcL2JBek01TkFJWjhlbEtmaVhMU3RKTU9HZGtLSUMzNjA5WHY0RHB3ekRQM1J3YTVMb1JEVldDM2JPWIZIUmd4ZG5kdUtYNjU4ZmVCRk9Va0RiVWN6MGk4RUZsWGtqc2VZN1p3In0%3D.
- About 960,000 workers filed for unemployment insurance last week, which marks the first time that initial claims dipped below 1 million since mid-March, when the coronavirus pandemic first

took hold and workers were told to stay home. The weekly claims figure for the week that ended Aug. 8 fell below the 1.18 million claims from last week but remained well above historic highs.

- The federal aid to unemployed workers that President Trump announced last weekend looks likely to be smaller than initially suggested - and it remains unclear when the money will start flowing, how long it will last or how many workers will benefit. The uncertainty comes at a delicate time for the economy. https://www.nytimes.com/2020/08/13/business/economy/unemployment-benefits-coronavirus.html?mkt_tok=eyJpIjoiT0RneE1URm1ZakpoWIRSaisInQiOiJNSjIyT0tmazREZjRGnkhrU2paMEDpSEpYQnV5NkVyXC95UVwvd3dqckxnTFRMUlniWFYrWdQ0NnZDdFBodzZqd0xwU1F0bTU2T3lZYkQreEcyZVEzXC9Ddm5ZNEtCSDNMUERUUDZxTkFBZyt6eCthem5HRUdoTHVHdnRHWVwvXC9lY0FSIn0%3D
- U.S. stocks are hovering near a record high, a stunning comeback since March that underscores the new phase the economy has entered: The wealthy have mostly recovered. The bottom half remain far from it. This dichotomy is evident in many facets of the economy. Jobs are fully back for the highest wage earners, but fewer than half the jobs lost this spring have returned for those making less than \$20 an hour, according to a new labor data analysis by John Friedman, an economics professor at Brown University and co-director of Opportunity Insights. https://www.washingtonpost.com/business/2020/08/13/recession-is-over-rich-working-class-is-far-recovered/?mkt_tok=eyJpIjoiTURVNE5tWTFPVEk0TURSbSIsInQiOiJrSlldwd0dsN3p4Tk3Rzk5XC9sN2tHajBRU2hmaHRcL2JBek01TkFjWjhlbEtmaVhMU3RKTU9HZGtLSUMzNjA5WHY0RHB3ekRQM1J3YTVMblJEVldDM2JPWIZlUmd4ZG5kdUtYNjU4ZmVCRk9Va0RiVWN6MGk4RUZsWGtqc2VZN1p3In0%3D
- The Trump administration criticized a move by mortgage-finance companies Fannie Mae and Freddie Mac to charge a new fee on certain mortgages, saying it would harm consumers. "The White House has serious concerns with this action, and is reviewing it," a senior White House official said in a written statement.

FROM NEW YORK

- "New York City's largest employers remain worried and uncertain about the future course of the Covid-19 virus, with just 26% of workers [expected to return](https://www.bloomberg.com/news/articles/2020-08-13/only-26-of-nyc-companies-expect-workers-back-by-year-end?sref=17aozLHf) by the end of the year, according to a report." <https://www.bloomberg.com/news/articles/2020-08-13/only-26-of-nyc-companies-expect-workers-back-by-year-end?sref=17aozLHf>
- The NYS state budget office has [begun cutting state aid funds for counties](#), putting social services and mental health programs in jeopardy, state and local officials confirmed on Thursday. Without aid from the federal government, Albany has begun reducing by 20% state spending for mandated programs, according to Rockland County Executive Ed Day and the New York State Association of Counties. The state has been indicating that it would withhold 20% of aid while Congress is negotiating more stimulus aid. However, if federal aid doesn't come through, then the 20% cuts would become permanent.
- New York thwarted more than \$1 billion in unemployment fraud during the coronavirus pandemic — [as it paid out nearly \\$40 billion in benefits](#), the Cuomo administration said Thursday. The state Department of Labor said it identified and stopped more than 42,200 fraudulent unemployment benefit claims since COVID-19 hit the Empire State in March. In the last five months, the agency has referred more unemployment fraud cases to federal prosecutors than it did in the last 10 years combined, the DOL said. The fraud announcement was made before lawmakers questioned Labor Commissioner Roberta Reardon on Thursday during a joint legislative hearing assessing COVID-19's impact on New York's workforce."
- [A report](#) released Thursday by the Rockefeller Institute found the Paycheck Protection Program, which provided forgivable loans to small businesses to cover payroll and other expenses related to employment, likely had a mixed level of success in preserving

jobs. The value of the Paycheck Protection Program in New York may have depended on which sector of the economy you work in. [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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