

Thursday, August 27, 2020

To: New York Community Banks

FROM THE WHITE HOUSE

- [Summary of Cumulative Paycheck Protection Program Data](#) (Updated 8/21)
- [Interim Final Rule - Treatment of Owners and Forgiveness of Certain Nonpayroll Costs](#) (Released 8/24)

FROM OTHER SOURCES

What's the status of negotiations on the next round of coronavirus recovery/relief legislation?

- *White House Chief of Staff Meadows:* "We've reached out. I actually had my staff reach out again yesterday to Speaker Pelosi's chief of staff to say that we haven't heard anything from her. ... The president wants [a deal], but I'm not optimistic. I think the speaker is going to hold out until the end of September and try to get what she wants in the funding for the government during the [continuing resolution] or whatever funding mechanism happens to come up at the end of September."
- *Speaker Pelosi's Deputy Chief of Staff Hammill:* "Democrats have compromised in these negotiations. We offered to come down \$1 trillion if the White House would come up \$1 trillion. We welcome the White House back to the negotiating table but they must meet us halfway." Pelosi's office also says that Meadows' staff didn't directly ask for negotiations.

New reported cases of the coronavirus continue to trend downwards nationwide, but daily deaths [surged above 1,100 on Tuesday](#) and infection rates are [increasing among children](#). A new report by the American Academy of Pediatrics and the Children's Hospital Association states that child cases went up by 21% between Aug. 6 and Aug. 20. Children represent about 9.3% of all cases in the country. Just over 3% of cumulative cases in New York City involved children, lower than the 49 states (New York at-large was excluded) that were examined in [the report](#).

News Release | NR 2020-111 August 26, 2020

[Agencies Issue Three Final Rules](#)

Joint Release

Board of Governors of the Federal Reserve System

Federal Deposit Insurance Corporation

Office of the Comptroller of the Currency

The federal bank regulatory agencies today finalized three rules, which are either identical or substantially similar to interim final rules currently in effect that were issued earlier this year. They include:

- A final rule that temporarily modifies the community bank leverage ratio, as required by the CARES Act;
- A final rule that makes more gradual, as intended, the automatic restrictions on distributions if a banking organization's capital levels decline below certain levels; and
- A final rule that allows institutions that adopt the current expected credit losses or "CECL" accounting standard in 2020 to mitigate the estimated effects of CECL on regulatory capital for two years.

The final rule modifying the community bank leverage ratio adopts without change two interim final rules issued in April. The final rule temporarily lowers the community bank leverage ratio threshold and provides a gradual transition back to the prior level. Specifically, the threshold would be 8 percent for the remainder of this year, 8.5 percent for 2021, and 9 percent beginning January 1, 2022. This final rule is effective as of October 1, 2020.

Similarly, the final rule on automatic restrictions of distributions adopts without change two interim final rules, one of which was Board-only, issued in March. The final rule makes more gradual, as intended, the automatic restrictions on capital distributions, such as share repurchases, dividend payments, and bonus payments. This final rule is effective as of January 1, 2021.

Lastly, the CECL final rule is substantially similar to the interim final rule issued in March. The final rule gives eligible institutions the option to mitigate the estimated capital effects of CECL for two years, followed by a three-year transition period. Taken together, these measures offer institutions a transition period of up to five years. In a change from the interim rule, the final rule expands the pool of eligible institutions to include any institution adopting CECL in 2020. The CECL final rule is effective immediately upon publication in the *Federal Register*.

Media Contacts

Federal Reserve Board: Eric Kollig (202) 452-2955; FDIC Julianne Breitbeil (202) 898-6895; OCC Bryan Hubbard (202) 649-6870

Related Links

- [Final Rule on the CBLR Transition Adjustments](#) (PDF)
- [Final Rule on the Definition of Eligible Retained Income in the Capital Rule](#) (PDF)
- [Final Rule on the Revised CECL Transition in the Capital Rule](#) (PDF)

Rafael (Ralph) E. DeLeon

Director for Banking Relations/National Bank Examiner

Office of the Comptroller of the Currency

(202) 649-6736 office; (202) 359-0096 cell; ralph.deleon@occ.treas.gov

FROM NEW YORK

- New York reported 25,305 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 3 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#). . . and yet: “There is an impending-doom feeling.” – Manhattan psychologist Greg Kushnick, on increasing pessimism as the city braces for an expected surge of COVID-19 cases this fall, [via The New York Times](#).
- New York City does not have a lot of company when it comes to reopening schools this fall. A total of 21 out of the 25 largest cities in the country are opting to go fully remote for the rest of the year, according to a [running tracker](#) by Education Week. Out of the 10 largest cities in the Empire State, Albany and Schenectady are the only cities outside New York City that are sending kids back to the classrooms next month.
- That could change now that 16 unions are calling on Capital Region schools to delay their reopenings for at least several more weeks, which was [first reported by The Times Union](#).
- New York City had a [20% unemployment rate](#) in July, according to new data from the state Department of Labor. Of the 15 largest metropolitan areas in the state, only Ithaca has an unemployment rate below 10%, though most cities are hovering somewhere between 11% and 14%, with a statewide average of 11.7% – more than seven points higher than a year ago.
- Gov. Cuomo has quietly begun implementing 20 percent budget cuts [that will trickle down to local governments across the state](#), governor, who is seeking up to \$60 billion in unrestricted aid from Congress, describes the reductions as “temporary.” Federal assistance will come, he insists. But there are no signs of deliverance from Washington, with high-level talks for a new stimulus package at a standstill and help for states and cities halfway down the list of priorities. White House chief of staff Mark Meadows told POLITICO on Wednesday he wasn’t optimistic a deal

could be struck before the end of September. In New York, some have started to wonder: What if help isn't coming at all?

- When some of the 10 board members who signed on to the Campaign for New York's Future saw that they were promoting no new taxes on the rich, they balked, claiming they'd been "hoodwinked" and one by one, they started to drop off the board, [NY1 reports](#).

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