

Tuesday, September 1, 2020

To: New York Community Banks

FROM ICBA

ICBA Service Awards Honor Nation's Community Banks

ICBA [announced](#) this year's National Community Bank Service Awards by recognizing community banks across the nation for their extraordinary efforts to help small businesses, consumers, and communities amid the COVID-19 pandemic. This year's call for entries, sponsored by FIS, generated more than 100 community bank stories, a sampling of which is showcased in the September issue of Independent Banker magazine. In a national news release, ICBA noted that community banks have stepped up as financial first responders, leading the way on the Paycheck Protection Program, donating to local charities and essential workforces, supporting local restaurants, and more.

[READ ICBA RELEASE](#)

ICBA: Exclude PPP loans from asset calculations

ICBA called on Congress to direct federal regulators to exclude Paycheck Protection Program loans from bank and bank holding company asset threshold calculations. In letters to [House](#) and [Senate](#) leaders, ICBA noted that the surge of PPP loans has swelled the balance sheets of community banks. Absent a legislative fix, asset-size growth will inadvertently push many community bankers over regulatory thresholds and subject them to additional supervision, regulations, and costs. Whereas banks normally have advanced notice that they are close to crossing an asset threshold and invest in a strategic plan to comply with additional regulations, rapid asset increases due to PPP lending have caused temporary balance sheet inflation. "This is an exceptional circumstance and bank regulation must be flexible enough to account for it rationally and ensure that PPP lenders are not punished with regulatory costs simply for their participation in an emergency program," ICBA wrote.

CFPB: Credit Delinquencies Limited During Pandemic

Consumers have not experienced significant increases in delinquency or other negative credit outcomes due to the COVID-19 pandemic, the Consumer Financial Protection Bureau [reported](#). The report also found student loan and first-lien mortgage accounts had the largest increases in payment assistance from creditors and lenders to borrowers, though assistance on auto loan and credit card accounts were substantial. Further, financial institutions reduced access to credit card debt by closing existing lines of credit and halting credit limit increases on open accounts, while credit card balances fell substantially at the start of the pandemic and have continued to decline steadily.

GAO: Feds Providing PPP, Stimulus Clarity

The federal government spent roughly \$1.3 trillion of \$1.5 trillion in authorized COVID-19 relief funds through June 30, the Government Accountability Office [reported](#). In its second bimonthly report on CARES Act relief, the GAO said federal agencies responded to recommendations in its previous report by clarifying that individuals paid through the Paycheck Protection Program are not eligible for unemployment insurance. The GAO also noted that the SBA has begun developing PPP oversight plans to reduce the potential for fraud.

FDIC Issues CRA Exam Schedule

The [FDIC issued](#) the lists of institutions scheduled for Community Reinvestment Act exams during the fourth quarter of 2020 and first quarter of 2021. The schedules are based on the best current information and are subject to change.

FROM OTHER SOURCES

- In Washington, negotiations appear to still be stalled on Capitol Hill, with a [top GOP leader blaming](#) the impasse on House Speaker Pelosi's insistence for more than \$1 trillion more in spending than the GOP has offered.
- Measures of U.S. wage growth which have surged despite staggering levels of unemployment during the coronavirus pandemic reflect disproportionate job losses among low-income workers, Federal Reserve Bank of San Francisco President Mary Daly argues in a new study that she co-authored. Although the unemployment rate jumped to a multi-decade record 14.7% in April, median weekly earnings increased by more than 10% in the second quarter over the same period last year. https://www.bloomberg.com/news/articles/2020-08-31/fed-study-shows-low-income-pandemic-job-losses-skew-wage-growth?mkt_tok=eyJpIjoiWlROall6ZGIPRFk0TVdReCIsInQiOiI0Rm5pNUY5VWNRNldnS25IOEVDUUDzRklzZDNNTjBSQ0U4U0VHYXQ3U1NuajhCSkJvc1hsdE5HTHQ0ZUIZcGZaSjNicTExdGNWeDZhK2VOUnJoVVwvaVhmMFFDWDZHZnliV3VFdHR3SGF1MjBUbXExeEFFRVZlWHJCa0FcLzY1azBMIn0%3D
- The forbearance rate for mortgages backed by Fannie Mae and Freddie Mac dropped to a four-month low of 4.88%, while the overall rate was 7.2%, unchanged from the prior week, the Mortgage Bankers Association said in a report on Monday. The GSE rate for the week ended Aug. 23 fell 5 basis points from the prior week, the MBA report said. The rate for mortgages packaged into Ginnie Mae securities, primarily loans backed by the Federal Housing Administration and the Veterans Administration, increased to 9.58% from 9.54%. https://www.housingwire.com/articles/fannie-mae-freddie-mac-forbearance-rate-falls-to-a-4-month-low/?mkt_tok=eyJpIjoiWlROall6ZGIPRFk0TVdReCIsInQiOiI0Rm5pNUY5VWNRNldnS25IOEVDUUDzRklzZDNNTjBSQ0U4U0VHYXQ3U1NuajhCSkJvc1hsdE5HTHQ0ZUIZcGZaSjNicTExdGNWeDZhK2VOUnJoVVwvaVhmMFFDWDZHZnliV3VFdHR3SGF1MjBUbXExeEFFRVZlWHJCa0FcLzY1azBMIn0%3D
- The U.S. faces a wave of small-business failures this fall if the federal government does not provide a new round of financial assistance - a prospect that economists warn would prolong the recession, slow the recovery and perhaps enduringly reshape the American business landscape. As the pandemic drags on, it is threatening even well-established businesses that were financially healthy before the crisis. https://www.nytimes.com/2020/09/01/business/economy/small-businesses-coronavirus.html?mkt_tok=eyJpIjoiWlROall6ZGIPRFk0TVdReCIsInQiOiI0Rm5pNUY5VWNRNldnS25IOEVDUUDzRklzZDNNTjBSQ0U4U0VHYXQ3U1NuajhCSkJvc1hsdE5HTHQ0ZUIZcGZaSjNicTExdGNWeDZhK2VOUnJoVVwvaVhmMFFDWDZHZnliV3VFdHR3SGF1MjBUbXExeEFFRVZlWHJCa0FcLzY1azBMIn0%3D
- As some schools begin in-person classes, new data shows that cases, hospitalizations and deaths from the coronavirus have increased at a faster rate in children and teenagers than among the general public, [The New York Times reports](#).
- Treasury Secretary Mnuchin will testify in front of the special House coronavirus committee.

FROM NEW YORK

- Spending cuts continue to loom. And loom. For now, most elected officials seem hesitant to attach a deadline for when these cuts will take effect. A fiscal crisis created by the pandemic, New York City faces layoffs of up to 22,000 workers, many of whom likely face serious uncertainty. NYC Mayor de Blasio is taking this on [day-by-day basis](#), he told NY1 on Monday.

He's waiting for help from Albany, which in turn is delaying any action until help comes from Washington.

- State and local governments in New York need \$59 billion in federal aid or across-the-board spending cuts are likely, Gov. Andrew Cuomo warned Monday in a letter backed by prominent labor leaders. [Read More](#)
- New York reported 25,327 total statewide deaths of New Yorkers who tested positive for COVID-19, as of Aug. 30. There was 1 more fatality in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#).
- At the height of the pandemic, hundreds of New Yorkers a day were succumbing to COVID-19. The sounds of ambulances could be heard across cities. There was only one COVID-19 death in New York in the last day. [Read More](#)
- State and local governments in New York need \$59 billion in federal aid or else across-the-board spending cuts are likely, Gov. Andrew Cuomo warned in a letter backed by prominent labor leaders, [State of Politics reports](#). They are [sending a letter](#) to the state's congressional delegation urging a renewed push for billions in new federal stimulus funding for local and state governments. "It is mathematics... the gaps are so large," the governor told reporters of the sweeping state budget cuts that would happen without the aid.
- The Governor also used the occasion to double down on his claim that increasing taxes on the wealthy [could not do anything significant](#) to resolve the fiscal situation. Negotiations appear to remain stalled on Capitol Hill, with a [top GOP leader blaming](#) the impasse on House Speaker Nancy Pelosi's insistence for more than \$1 trillion more in spending than the GOP has offered.
- Governor Cuomo said yesterday that an increase in positive COVID-19 cases will likely follow the reopening of public schools, though levels of infection remain at their lowest level since mid-March. The state has now gone 24 straight days with less than 1% of reported tests coming back positive for the coronavirus (assuming the rate really is .99% as [reported by Cuomo](#).) Western New York remains an area of concern, with rates of positive cases hovering in the [low single digits](#) in recent days.
- As pressure mounts to delay the start of in-person classes this fall, more New York City families are choosing to not send their children back to school buildings, with 366,553 of the city's roughly one million public school students opting for remote-only learning, [amNewYork reports](#).
- Erie County officials must figure out how to disperse the workforce in a way that will serve the public and safeguard employees during the coronavirus pandemic – the county's muddled approach does too little of either, [The Buffalo News writes](#).
- Former New York Gov. David Paterson has cut ties with a nonprofit group that was lobbying to shape the state's economic recovery from the COVID-19 pandemic, saying it was more focused on tax policy than he initially realized, [The Wall Street Journal reports](#)
- America's real-estate meccas aren't what they used to be as COVID-19 revives U.S. mobility. Far more people moved to Vermont, Idaho, Oregon and South Carolina than left during the pandemic, according to data provided to Bloomberg News by [United Van Lines](#). The reverse was true for New York and New Jersey, which saw residents moving to Florida, Texas and other Sunbelt states between March and July. https://webcache.googleusercontent.com/search?q=cache:kSW_gq3o3UEJ:https://www.bloomberg.com/news/articles/2020-08-31/new-yorkers-flee-for-florida-and-texas-as-mobility-surges+&cd=1&hl=en&ct=clnk&gl=us

- It seemed like reclassifying gig workers as employees was going to be one of the most significant issues of the state legislative session – until the coronavirus pandemic came along. Nonetheless, labor advocates are optimistic about reclassification.

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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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