

Thursday, April 15, 2021

To: New York Community Banks

## FROM ICBA

### **Romero Rainey: credit union tax exemption spreads with bank acquisitions**

As policymakers look for new sources of revenue to fund infrastructure spending, their first stop should be reexamining the credit union tax exemption, which promotes industry consolidation and reduces scarce tax revenues at all government levels, ICBA President and CEO Rebeca Romero Rainey wrote in a new [American Banker op-ed](#).

The latest hit to tax revenues comes with the [announcement](#) of \$11 billion-asset VyStar Credit Union's purchase of a \$1.6 billion-asset community bank, notes Romero Rainey, who renewed ICBA's call for Congressional [hearings](#) and [a GAO study](#) on the evolution of the credit union industry and the National Credit Union Administration supervision.

**More:** "Ultimately, financial services consolidation fed by the outdated credit union tax exemption and lax NCUA oversight reduces the availability of locally based financial institutions, often in communities most in need of them," Romero Rainey wrote.

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

### **Sen. Manchin added to speaker lineup for Capital Summit 2021**

Senator Joe Manchin (D-W.Va.) is the latest addition to the impressive speaker lineup announced for the 2021 virtual [ICBA Capital Summit](#), set to livestream April 27. Manchin joins Senate Banking Committee Chairman Sherrod Brown (D-Ohio) and other policymakers that will address community bankers before they embark on three days of virtual Capitol Hill visits with members of Congress and staff on critical community banking advocacy priorities. [Learn more and register](#).

### **Senate confirms Gary Gensler as SEC head**

Gary Gensler was confirmed by a Senate vote of 53-45 to serve as chairman of the Securities and Exchange Commission. The former top regulator in the Obama administration is expected to pursue historic new rules related to digital assets. During his [Senate Banking Committee confirmation hearing](#) last month, Gensler said Bitcoin and cryptocurrencies have been a "catalyst for change," bringing new thinking into payments and financial inclusion, but also raising investor protection issues that need to be addressed.

**More:** the SEC established its [Strategic Hub for Innovation and Financial Technology](#) to further its efforts in this area.

**Background:** ICBA offers community banks a robust primer on [cryptocurrency](#).

### **CFPB issues fair lending report to Congress**

The Consumer Financial Protection Bureau released its annual [Fair Lending Report to Congress](#) highlighting efforts to advance its fair lending mission and support consumers throughout the COVID-19 pandemic. The bureau noted its interpretive rule on special purpose credit programs, its Tech Sprint event to foster creative and innovative compliance solutions, and more than 90 outreach events held with key stakeholders on fair lending compliance and credit access policy issues.

### **Fed districts cite increased loan volume delinquency rates: Beige Book**

Economic activity accelerated to a moderate pace from late February to early April for most Federal Reserve districts, according to the [Fed's Beige Book](#). Most districts cited modest to moderate increases in overall loan volumes and sustained demand for single family homes, while reports on commercial real estate and construction were mixed. Agricultural conditions were mostly stable over the reporting period.

## FROM OTHER SOURCES

### **Subject: SBA Procedural Notice 5000-808534 2nd Extension of Notice Providing Guidance on Underwriting 7a Loans during the COVID-19 Pandemic an Misc. Related Matters**

Good Morning, On December 16, 2020, SBA issued SBA Procedural [Notice 5000-20071](#), Updated Guidance on Underwriting 7(a) Loans (including Community Advantage (CA) Pilot Program loans) during the COVID-19 Pandemic and Miscellaneous Related Matters, extending through March 31, 2021 the guidance on the additional credit analysis that a 7(a) Lender should conduct and include in its credit memorandum during the COVID-19 emergency previously provided in SBA Procedural [Notice 5000-20042](#), and extending through March 31, 2021 the guidance for certain miscellaneous matters related to 7(a) loans during the COVID-19 emergency as discussed in SBA Procedural Notice 5000-20042.

Given the continuing adverse economic effects of the COVID-19 emergency, the purpose of the attached [Notice 5000-808534](#) is to extend and update the underwriting guidance and the guidance on certain miscellaneous related matters through **June 30, 2021** and provide additional updates as described in the attached as a result of the enactment of the Economic Aid Act on December 27, 2020.

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- The number of new coronavirus infections in the U.S continues to rise, making a quick, clean end to the pandemic less and less likely. New cases rose this past week in 25 states and declined in six, Axios' Sam Baker and Andrew Witherspoon [report](#). Much of the U.S. is relying almost exclusively on vaccines to control the virus, abandoning social distancing and other safety measures, and that's helping the virus to steadily gain ground, even as vaccinations barrel ahead. Another surge is likely to be a lot less deadly than previous waves, because so many vulnerable Americans have been vaccinated. But it'll provide fertile conditions for the virus to mutate into new variants, keeping COVID in our lives [even longer](#). . . [Share this map](#).
- The CDC advisory panel on vaccination policy said it does not have enough information to assess the risk of the side effects of Johnson & Johnson's coronavirus vaccine, keeping a pause in its distribution in place until it meets again in another week or two. The White House has said the United States has enough supply of other vaccines to meet Biden's goal of delivering 200 million doses in the president's first 100 days. ([The Wall Street Journal](#))
- A group of vaccine experts advising the Centers for Disease Control and Prevention deadlocked on whether or how to limit the use of Johnson & Johnson's coronavirus vaccine based on sex or age, [Politico reports](#).
- Despite conservative resistance, many businesses and some states are moving ahead with vaccine passports that verify people have been vaccinated, [Axios Vitals](#) author Caitlin Owens [writes](#). The list of universities [requiring](#) proof of vaccination is growing. Many businesses view some sort of vaccine verification system as key to getting back to normal. The Biden administration said it won't mandate vaccine passports, nor create a federal vaccination database. That leaves decision-making to the states and private sector. Several Republican governors said they'll fight such systems, and Texas and Florida have tried to ban them. [Share this story](#).
- The United States is on track to have gathered an oversupply of hundreds of millions of coronavirus vaccine doses by as soon as July, even while many countries in the developing world will have to wait years to vaccinate a majority of their population, according to a report released Thursday by the Duke Global Health Innovation Center. The Biden administration has pledged to donate doses. "If we have a surplus, we're going to share it with the rest of the world," Biden [said last month](#), when pressed on the issue. "We're going to start off making sure Americans are taken

care of first, but we're then going to try to help the rest of the world." [https://www.washingtonpost.com/world/2021/04/15/united-states-vaccine-sharing/?mkt\\_tok=ODUwLVRBQS01MTEAAAF8dG2N1aq3TfQ6ILbhD7aRtAzvSh3bMwRvtmiW0nAFn\\_KxmgzAfvYBRgOtwpxbb61k\\_TmsOXKgcFP85yFpY\\_2IWGU4p2nLY4MxI6nd3XSeNFk](https://www.washingtonpost.com/world/2021/04/15/united-states-vaccine-sharing/?mkt_tok=ODUwLVRBQS01MTEAAAF8dG2N1aq3TfQ6ILbhD7aRtAzvSh3bMwRvtmiW0nAFn_KxmgzAfvYBRgOtwpxbb61k_TmsOXKgcFP85yFpY_2IWGU4p2nLY4MxI6nd3XSeNFk)

- With coronavirus shots now in the arms of nearly half of American adults, the parts of the U.S. that are excelling and those that are struggling with vaccinations are starting to look like the nation's political map: deeply divided between red and blue states. The emerging pattern: Americans in blue states that lean Democratic appear to be getting vaccinated at more robust rates, while those in red Republican states seem to be more hesitant. [https://apnews.com/article/joe-biden-donald-trump-alabama-georgia-savannah-941ef2bf9b60ee39d6b9fd5e2ce861f7?mkt\\_tok=ODUwLVRBQS01MTEAAAF8dG2N1cZGPgpqAgjy6TeMfILdmgAbHHVd791RFJWIIb5bTyfJzx28UxIYQ\\_lcFnLRNdzhIvbpXBP4uha1uZ7mDR8hehszFdtjCizkxo9F0PI](https://apnews.com/article/joe-biden-donald-trump-alabama-georgia-savannah-941ef2bf9b60ee39d6b9fd5e2ce861f7?mkt_tok=ODUwLVRBQS01MTEAAAF8dG2N1cZGPgpqAgjy6TeMfILdmgAbHHVd791RFJWIIb5bTyfJzx28UxIYQ_lcFnLRNdzhIvbpXBP4uha1uZ7mDR8hehszFdtjCizkxo9F0PI)
- Gary Gensler, confirmed by the Senate yesterday as the new Chairman of the SEC, has been a Wall Street critic who led the Commodity Futures Trading Commission following the 2008 financial crisis and has suggested he will increase scrutiny of companies over their climate risks and political spending. ([The Washington Post](#))
- According to the Fed's "Beige Book" released Wednesday, U.S. economic activity has picked up pace and consumer spending has improved, stating: "National economic activity accelerated to a moderate pace from late February to early April." The Beige Book which was based on information collected by the Fed's 12 regional banks through April 5. [https://www.bloomberg.com/news/articles/2021-04-14/fed-says-u-s-economic-activity-has-picked-up-to-moderate-pace?mkt\\_tok=ODUwLVRBQS01MTEAAAF8dGtvu0\\_cuD-06Vvnb5PimwhUseEEmj69J6-S5Cd1edeFhs5zH1dQ3Hbruj1wVGmbsQ8xdvKCQmmILDm4kpH7p8AzviEVArvCwznFMnDpmMS1R](https://www.bloomberg.com/news/articles/2021-04-14/fed-says-u-s-economic-activity-has-picked-up-to-moderate-pace?mkt_tok=ODUwLVRBQS01MTEAAAF8dGtvu0_cuD-06Vvnb5PimwhUseEEmj69J6-S5Cd1edeFhs5zH1dQ3Hbruj1wVGmbsQ8xdvKCQmmILDm4kpH7p8AzviEVArvCwznFMnDpmMS1R)
- U.S. shoppers likely boosted retail spending sharply in March as federal-stimulus funds made their way to households, warmer weather set in and the economy reopened more fully from pandemic-related restrictions. Economists forecast that the Commerce Department will report Thursday that retail sales—a measure of purchases at stores, at restaurants and online—increased by 6.1% last month, compared with a 3% drop in February. [https://www.wsj.com/articles/us-economy-march-retail-sales-coronavirus-recovery-11618450223?mkt\\_tok=ODUwLVRBQS01MTEAAAF8dGtvvpcD8gtT5BTnHQXMQxS4P4GfhRu1gvXVYDzB8CqhiNIYpQL2Woyhy0Ljz2juKqLD3j1-07MC6Y2-83cOLF9\\_y4CW0q77JuBuPhXtBOt6](https://www.wsj.com/articles/us-economy-march-retail-sales-coronavirus-recovery-11618450223?mkt_tok=ODUwLVRBQS01MTEAAAF8dGtvvpcD8gtT5BTnHQXMQxS4P4GfhRu1gvXVYDzB8CqhiNIYpQL2Woyhy0Ljz2juKqLD3j1-07MC6Y2-83cOLF9_y4CW0q77JuBuPhXtBOt6)
- Unemployment claims likely resumed their decline as the U.S. economic revival picked up speed. Economists surveyed by The Wall Street Journal expect that the Labor Department will report that jobless claims, a proxy for layoffs, fell to 710,000 last week [from 744,000 a week earlier](#). That would be down from a recent high of about 900,000 a week in January, but still way above the levels of around 220,000 that prevailed early last year, before the Covid-19 pandemic hit the U.S. economy. [https://www.wsj.com/articles/weekly-jobless-claims-coronavirus-04-15-2021-11618433294?mkt\\_tok=ODUwLVRBQS01MTEAAAF8dGtvvgeTj5Pd6duCDiRdU-e3i46pRRbgSjJKGJWsOOMnG4b1xM-jMz\\_VaGhkl\\_Z6HfhZN4ZV1xlns5LI19gNIRgSKdMj\\_3QJIYyx2U3jyWgX](https://www.wsj.com/articles/weekly-jobless-claims-coronavirus-04-15-2021-11618433294?mkt_tok=ODUwLVRBQS01MTEAAAF8dGtvvgeTj5Pd6duCDiRdU-e3i46pRRbgSjJKGJWsOOMnG4b1xM-jMz_VaGhkl_Z6HfhZN4ZV1xlns5LI19gNIRgSKdMj_3QJIYyx2U3jyWgX)

#### FROM NEW YORK

- Governor Cuomo reported yesterday that COVID hospitalizations dropped to 4,091. Of the 208,163 tests reported yesterday, 6,192, or 2.97%, were positive. The 7-day average positivity rate was 3.12%. There were 887 patients in ICU yesterday, up 18 from the previous day. Of them, 563 were intubated. 43 New Yorkers lost their lives to the virus. Western New York was the region with the highest current seven-day average positivity rate (4.8%), followed by Mid-Hudson (3.7%), Long Island (3.7%), and New York City (3%). <https://www.governor.ny.gov>. New York had administered 12,440,535 total doses. 25.9% of New Yorkers had completed their vaccine

series, while 39.1% had completed at least one vaccine dose. See data by region and county on the State's Vaccine Tracker: [ny.gov/vaccinetracker](https://ny.gov/vaccinetracker).

- New York state reported there were 58 COVID-19 deaths on Monday, and the state has administered 12,253,659 total vaccine doses as of yesterday. New York City reported there were 2,311 new cases in the city on Monday. For more numbers, [click here](#).
- [A vaccine appointment crunch](#) appears to be easing in parts of the state even as the J&J shots are paused.
- Governor Cuomo announced Wednesday that restaurants and bars can stay open an extra hour longer starting Monday, when the 11 p.m. curfew will be extended to midnight. The policy of maintaining a curfew has [been extended until May 6](#), along with a rule requiring anyone who buys a drink to also get a food item. Catered events will be allowed to go until 1 a.m. These businesses that have been focused for months on working to ease pandemic-related restrictions. However, there is one rule they hope to keep in place. [Read More](#)
- The U.S. - Canadian border has been closed in both directions to non-essential travel since March of last year, but Western New York Rep. Brian Higgins (D-NY-26) said while at this time last year the United States was the global leader in COVID deaths, it's now the leader in vaccine manufacturing, distribution and administration. [Read More](#)
- The Federal Reserve's "Beige Book" survey reported that in the New York District: "...economic activity has accelerated sharply in the latest reporting period, growing at a strong pace, despite an upturn in reported COVID cases across the District. **Businesses in the broad finance sector** reported modest improvement in business activity. **Small to medium sized banks in the region** reported rising demand for business loans, as well as commercial and residential mortgages, but steady demand for consumer loans. **Bankers reported** unchanged credit standards for all categories, steady loan spreads, and no change in average deposit rates. Contacts reported little change in delinquency rates, with bankers reporting some decrease in lenient policies for delinquent consumer loan and home mortgage accounts. **For more information about District economic conditions visit:** [www.newyorkfed.org/regional-economy](http://www.newyorkfed.org/regional-economy)
- Even without final data from New York City about how many people remained in the city during the pandemic, an abundance of anecdotal evidence exists about the exodus of its wealthiest residents – and now, not everyone wants them to come back, [The New York Times reports](#).
- State Comptroller Tom DiNapoli is offering a taste of his upcoming [analysis of the new state budget](#).
- House Democrats from New York are threatening to oppose future tax legislation unless it includes a repeal of the state and local tax (SALT) deduction cap, pressing to make that change in the package they're planning to tie to President Biden's infrastructure bill, [the Times Union reports](#). Nearly a dozen House members from California, New Jersey and New York today will announce the "SALT caucus" seeking to repeal the 2017 tax law's \$10,000 cap on state and local deductions. Other key lawmakers from high-tax states — including House Democratic Caucus Chair Hakeem Jeffries (D-Brooklyn) — have stopped short of saying that's is a "must-have" in the infrastructure package. <https://www.politico.com/newsletters/new-york-playbook/2021/04/15/bar-and-restaurant-curfew-extended-to-midnight-hospitalizations-of-seniors-fall-impeachment-hotline-draws-100-calls-492484?nname=new-york-playbook&nid=0000014f-1646-d88f-a1cf-5f46b74f0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630317>

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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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