

Tuesday, May 3, 2021

To: New York Community Banks

Good morning. We have an important article as part of this mornings' update that I am asking all of you to read. It's the first item under the New York section, and focuses on a Public/State Banking bill being discussed at the Senate Banking Committee. IBANYS is opposed to this legislation (see our attached Memo in Opposition), and we have spoken with Senator Sanders about using alternative methods to achieve the bill's objectives, without creating an additional layer of unfair competition for community banks. We need your help in reaching out to your local state senators representatives and opposing this bill.

There is another bill back in the limelight - Credit Unions being eligible to bid on municipal deposits. Again, we need your voices to contact your local representative to oppose / alter this legislation as well.

We are in a difficult situation because the Governor no longer has veto power because both the Senate and Assembly Democrats have "supermajorities" that can override his veto, so these bills can be passed without any opposition or help from the Governors' office.

Thank you. Any questions, please contact me at [johnw@ibanys.net](mailto:johnw@ibanys.net).

#### FROM ICBA

##### **PPP funds could be exhausted soon**

The SBA reportedly told congressional offices that general Paycheck Protection Program funding could be exhausted soon.

**Details:** While the SBA hasn't yet released public figures, remaining PPP funds reportedly break down as follows:

- \$1.6 billion in the PPP's general fund.
- \$7 billion reserved for loans with hold codes.
- \$9.9 billion set aside for certain community financial institutions.

**Background:** Under the Economic Aid Act, community financial institutions include Community Development Financial Institutions, Minority Depository Institutions, Certified Development Corporations, and certain microloan intermediaries.

**Impact:** With the general fund nearly exhausted, community banks are advised to quickly submit any outstanding PPP applications.

**More:** More PPP information and resources are available on the [SBA](#) and [Treasury](#) sites and ICBA's [PPP and EIP News](#) page.

##### **SBA extends guidance on PPP whole loan sales**

The SBA last week [issued guidance](#) extending Paycheck Protection Program whole loan sales. Because existing guidance on whole loan sales was scheduled to expire Saturday, the SBA on Friday issued the revised guidance extending the policy through May 1, 2022.

##### **Yellen to tap Fed's Hsu for OCC: reports**

Treasury Secretary Janet Yellen plans to appoint Michael Hsu as the acting comptroller of the currency, according to [The Wall Street Journal](#).

**Details:** Citing anonymous sources, the report said Hsu will join the OCC as first deputy comptroller before taking over as acting comptroller.

**Background:** Former OCC Chief Operating Officer Blake Paulson has served as acting comptroller since former Acting Comptroller Brian Brooks stepped down earlier this year.

##### **FHFA requires GSE 'living wills'**

The Federal Housing Finance Agency [published](#) a final rule requiring Fannie Mae and Freddie Mac to develop credible resolution plans, or "living wills." Similar to living wills required of the largest banks, the resolution plans would facilitate a rapid and orderly resolution of the enterprises should FHFA be appointed their receiver under the Housing and Economic Recovery Act of 2008.

## **Pandemic led to tighter lending standards: Fed survey**

Banks reported tightening commercial and industrial lending and consumer credit policies for most categories of borrowers compared with before the pandemic, according to the Fed's Senior Loan Officer Opinion Survey.

**Details:** The [Fed said](#) "small" banks tightened standards on all categories of C&I borrowers, especially for small and below-investment-grade firms. For consumer loans, banks tightened standards on all categories.

**More:** On commercial real estate lending, banks reported tightening most terms on nonfarm nonresidential loans and on construction and land development loans while leaving most terms unchanged on multifamily loans.

## **FROM OTHER SOURCES**

- Medical experts welcomed the news that the Pfizer-BioNTech COVID-19 vaccine could be authorized by the Food and Drug Administration for use in adolescents ages 12 to 15 by early next week, a major step forward in the U.S. vaccination campaign, [The New York Times reports](#). The pending announcement sets up the prospect of vaccinating young people before the beginning of the next school year, as children ages 16 and older are already cleared to take the shot. ([The Associated Press](#))
- The Biden administration is racing to end a bottleneck that has prevented state and local governments from distributing nearly \$50 billion in rental assistance that Congress allocated to keep those tenants from going over a financial cliff, [Politico reports](#).
- The pandemic crisis is finally winding down for much of the country, with both vaccinations and the economy surging. But the Covid-19 housing crisis hasn't even hit yet, and Washington's efforts to head it off have stalled. A federal moratorium on evictions is set to expire June 30, leaving millions of tenants facing long-term damage to their credit and the potential loss of their homes if they can't scrape together more than a year's worth of back rent. [https://www.politico.com/news/2021/05/04/white-house-rent-evictions-485266?mkt\\_tok=ODUwLVRBQS01MTEAAAF81jVG3l\\_hef65sc2xj3CbXGJqvV8aECUYoKdARGtDrBV1Udog7zxEOEtcmaKlI\\_2AyP2BQvOW-AKLGnKw7bnDB6GSXY69NVjtZuT8Exmm\\_gaa](https://www.politico.com/news/2021/05/04/white-house-rent-evictions-485266?mkt_tok=ODUwLVRBQS01MTEAAAF81jVG3l_hef65sc2xj3CbXGJqvV8aECUYoKdARGtDrBV1Udog7zxEOEtcmaKlI_2AyP2BQvOW-AKLGnKw7bnDB6GSXY69NVjtZuT8Exmm_gaa)
- Treasury Secretary Yellen is expected to name Michael Hsu, associate director of the Fed's bank supervision and regulation division, as first deputy comptroller at the Office of the Comptroller of the Currency. He will reportedly then assume the role of Acting Comptroller. It's still not clear who the Biden administration plans to nominate for the Comptroller position, although at least one person, former Fed governor Sarah Bloom Raskin, reportedly turned down an offer to lead the OCC. [https://www.wsj.com/articles/yellen-to-appoint-senior-fed-official-to-run-occ-11620057637?mkt\\_tok=ODUwLVRBQS01MTEAAAF81jVG3vRUu-HmjAQHnG0SoCpn7vJJMaU16bJlfrhqvB7PRkGHbdJQccSYMJzWuVo-VpBFYAiZly0NBJS0SyWRs5FX3xIiYT6s4V2KJi29uQ5U](https://www.wsj.com/articles/yellen-to-appoint-senior-fed-official-to-run-occ-11620057637?mkt_tok=ODUwLVRBQS01MTEAAAF81jVG3vRUu-HmjAQHnG0SoCpn7vJJMaU16bJlfrhqvB7PRkGHbdJQccSYMJzWuVo-VpBFYAiZly0NBJS0SyWRs5FX3xIiYT6s4V2KJi29uQ5U)
- Federal Reserve Chairman Powell said the Community Reinvestment Act rules should apply to all firms that provide consumer credit, not just banks, noting that "like activities should have like regulation." Powell also cited results from a Fed survey that will be released later this month showing the COVID-19 pandemic's outsized impact on minority workers and women. [https://www.wsj.com/articles/powell-highlights-slower-recovery-for-low-wage-and-minority-workers-11620065926?mkt\\_tok=ODUwLVRBQS01MTEAAAF81jVG37BoKaMQWcDVkF6IEhDvkV0mjeVXUdJH96i51hXCJTvpUmdERG-9NPEwsi5j\\_Pvx6PrhcXcJS7Y306ODLypAZ\\_9JmpnWb4l0lA0XnuY](https://www.wsj.com/articles/powell-highlights-slower-recovery-for-low-wage-and-minority-workers-11620065926?mkt_tok=ODUwLVRBQS01MTEAAAF81jVG37BoKaMQWcDVkF6IEhDvkV0mjeVXUdJH96i51hXCJTvpUmdERG-9NPEwsi5j_Pvx6PrhcXcJS7Y306ODLypAZ_9JmpnWb4l0lA0XnuY). [The Wall Street Journal](#)
- Restaurants, bars, caterers and other food businesses devastated by the pandemic began applying Monday for help from a new \$28.6 billion federal aid program, but the money isn't expected to last long. Despite a few glitches after thousands descended on the application website for the Restaurant Revitalization Fund when it went live at noon, the process was fairly straightforward,

applicants said. [https://www.nytimes.com/2021/05/03/business/Restaurant-Revitalization-Fund-opening.html?mkt\\_tok=ODUwLVRBQS01MTEAAAF81jVG3bdqYRmx64lwkP8LnfqF3-yfNYkoLdFJOLTIsZWp8a1fadVFs7HKNJHhNh2jRAyWs71xZJZh7AuLv6RthXQzoYs\\_KPpHsexM2IEhunCO](https://www.nytimes.com/2021/05/03/business/Restaurant-Revitalization-Fund-opening.html?mkt_tok=ODUwLVRBQS01MTEAAAF81jVG3bdqYRmx64lwkP8LnfqF3-yfNYkoLdFJOLTIsZWp8a1fadVFs7HKNJHhNh2jRAyWs71xZJZh7AuLv6RthXQzoYs_KPpHsexM2IEhunCO)

- The Biden administration has chosen former CFPB Director Richard Cordray to lead the Education Department's Office of Federal Student Aid, which oversees the federal government's \$1.6 trillion student loan portfolio and financial aid programs. Cordray stressed his experience working with the Education Department during his time at CFPB and noted Rohit Chopra, the Biden administration's pick to lead CFPB, was the Bureau's top student loan official during the Obama administration. [Politico](#)

#### FROM NEW YORK

- New York State Senate Banks Chairman James Sanders wants to change how municipalities do their banking. The idea is called public banking. He told *Capital Tonight* that the public banking model will work because “the shareholders of the public bank would be the people of New York.” He noted under his “New York Public Banking Act” ([S1762A/A5782](#)) a bank would be controlled by a government body rather than by private investors, and that the public bank would be an institutional lender, not one at which individuals would open checking accounts. <https://nystateofpolitics.com/state-of-politics/new-york/politics/2021/05/03/public-banking--how-it-could-work-in-new-york>. **NOTE: IBANYS is strongly opposed to this legislation: See our Memo in Opposition attached.**
- Governor Cuomo announced New York is moving forward with a broad reopening by May 19, as the vaccine has become widely available and virus cases have declined sharply in the state. The reopening carries some uncertainty amid the variants as well as the concerns over the pace of vaccinations slowing down in recent weeks, which some officials have attributed to hesitancy, others point to a lack of access. . . [24-hour subway service will finally return](#) to New York City on May 17, and the state [will lift most Covid-19 restrictions](#) two days later, allowing businesses to operate at full capacity for the first time in more than a year.
- Governor Cuomo reported yesterday that COVID hospitalizations were at 2,539 Sunday. Of the 113,139 tests reported, 2,200, or 1.94%, were positive. The 7-day average positivity rate was 1.79%. There were 613 patients in ICU yesterday, down 24 from the previous day. Of them, 379 were intubated. 37 New Yorkers lost their lives to the virus. <https://www.governor.ny.gov> New York had administered 15,734,364 total doses of vaccine. 46.6% of New Yorkers have completed at least one dose, and 35.2% of New Yorkers had completed their vaccine series. See data by region and county on the State's Vaccine Tracker: <ny.gov/vaccinetracker>.
- **[Meanwhile, the FDA is poised](#)** to authorize the Pfizer vaccine for children between the ages of 12 and 15, leading to renewed hope of a reopening of schools by the fall. [Read more.](#)
- New York, New Jersey and Connecticut will lift most COVID-19-related restrictions on May 19, signaling a denouement for some of the country's strictest lockdown orders and social distancing protocols imposed during the pandemic. The unified approach was announced yesterday by the governors of the three states. [https://www.politico.com/states/new-york/albany/story/2021/05/03/new-york-new-jersey-connecticut-ending-most-restrictions-on-may-19-1379725?mkt\\_tok=ODUwLVRBQS01MTEAAAF81IHqwjutogf2zzPk8mGdpGVg9Yb\\_25sp7qWY6F5Xw8\\_7RXq3kyzz4Cx-8oPIV7tWnsor-FeKypeAnv8j9WVzV--Ozl6KoAYDwRuWNHua\\_HsG](https://www.politico.com/states/new-york/albany/story/2021/05/03/new-york-new-jersey-connecticut-ending-most-restrictions-on-may-19-1379725?mkt_tok=ODUwLVRBQS01MTEAAAF81IHqwjutogf2zzPk8mGdpGVg9Yb_25sp7qWY6F5Xw8_7RXq3kyzz4Cx-8oPIV7tWnsor-FeKypeAnv8j9WVzV--Ozl6KoAYDwRuWNHua_HsG)
- **[New York City is seeing the best COVID-19 numbers](#)** in nearly six months, with rates of hospitalizations, positive tests and cases all at their lowest levels since November.
- The state's top judge announced that all state judges and their staffs are expected to be back to working at their assigned courthouses by May 24, [the Times Union reports.](#)
- Federal Reserve Bank of New York President John Williams said Monday that while the U.S. economy is likely to have a very strong year ahead, there isn't yet an imminent need for the

central bank to pull back on its aggressive levels of monetary policy support. [https://www.wsj.com/articles/new-york-feds-john-williams-says-fed-far-from-achieving-job-inflation-goals-11620065661?mkt\\_tok=ODUwLVRBQS01MTEAAAF81jVG33b\\_jtjH0m0nRuTiWTwD54N-15gQKz8Qr7-AzavDW-cmmDVZf\\_38ElrE6XOIINI0RyTBKcIbbdPCrTt0AN8LI7jhYa0wBpULIAwsKqyt](https://www.wsj.com/articles/new-york-feds-john-williams-says-fed-far-from-achieving-job-inflation-goals-11620065661?mkt_tok=ODUwLVRBQS01MTEAAAF81jVG33b_jtjH0m0nRuTiWTwD54N-15gQKz8Qr7-AzavDW-cmmDVZf_38ElrE6XOIINI0RyTBKcIbbdPCrTt0AN8LI7jhYa0wBpULIAwsKqyt)

- New York lawmakers extended the moratorium on evictions for those suffering a pandemic-related hardship until the end of August. [Read More](#). The extension will cover residential and commercial tenants facing financial trouble due to the pandemic. It gives the state time to work out the details of a rent relief program baked into this year's budget using \$2.3 billion in federal emergency funding. The measure continues a temporary stop on evictions and some foreclosures for renters and landlords who can attest that financial hardship due to the pandemic has prevented them from paying rent or mortgage. <https://www.nydailynews.com/news/politics/new-york-elections-government/ny-covid-eviction-moratorium-new-york-rent-20210503-r7dfmprlrcrcibofvgu4marbzvm-story.html>

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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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