

Thursday, July 1, 2021
To: New York Community Banks

FROM ICBA

IRS enables direct deposit updates for Child Tax Credit payments

The [IRS upgraded](#) an online tool to enable families to update their bank account information so they can receive their monthly Child Tax Credit payment.

Update: The new feature was added to the [Child Tax Credit Update Portal](#). Any updates made by Aug. 2 will apply to the Aug. 13 payment and all subsequent monthly payments for the rest of 2021.

Payments: Families will receive their July 15 payment by direct deposit in the bank account currently on file with the IRS. Those not enrolled for direct deposit will receive a check.

Background: The American Rescue Plan increased the tax credit and made it advanceable. The IRS is scheduled to begin monthly payments July 15.

More: Additional information is available on ICBA's [frequently asked questions](#) on the payments and via the [IRS website](#).

FinCEN issues AML/CFT priorities

The [Financial Crimes Enforcement Network](#) issued the first government-wide priorities for anti-money-laundering and counter-financing-terrorism policy.

Priorities: The priorities identify and describe the most significant AML/CFT threats facing the United States, including corruption, cybercrime, and domestic and international terrorist financing.

Guidance: FinCEN and other regulators also [issued guidance](#) to covered financial institutions on how the priorities apply before regulations are promulgated.

What's Next: FinCEN said it will propose implementing regulations in the coming months and will update the priorities at least once every four years, as required by the AML Act.

Bill offering rural lending tax relief introduced in Senate

ICBA-advocated legislation to exempt from taxation interest income on farm real estate and rural mortgage loans was introduced in the Senate.

The Bill: The Enhancing Credit Opportunities in Rural America (ECORA) Act (S. 2202) was introduced in the Senate by Sen. Jerry Moran (R-Kan.). The House version (H.R. 1977) was introduced earlier this year by Reps. Ron Kind (D-Wis.) and Randy Feenstra (R-Iowa).

Details: The bill would allow banks to offer lower interest rates to their farm and rural home mortgage borrowers by exempting from taxation interest income on ag real estate loans and loans for rural housing in towns with a population of 2,500 or less.

Co-sponsors: Original Senate co-sponsors include Republican Sens. John Boozman (Ark.), Kevin Cramer (N.D.), Roger Marshall (Kan.), and Mike Rounds (S.D.).

FHFA expands interest rate relief

The Federal Housing Finance Agency [announced](#) changes to loan-modification terms for pandemic-affected borrowers with mortgages backed by Fannie Mae or Freddie Mac.

Details: Flex Modification terms will be adjusted for COVID-19 hardships, making interest rate reduction possible for eligible borrowers regardless of their loan-to-value ratio.

Background: Previously, only borrowers with mark-to-market loan-to-value ratios greater than or equal to 80 percent were eligible for a possible interest rate reduction.

ICBA urges agencies to use existing rules for AI

ICBA [urged regulators](#) to be flexible in applying existing regulations to artificial intelligence and machine learning rather than advancing new regulations.

Details: Responding to an agency [request for information](#), ICBA cited the potential of AI to automate compliance and fraud detection and expand access to credit while highlighting the challenges of ensuring AI underwriting remains in compliance with fair lending laws.

Communication: ICBA also urged regulators to use their offices of innovation to keep an open line of communication with community banks.

FinCEN plans rulemaking on no-action letters

The Financial Crimes Enforcement Network [said](#) it will conduct a rulemaking on no-action letters.

Background: NALs are a form of enforcement discretion in which an agency says it will not take an enforcement action against the submitting party for the specific conduct presented to the agency.

Report: In a report delivered this week to the Senate Banking Committee, FinCEN said a no-action-letter process would be a useful complement to its current forms of regulatory guidance.

Agencies issue new operations booklet

The Federal Financial Institutions Examination Council issued a new Architecture, Infrastructure, and Operations booklet describing principles and practices examiners review to assess AIO functions.

More: The new booklet, which is part of the FFIEC Information Technology Examination Handbook, replaces the Operations booklet issued in July 2004. [Read more from FDIC.](#)

FHFA expands mortgage database products

The Federal Housing Finance Agency [expanded](#) the national statistics for new residential mortgage originations in its National Mortgage Database.

Updates: The database will now include monthly, quarterly, and annual series for home purchase and refinance mortgages in all major market segments.

Data: Highlights from the updated database include:

- Overall purchase mortgage originations increased 8.0 percent from third quarter of 2019 to the third quarter of 2020.
- Fannie Mae and Freddie Mac's share of outstanding mortgages increased slightly from 55 percent in the fourth quarter of 2020 to 56 percent in the first quarter of 2021.

Private sector adds 692K jobs in June

The private sector added 692,000 jobs in June, according to [ADP](#). Small businesses added 215,000 jobs, while mid-sized and large businesses added 236,000 and 240,000, respectively.

FROM OTHER SOURCES

- The Internal Revenue Service faces a backlog of more than 35 million unprocessed tax returns, according to a report from Erin Collins, the National Taxpayer Advocate. The figure represents a fourfold increase from 2019, the most recent year before the coronavirus pandemic. [The Washington Post](#)

- Wall Street wrapped up the first half of 2021 at record highs, with investors defying pessimistic projections of a broader pullback and pushing past concerns of rising inflation and potential rate hikes. The Dow Jones industrial average advanced more than 210.22 points, or 0.6 percent, to close at 34,502.51 on Wednesday. https://www.washingtonpost.com/business/2021/06/30/stock-markets-today-june-2021/?mkt_tok=ODUwLVRBQS01MTEAAAF-AO5_RnDWQ7uJZTwtJTjfs0l1bCmBtwUUQDrXxZTh2bDP3iA2iDdtpGmpR6EN9mLtYpwx3neeLacBE7ZZdThkj1qMeRuQv15gE1_p-GDYNGm
- The congressional debate over the cap on the state and local tax (SALT) deduction is creating unusual combinations of groups advocating for and against repeal of the \$10,000 limit. Labor unions and some business groups back repealing or lifting the cap, while liberal and conservative think tanks are against completely doing away with the limit. https://thehill.com/policy/finance/561041-debate-over-salt-deduction-forges-odd-alliances-link?mkt_tok=ODUwLVRBQS01MTEAAAF-AO5_RqLJcFd4gwPwDZ9II2Qx4u2brx2iRtWi9vp4dUK_2ah28slX6mvqtG6dmzZEFHmTWGOhdS15Ceo_rtXskvjgBxIAQIPti9YcJhv3roYM
- **With cross-country travel starting to return** to pre-pandemic levels, experts say Americans can expect long lines, delays and higher-than-normal gas prices over the July 4 holiday weekend.
- While Republicans have used a burst of inflation to hammer President Biden's economic agenda, the most important policymaker on the President's side is one of the GOP's own: Federal Reserve Chair Powell, who worked in the G.H.W. Bush administration and was named Fed Chairman by President Trump. Powell has been the strongest voice in reassuring financial markets and Congress that higher prices will ease as the economy fully emerges from the pandemic. https://www.politico.com/news/2021/07/01/powell-biden-fed-interest-rates-497425?mkt_tok=ODUwLVRBQS01MTEAAAF-AO5_RniN6Be1Wt_n_CeiZlzmMBliP6K3IgDW1Oy948Wo-qGvYBKjAE-umEi328R1_3Jnc6LiWS78JCZ36dxFZ9RqHk8R76XXW0cXHUnieIeu
- Worker filings for jobless claims [fell to 364,000 last week](#), the U.S. Labor Department said Thursday, reaching a new pandemic low as layoffs continue to recede. Jobless claims, a proxy for layoffs, are down by more than 40% since the first week of April, but remain about double pre-pandemic levels. “The big picture is that they are in decline for the long term,” said an economist at job-search site *Indeed*, referring to new claims totals. https://www.wsj.com/articles/weekly-jobless-claims-07-01-2021-11625091771?mkt_tok=ODUwLVRBQS01MTEAAAF-AO5_RgUPxgP63bW0XSmyuGvHzF8RzofBEhaXVZPKk5cDj4YEg5KPIXsBuE8NOianopt2uEhHutCqp2UJ5VUSIv7mYV5PkcPtjGIAtd0vW7xZ

FROM NEW YORK

- In the latest example of pressure on banks to rein in overdraft fees, Rep. Carolyn Maloney, D-Manhattan) has reintroduced legislation to restrict the charges. The "Overdraft Protection Act," would restrict the number of times banks can collect the fees and is also intended to ensure that charges are reasonable. Rep. Maloney's press release cites an S&P Global Market Intelligence article from earlier this year that noted large banks collected \$8.8 billion dollars in overdraft fees alone and reported more than \$147 billion dollars in net income in 2020. <https://maloney.house.gov/media-center/press-releases/maloney-joins-with-consumer-advocates-to-introduce-overdraft-0>; https://www.americanbanker.com/news/maloney-reintroduces-bill-to-curb-banks-overdraft-fees?mkt_tok=ODUwLVRBQS01MTEAAAF-AO5_RnDHLsyXicpBLjmu0hJfbiNIXt8NVYPSMojEeg3zcQ3t-J3qvEWMVss8QB9pULKjWOSZZnmxrNdcVuGgCOPzY1c_rtb7xh9kf2bhPCaR
- Subpoenas are coming in the Assembly Judiciary Committee's impeachment probe, but Gov. Andrew Cuomo is still showing signs of recovering from a litany of scandals. [Here is an up-to-date timeline](#) of his ongoing fight for political survival.

- A plurality of New York voters believe the state Assembly should not impeach Gov. Andrew Cuomo, while 35% would support an effort to remove him from office amid a range of controversies facing him this year, a Siena College poll released today found, [State of Politics reports](#). New York voters are mixed when presented with the options for Cuomo's political future. Most want Cuomo to remain in office and finish his term, but the strongest preference is for him to not seek another four years for the post he's held for the last decade. [Read More; https://scri.siena.edu/2021/07/01/only-one-third-of-voters-say-cuomo-should-run-for-re-election/](#)
- The Siena Poll also found the following results: President Biden has a 63-34 percent favorability rating and a job performance rating of 52-46%; Senator. Schumer has a 50-38 % favorability; State Attorney General James has 34-21% favorability, with 45% having never heard of her or not knowing enough to have an opinion. The Assembly's favorability rating is 45-29 percent, little changed from 46-32 percent in May, while the State Senate has a 48-33 percent favorability rating, little changed from 47-34 percent in May. [https://scri.siena.edu/2021/07/01/only-one-third-of-voters-say-cuomo-should-run-for-re-election/](#)
- Governor Cuomo drew more than 150 guests to a \$10,000-a-head campaign fundraiser Tuesday night, his first since the launch of state and federal investigations into sexual-harassment accusations against him and into his administration's handling of the coronavirus at nursing homes. It was expected to raise more than \$1 million for his re-election campaign. In January, Mr. Cuomo reported \$16.8 million in his campaign war chest." A new report is due in July. [https://www.wsj.com/articles/new-york-gov-andrew-cuomo-raises-more-than-1-million-at-first-fundraiser-since-investigations-11625066995](#)
- New York City Mayor Bill de Blasio has heralded this season as the "Summer of New York City," in which the city will come roaring back from its pandemic-induced slumber, but the highly contagious new delta variant of COVID-19 [threatens the mayor's vision](#).
- A day after New York City's Board of Elections sowed confusion in the Democratic mayoral primary by releasing new tallies and then retracting them, it issued a new preliminary tally of votes suggesting that the race between Eric Adams, the primary night leader, and his two closest rivals had tightened significantly. The outcome will likely come down to the results of the more than 125,000 absentee ballots that still remain to be counted, after preliminary and unofficial results released yesterday showed Eric Adams leads Kathryn Garcia by about 15,000 votes, [The New York Times 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.

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