Tuesday, July 20, 2021
To: New York Community Banks

FROM ICBA

CFPB settlement sets Sept. 30 deadline for 1071 proposal

A lawsuit on the Consumer Financial Protection Bureau's implementation of small-business data collection and reporting rules determined that the bureau will issue a proposed rulemaking by Sept. 30, 2021, according to the Ballard Spahr law firm.

Background: Section 1071 of the Dodd-Frank Act requires financial institutions to collect and report certain data on credit applications from women-owned, minority-owned, and small businesses, including the race, sex, and ethnicity of the principal owners.

Lawsuit: With the California Reinvestment Coalition, et al, lawsuit alleging that the CFPB has wrongfully delayed adoption of regulations to implement the provisions, the agreement appears to provide a hard deadline on the rulemaking.

Outline: The CFPB last year issued an outline of proposals for implementing the rulemaking that would exempt community banks with $200 million or less in assets or up to 100 small-business loan originations.

ICBA Comments: In a December comment letter, ICBA said the bureau should raise the threshold and exempt certain categories of community banks, such as Community Development Financial Institutions, Minority Depository Institutions, and rural banks.

ICBA to FHFA: Reopen Fannie, Freddie negotiations

ICBA urged the Federal Housing Finance Agency to reopen negotiations over Fannie Mae and Freddie Mac's Preferred Stock Purchase Agreements and delay implementation of product and program restrictions.

Safety and Soundness: In a comment letter on the government-sponsored enterprises' "duty to serve" proposals on serving underserved markets, ICBA urged the FHFA to focus on the safety and soundness of the enterprises, noting that they remain undercapitalized and vulnerable if exposed to excessive risk.

Improving Credit Access: ICBA said it broadly supports improved access to affordable mortgage credit, especially in rural and small-town markets, specifically urging the agency to:

- Increase outreach to smaller, locally based lenders to increase participation in this sector.
- Revisit existing underwriting guidelines and product eligibility requirements to identify areas that prevent the sale of manufactured homes and mortgage loans from rural communities.
- Decline to buy manufactured housing loans from any entity that is not subject to the SAFE Act and is exempt from the Consumer Financial Protection Bureau mortgage originator compensation rules.
- Encourage the mortgage insurance industry to develop and expand mortgage insurance products for manufactured housing titled as real estate or as chattel.

Treasury: Stablecoin recommendations coming soon

Treasury Secretary Janet Yellen met with federal regulators to discuss stablecoins, which are cryptocurrencies designed to maintain a stable value relative to specified assets.

Framework: According to Treasury, Yellen underscored the need to act quickly to ensure there is an appropriate U.S. regulatory framework in place.

Statement: The President's Working Group on Financial Markets also issued a statement encouraging responsible payments innovation and stablecoin arrangements that comply with applicable U.S. legal, regulatory, and oversight requirements.

Coming Soon: Treasury said the group, which convened the meeting along with FDIC and OCC officials, expects to issue recommendations in the coming months.

More: A Main Street Matters blog post from ICBA's Brian Laverdure offers a primer on stablecoins, what they mean for community banks, and their potential impact on payments.

ICBA briefs Indiana community bankers

ICBA staff briefed Indiana Bankers Association members in Washington ahead of advocacy meetings with regulators and congressional offices.

Briefing: ICBA briefed the community bankers on pressing advocacy issues, such as credit union acquisitions of community banks, the Biden administration's proposal to require banks to report customer account information to the IRS, legislation to provide rural lending tax relief, and more.

Grassroots: ICBA continues encouraging community bankers nationwide to weigh in with policymakers on these and other key issues via its Be Heard grassroots action center.

N.Y. Times reports on Sheltered Harbor

A recent New York Times article noted that the financial services industry's Sheltered Harbor initiative helps protect customer data from cyberattacks.

Data Vault: The article notes that Sheltered Harbor's data vault encrypts and backs up customer information so it can be restored in the event of a disaster.

Air Gap: A separate FS-ISAC Insights article from Sheltered Harbor President and CEO Carlos Recalde notes that the "air gapped" vault protects against ransomware and other malware that can infect traditional disaster recovery systems.

Resources: A recent Main Street Matters blog post from ICBA's Joel Williquette outlines additional operational risk resources available to help community banks maintain their edge in cyber defense, including updates to ICBA's Operational Risk resource center.

Builder confidence edges down in July

Builder confidence in the market for newly built single-family homes inched down in July, according to the National Association of Home Builders. NAHB's Housing Market Index declined one point to 80 as strong buyer demand helped to offset supply-side challenges relating to building materials, regulation, and labor.

FROM OTHER SOURCES

- Two months after the Centers for Disease Control and Prevention said vaccinated individuals didn't need to wear masks in most settings, a growing number of experts are warning it's time to put them back on, The Washington Post reports.

- The American Academy of Pediatrics on Monday recommended that all children over the age of 2 wear masks when returning to school this year, regardless of vaccination status. https://www.nbcnews.com/news/us-news/all-children-should-wear-masks-school-fall-even-if-vaccinated-n1274358?mkt_tok=ODUwLVRBQS01MTEAAAF-Yt15OQetErIFkpNYLu-3L-kOXxZHxHOMFz1ChjhMxa5w3Rhjx6zxU-LCQPP_XjDAYrqgyM_vv6YxizkM0MTxXKgPcnXld6JiEnX9r-o-gVZM

- Most Americans who still aren't vaccinated say nothing is likely to make them get the shot, according to the latest installment of the Axios/Ipsos Coronavirus Index. But they also offer a roadmap for trying — the public health equivalent of: "So you're telling me there's a chance." 30% of U.S. adults in a national survey said they haven't yet gotten the COVID-19 vaccine — half of them saying they're "not at all likely" to take it.

- Americans' concerns are rising for activities like seeing family and friends outside the home, going to the grocery store or sports events or getting on a plane. Those concerns had subsided as vaccines became widely available. But the numbers are creeping back up after recent reports of rising infection rates and the dangers of the Delta variant. This trend is being driven by the vaccinated. The unvaccinated "are no more concerned than they were before, which wasn't much." *Go deeper.*

- Global stock markets swooned today, with the Dow slumping more than 700 points, as investors grow increasingly anxious about a delta variant-led resurgence in coronavirus cases and its potential to derail the economic recovery, The Washington Post reports.

- An analysis by the Public Utility Law Project (PULP) shows that the number of households in New York state in arrears to electric and gas companies increased by one-third during COVID-19. **Read More**

- The U.S. recession triggered by COVID officially ended in April 2020 — at two months, the shortest downturn on record, the National Bureau of Economic Research announced.

- Millions of Americans have gotten a taste of working from home during the pandemic, and have they liked it. Almost two-thirds of U.S. workers in a McKinsey survey at the start of the year said they wanted to work from home at least three days a week when the pandemic was over. https://www.nytimes.com/2021/07/20/business/remote-work-pay-bonus.html?mkt_tok=ODUwLVRBQS01MTEAAAF-YsiVuzwKVyoGaXyV6v5-OWCI3hXeVhkydJJb5tRTuW-bRTUBSz06YUf-d0apS9Rt1lzbLyyDLfcIVbNbHhPgbHnkok0WCiP9Bkw_5Y6B4YOi

- States overpaid billions in unemployment assistance after enhanced and extended benefits were approved last year, according to a federal watchdog. A Government Accountability Office report issued Monday said the Labor Department found $12.9 billion in overpayments made in several unemployment programs from April 2020 through March 2021, including some benefit payments that were a result of fraud. https://www.wsj.com/articles/overpaid-unemployment-benefits-total-in-the-billions-during-pandemic-11626719561?mkt_tok=ODUwLVRBQS01MTEAAAF-YsiVu8yxquWvvV9rFxs0txhQQORtTCiILWKXEa9XrOD9EnNDyKoZQBrFvAWVaBBQuDrO654NkkoMlvbZtjP4S7uG4prHMx-JsWeAq78tgwmq

- Canada will open its land borders to vaccinated Americans as of Aug. 9 and will require them to have only one COVID-19 test before arrival, The Buffalo News reports.

- **"U.S. issues 'Do Not Travel' advisory for U.K. over COVID-19,"**

- The Biden administration will name Graham Steele, former aide to current Senate Banking Chairman Sen. Sherrod Brown (D-OH), as Assistant Treasury Secretary for Financial Institutions, a position that will lead the White House's efforts to strengthen Wall Street regulation. Steele has advocated for the inclusion of climate change as a systemic risk to the financial system. The Wall Street Journal.

- President Biden has "made clear" to Federal Reserve Chairman Powell that the Fed should take "whatever steps" it thinks is necessary on inflation, underscoring the central bank's independence. While both the Fed and the White House have said they believe inflation is temporary, President Biden said the administration will "remain vigilant" about potential policy responses. The Washington Post

FROM NEW YORK

- Governor Cuomo reported Monday that COVID hospitalizations were at 378. Of the 69,665 tests reported yesterday, 823, or 1.18%, were positive. The 7-day positivity average was 1.26%. There were 70 patients in ICU yesterday. Of them, 30 were intubated. Three New Yorkers lost their lives to the virus. 73.9% of adult New Yorkers have received at least one vaccine dose, per the CDC. New York had administered 21,812,432 total doses with 67.4% of adult New Yorkers having completed their vaccine series. See additional data on the State's Vaccine Tracker.

- According to The Associated Press, New York state has reported 11,000 fewer coronavirus-related deaths than the National Center for Health Statistics. As of last week, New York state reported that 43,000 people had died of COVID-19. Meanwhile, the CDC calculated 54,000. **Read More**

- New York City has just under 4.5 million residents fully vaccinated, short of the mayor's goal of 5 million by the month of June. After hitting all-time lows, the city's infection rate has crept back up to 1.69%, and the number of new cases has more than doubled since July 4. The Delta variant now accounts for 69%of virus cases tested in the city. It's driving a similar jump in other parts of the state: average daily cases have nearly quintupled in the Capital Region over the last two weeks.

- New York City Mayor Bill de Blasio maintained that the city does not need to reinstate a face mask mandate, even though coronavirus infection rates are ticking up due to the highly contagious delta variant, the Daily News reports.

- Some state lawmakers are calling on New York City to follow Los Angeles in reinstating a mask mandate for vaccinated people as the delta variant fuels a fourth wave of COVID-19 nationally, the Rochester Democrat & Chronicle reports.

- **On Long Island, protesters knocked** a COVID-19 vaccine mandate for SUNY and CUNY students.

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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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