

Wednesday, July 21, 2021
To: New York Community Banks

FROM ICBA

OCC to propose rescinding CRA rule

The [OCC said](#) it will propose rescinding its May 2020 Community Reinvestment Act rule and work with other agencies on a joint rulemaking.

OCC Decision: The OCC said its decision follows a review of the rulemaking initiated by Acting Comptroller of the Currency Michael Hsu in May.

Interagency Statement: In a [joint statement](#), the FDIC and Federal Reserve Board joined the OCC in committing to work together on a joint CRA rule.

ICBA Position: ICBA [expressed support](#) for the OCC announcement after previously [supporting](#) the agency's May announcement that it would reconsider the rule.

Correct link for CFPB 1071 settlement

Tuesday's NewsWatch Today article on the Consumer Financial Protection Bureau's Sept. 30, 2021, deadline to propose small-business data collection and reporting rules contained an incorrect link.

Correct Link: Here are the correct links to the [Ballard Spahr article](#) on the deadline and to the [settlement agreement](#) that establishes the Sept. 30 due date.

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.

Lawsuit: The agreement establishing the Sept. 30 deadline resolves a lawsuit filed by the California Reinvestment Coalition and others alleging that the CFPB has wrongfully delayed adoption of regulations to implement the provisions.

ICBA Position: After 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 said](#) the bureau should raise the threshold and exempt certain categories of community banks.

FDIC proposes deposit insurance simplification

The FDIC issued a [proposed rule](#) to simplify aspects of the agency's deposit insurance coverage rules.

Trusts: First, the proposal would merge deposit insurance categories for revocable and irrevocable trusts while applying a common calculation for all trust accounts, making trust rules consistent and easier to understand for bankers and depositors.

Mortgage Servicing: The proposal also would amend the rule that governs coverage for mortgage servicing accounts to allow principal and interest funds advanced by a mortgage servicer to be included in the deposit insurance calculation.

Next: Comments on the proposed rule will be accepted for 60 days after publication in the Federal Register.

ICBA: Farm Credit shouldn't have lower appraisal standards

Farm Credit System lenders should not have lower standards for appraisals and valuations than those required of community banks, ICBA told the Farm Credit Administration.

Comments: In a [comment letter](#) on a proposed rule on FCS collateral evaluation requirements, ICBA said:

- "Other Financial Institutions"—generally bank subsidiaries that borrow from FCS entities—should not be required to comply with both FCS and bank regulators' appraisal requirements to avoid duplication.
- There should be adequate separation between FCS staff conducting in-house evaluations or appraisals and those making loan approvals.
- FCS lenders should not be allowed to keep water and mineral rights when land is sold to new owners.

- The proposed rule should incorporate any planned appraisal standards for Farmer Mac to prevent lender confusion.
- FCS lending that provides credit for borrowers’ “other credit needs” should ensure the overall credit package is primarily agriculture related.

Grassroots: Meanwhile, ICBA continues encouraging community bankers to use ICBA’s [Be Heard grassroots alert](#) urging congressional support for the ECORA Act (H.R. 1977/S. 2202), which would exempt from taxation interest income on farm real estate and rural mortgage loans.

House public banking hearing today

A House Financial Services subcommittee hearing on public banking proposals, including postal banking, is set for today.

Hearing: Kicking off at 10 a.m. (Eastern time), the Subcommittee on Consumer Protection and Financial Institutions [hearing](#) focuses on exploring private and public efforts to expand access to the financial system.

Issue Brief: Ahead of the hearing, ICBA delivered to Congress its [third issue brief](#) in a three-part series spotlighting the flaws in postal banking proposals and better alternatives for reaching the unbanked.

ICBA Position: ICBA opposes the formation of new public retail financial service providers, whether they are owned by states, municipalities, or the U.S. Postal Service.

Housing starts rise, building permits drop

Housing starts rose 6.3 percent in May and were up 29.1 percent from the same time a year ago, the Commerce Department [reported](#). Building permits declined 5.1 percent but remained up 23.3 percent from last year.

FROM OTHER SOURCES

- [The delta variant, a highly contagious strain](#) of COVID-19 first detected in India, now makes up approximately 83% of coronavirus cases nationwide, according to the U.S. Centers for Disease Control and Prevention.
- White House press secretary Jen Psaki acknowledged that there have been prior breakthrough cases among White House staffers in addition to the fully vaccinated official who CNN reported on Tuesday tested positive for Covid-19. https://www.cnn.com/2021/07/20/politics/breakthrough-covid-cases-white-house/?mkt_tok=ODUwLVRBQs01MTEAAAF-aACnYcOMw46A3bzfFIPE-BJeK-CivJRlaVfppQectHvwY5Sz3LOH1ofokqQDANqOfnxwTmK5MtoXk73PmtHpy35cx_fthrD7OrUjXKH4wuM
- As Covid infections have crept back onto the Hill, fears are now spiking over the highly contagious Delta variant, which the Capitol physician confirmed Tuesday has been reported in Capitol office buildings. House GOP Minority Leader McCarthy’s trip to Israel was postponed. Nearly half of House members are masked on the floor again, and one Senate Democrat even floated a “proof of vaccination” card to enter the Capitol. https://www.politico.com/news/2021/07/20/covid-delta-variant-capitol-complex-500344?mkt_tok=ODUwLVRBQs01MTEAAAF-aACnX4k8Tt7kireLmQttPZRgMRfjMa1p2BmxbZJIjrbXDKwLDoW0PutE2YFUIR5cIk97QkTgnvIbuGQ8AhY2u_Zre-0q3UqbE04PpTKOGJq
- U.S. life expectancy fell by a year and a half in 2020, the largest one-year decline since World War II, public health officials said Wednesday. The decrease for both Black Americans and Hispanic Americans was even worse: three years. The drop is due mainly to the COVID-19 pandemic, which officials said is responsible for close to 74% of the overall life expectancy decline. More than 3.3 million Americans died last year, far more than any other year in U.S. history, with COVID-19 accounting for about 11% of those deaths. https://apnews.com/article/science-health-coronavirus-pandemic-fac0863b8c252d21d6f6a22a2e3eab86?mkt_tok=ODUwLVRBQs01MTEAAAF-

[aACnX_LKfnAzSMbVcN5ANg71V5yiPkjJXvV5W7Q8Agrl1L8xtzmi2FolPFGViMMFAeJE2MAuYKFCF0cGJM5KK09W6t3OXYJ-jTxYurVyEEO](#)

- The OCC said it would rescind the Trump-era revamp of the Community Reinvestment Act. Acting Comptroller Michael Hsu said in a statement that the changes were a "false start." Separately, the OCC, the FDIC Fed said that together, they will modernize the anti-redlining law, although people familiar with the matter said that won't likely happen until 2022. [The Wall Street Journal](#)
- Square Inc. is starting up a banking service for small businesses, offering checking accounts and renaming its existing lending operation Square Loans. The fintech company said that checking accounts for small businesses won't have account minimums, recurring fees or overdraft fees, and its savings account will have a 0.5% annual percent yield on deposits. [Reuters](#)
- A resurgence in coronavirus cases is threatening the Biden administration's promises of a swift economic recovery, with Wall Street getting battered on Monday and some leading forecasters beginning to rethink their extremely rosy projections. The administration is closely monitoring the economic risks associated with the delta variant, and senior U.S. officials have in recent days suggested that local restrictions may have to be reimposed in response to the pandemic. https://www.washingtonpost.com/us-policy/2021/07/20/biden-delta-coronavirus-economy/?mkt_tok=ODUwLVRBQS01MTEAAAF-Z-t0bFYybSwhb_U7G8ha7kYpCHNs2vT4Zd-1Q-XxfS3ayCD0iW0SIBfBiLUnDeMBwsWm4sjuL4IQGslY6AsBmK0SxcdldHLDGCDyFHSVXKWv
- President Biden's selection of the next Federal Reserve Chair is likely to be a choice between keeping current Chairman Jerome Powell, who enjoys broad support in markets and among lawmakers from both parties, or replacing him with one of his well-regarded colleagues. Powell, whose term expires in February, is viewed by some inside and many outside the administration as the front-runner for the job. https://www.wsj.com/articles/fed-chair-powell-enjoys-support-for-reappointment-but-hes-not-a-lock-11626859803?mkt_tok=ODUwLVRBQS01MTEAAAF-Z-t0bKXtAT3X2W-gyz5vonmISNkq4DS2CBDND022698mf8mALhLrVcZ23FUFWTfPCn4BAEF9AQUhKdF8www0DjAwt0lhnLrOqvskalke4CE

FROM NEW YORK

- [A tiny fraction of vaccinated New Yorkers](#) have tested positive for COVID-19 as infections and hospitalizations rise, the state Department of Health told The Associated Press Tuesday.
- [How many New Yorkers have died](#) from COVID-19? The answer is very different depending on who you ask. Already facing criticism for undercounting COVID-19 deaths in nursing homes, state health officials and Gov. Andrew Cuomo are trying to explain why their death toll is dramatically smaller than the federal government's.
- [New York's ethics commission is investigating](#) the phone calls made by a top Cuomo advisor in charge of vaccine distribution gauging support for the governor.
- New York City Mayor Bill de Blasio is requiring workers in city-run hospitals and health clinics to get vaccinated or else get tested on a weekly basis starting at the beginning of August, [The New York Times reports](#). The policy would reportedly apply to thousands of workers, including those at the 11 city-run hospitals, as well as associated nursing homes and health clinics. It comes after Mayor de Blasio scolded vaccine holdouts in the city and pleaded with people to get their shots. [Read more.](#)
- Canada did its part by making fully vaccinated Americans eligible to visit starting Aug. 9, but there's a huge other shoe yet to drop: a reciprocal move by the U.S., which the Biden administration needs to fast-track, [The Buffalo News writes](#).

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**