

Thursday, July 8, 2021

To: New York Community Banks

With Independence Day now behind us and the summer in full swing, IBANYS would like to remind you about several important upcoming events -- and hope that you will save the dates!

I. The Baker Group will host a Bank Investment Strategies for 3rd Quarter 2021 Webinar next Wednesday, July 14 at 11:30 a.m. EDT. Financial institutions' CEOs, CFOs, investment officers, board members, and those who are directly or indirectly responsible for financial management functions will benefit from this webinar. **We have included an attachment with full details and to register.**

Topics will include:

- Reading Between the Dots: Outlook for Growth, Inflation, and Fed Policy in 2H 2021
- Managing Duration, Extension Risk, and Price Volatility as Rates Rise
- Finding Value While Managing Risk in a Low Yield World
- Potential Impact for MBS Investors of the New FHFA Director and the Biden Administration's Focus on Home Affordability
- MBS Market Update and Prepayment Outlook with an Eventual Fed Taper on the Horizon
- CMO Update: Do Lower Premium or Discount CMOs with Faster Paying Collateral Make Sense Today?

Financial institutions' CEOs, CFOs, investment officers, board members, and those who are directly or indirectly responsible for financial management functions will benefit from this webinar.

II. "Come Back" Celebration for Community Banks- September 13 - 14: IBANYS is holding its first in person event in 16 months at the Harbor Hotel in Clayton, NY. Save the date and look for more details in today's newsletter.

III. Roundtable Discussion with Wade Barnes of Hartman Executive Advisors - Friday, July 30th, 9:00 – 10: 30 a.m. Join us for the second of a three-part series Roundtable Discussion with Wade Barnes on *Banking as a Service*. A collaborative discussion on how banking has changed and will continue to evolve with improved technology, innovation and fintech partnerships. Detailed information and the link to register for the meeting will be sent under separate email.

John

FROM ICBA

ICBA proposes exit fee on credit union bank acquisitions

ICBA urged the Treasury Department to examine credit union acquisitions of community banks and proposed legislation to offset the tax losses imposed by these transactions.

Legislative Proposal: In a [letter to Treasury Secretary Janet Yellen](#), ICBA proposed implementing an "exit fee" that would:

- Tax credit union acquisitions of taxpaying community banks to capture the value of the tax revenue that is lost once the business activity of the acquired bank becomes tax-exempt.
- Equal 10 percent of the gross value of the acquired bank's assets or liabilities as shown on its most recent balance sheet, whichever is greater.

More: "Congress granted credit unions a tax exemption to serve people of modest means—not to subsidize their rapid growth at the expense of taxpaying community banks and the communities they serve," ICBA President and CEO Rebeca Romero Rainey said.

Grassroots: Community bankers can continue urging Congress to hold hearings on credit union acquisitions via a customizable message to lawmakers on ICBA's [Wake Up page](#) and recently published [Wake Up Messaging Playbook](#).

[READ MORE](#)

LIBOR transition heats up for community banks: blog

With LIBOR set to be largely discontinued in a few months and federal regulators increasingly vocal about the transition, a new [Main Street Matters post](#) details the impact on community banks.

Details: The post from ICBA's Chris Cole spotlights the Dec. 31 deadline, regulatory pressure on financial institutions, alternative reference rates, and available resources.

More: "Community bankers should be finalizing their plans and preparing for implementation in the months ahead," Cole writes. [Read the post.](#)

Call reports due July 30

Federal regulators [released materials](#) pertaining to call reports for the June 30 report date. Call reports are due by Friday, July 30.

Fed minutes: Stronger growth needed for policy shift

Federal Open Market Committee members said the economy has not met its "substantial further progress" standard to justify a change in monetary policy, though conditions appear to be improving faster than previously anticipated.

Minutes: According to the [minutes](#) of their June 15-16 meeting, the Fed's rate-setting panel said it would continue assessing economy progress and provide notice well in advance of an announcement to reduce the pace of asset purchases.

FROM OTHER SOURCES

- The Biden administration is reportedly considering using openings on the Federal Reserve Board to bring the central bank closer to the administration's priorities, including addressing inequality and adding more stringent banking regulations. There is currently one empty Fed governor seat, and Chairman Powell and Vice Chairs Clarida's and Quarles' terms will expire within months. Powell's renomination remains possible, as there are currently no clear candidates to replace him, and he's expressed interest in keeping the job. [Bloomberg](#)
- Vaccines will be required for Federal Reserve Bank of Minneapolis employees when they return to the office next month. Those who have medical conditions or religious beliefs that prevent them from getting the coronavirus vaccine will receive accommodations. 82% of workers at the Minneapolis Fed have already been vaccinated while the rest haven't disclosed their plans or don't plan to get vaccinated. [The New York Times](#)
- New applications for unemployment benefits have trended down this summer, indicating the labor market is healing from the Covid-19 downturn as many states end participation in enhanced jobless assistance programs related to the pandemic. Economists estimate that first-time applications for unemployment benefits declined to a seasonally adjusted 350,000 for the week ended July 3, from 364,000 during the prior week, according to a Wall Street Journal survey. https://www.wsj.com/articles/unemployment-benefits-weekly-jobless-claims-07-08-2021-11625688074?mkt_tok=ODUwLVRBQS01MTEAAAF-JQWYsyxjdmcpk3n_eC1TYn6DHxT6KD9qua9IK8tLrJ2oVZo5aPmd8rF8YIYY14HAKfQeR5wUJvF0hJDmXwbuOvIVav4Xjm3RQPd9C5m0zXWQ
- Citigroup Inc. said it's expecting almost all employees in the U.S. and U.K. to return to the office at least part of the time by September. Health data in both countries is "much improved," giving the lender confidence it will be able to invite more staff back in two months. https://www.bloomberg.com/news/articles/2021-07-07/citi-sees-most-staff-returning-to-u-s-u-k-offices-by-september?mkt_tok=ODUwLVRBQS01MTEAAAF-JQWYsxbA19pFztuOngVE3PKLLHd3nh4p4Q9faWZak4KoOuzqD6WzHbdfUEX873R_TgG7vAVggrkQb-_yLyQZzvgJLOKvrEeWAb-GQms9g3cq
- Americans are borrowing again, in some cases at levels not seen in more than a decade. Consumer demand for auto loans and leases, general-purpose credit cards and personal loans was

up 39% in April compared with the same period last year, according to credit-reporting firm Equifax Inc. https://www.wsj.com/articles/borrowing-is-back-as-sign-ups-for-auto-loans-credit-cards-hit-records-11625736601?mkt_tok=ODUwLVRBQS01MTEAAAF-JQWYs1ISFkTgc2sKZ4BsI-T6ss6z3Ywbqbn4izW-Aiu81Bf5BV61PyUDI9GxuAghqbUMRmlqTTKpGOA1tw6yeeud5_VePVYIrfpe4IQAI

- The White House and state and local governments are under growing pressure to significantly ramp up the amount of emergency rental relief reaching tenants and landlords. Weeks before an eviction moratorium put in place by the Centers for Disease Control and Prevention expires on July 31, much of the federal aid meant to help tenants and landlords has not reached them. https://www.washingtonpost.com/business/2021/07/07/rental-aid-eviction-moratorium-housing/?mkt_tok=ODUwLVRBQS01MTEAAAF-JQWYs5BtA5ezT3NeOZLLtF192plRZ3NpNsRBWztWiAWaXIK3ctjAJgUHnZ-RMmZCW0lwp57TMXnuNmXeIKuaqE_9MNIGCrVmbA1JIHXMQ4fR
- Summer Olympics events in the Tokyo area will be held without spectators, after Japan declared a state of emergency in the capital following a surge in COVID-19 cases, Japan's Olympics minister announced Thursday. https://www.axios.com/japan-coronavirus-olympics-emergency-tokyo-f882f356-98da-4185-b9db-ea684b7bad20.html?stream=top&utm_source=alert&utm_medium=email&utm_campaign=alerts_all

FROM NEW YORK

- Essential workers who helped New York City through the COVID-19 pandemic were honored Wednesday with a parade up Broadway. Nurses, doctors, first responders, teachers, bus drivers and more rode on floats through a canyon of tall buildings and falling confetti, led by grand marshal Sandra Lindsay, a health care worker who was the first person in the country to get a COVID-19 vaccine shot. https://apnews.com/article/lifestyle-parades-canyons-coronavirus-pandemic-health-f6fbcd3b911164a6bcc9c51ca1fb5563?utm_campaign=SocialFlow&utm_medium=AP&utm_source=Twitter
- The mass vaccination site at Manhattan's Jacob Javits Center will close for good this Friday, as Cuomo announced the state is turning its focus to boosting inoculations in communities with lower rates, [the Post reports](#). The global death toll from Covid-19 has reached 4 million.
- Coronavirus testing numbers are dwindling, contact tracers are being invited to apply for other jobs and the percentage of coronavirus cases New York City is analyzing to track variants has fallen. The City has been scaling back its efforts to monitor the spread of the coronavirus, reflecting not only a steadily low caseload but also a growing sense that the city, along with the entire country, is starting to leave the pandemic behind. But some public health experts and elected officials are worried that the de Blasio administration may be leaving the City ill prepared if more contagious forms of the virus cause new outbreaks. <https://www.nytimes.com/2021/07/07/nyregion/coronavirus-testing-nyc-delta-variant.html>
- There are other warning signs that the city is not fully out of the pandemic. For the last few days, the daily average test positivity rate in New York City has begun to tick up slightly to near 1 percent. [Vaccination rates](#) in a number of neighborhoods remain mired at stubbornly low levels. And the more contagious [Delta variant](#) is now the predominant variant in the city.
- Governor Cuomo has codified an executive order during the COVID-19 pandemic into state law that allows restaurants to continue to use municipal spaces like sidewalks and streets for outdoor dining. The measure allows restaurants to use the public spaces for another year as they recover from the economic downturn caused by the pandemic as outdoor dining has become an increasingly popular option.

<https://www.democratandchronicle.com/story/news/politics/2021/07/07/outdoor-dining-new-york-sidewalks-law/7891426002/> **Read More**

- State lawmakers proposed bills during this year’s legislative session that would have allowed restaurants and bars to continue serving to-go cocktails, but none were passed before the session ended on June 10.
- New York City Public Advocate Jumaane Williams has raised eyebrows for making moves that political insiders believe are laying the groundwork for a potential run next year against the scandal-scarred Gov. Andrew Cuomo, the New York Post reports.
- Rep. Tom Suozzi (D-Glen Cove) is standing firm on a demand to restore the full state and local tax deduction for federal taxpayers. At a joint news conference on Zoom with Rep. Young Kim (D-CA), Suozzi made clear he would not vote for any tax reform legislation that did not include the lifting of the limit on the deduction, known as SALT. “We made it clear that if you want to make any changes to the tax code – no SALT, no deal. If you don’t change the SALT deduction, restore it to what it was, you’re not going to have our votes on other changes to the tax code.” <https://theislandnow.com/rop/suozzi-no-salt-no-deal/>

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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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