

UpdateFriday, June 25, 2021
To: New York Community Banks

Here's the latest information/coverage of issues related to homeowners' relief, including the August 31 scheduled expiration of the state's foreclosure moratorium.

- Renters and landlords are able to seek funds from the state's Emergency Rental Assistance Program, but New York homeowners have been waiting more than a year for government relief for their mortgages and expenses. The state announced a plan to use more than \$540 million of federal relief funds to help homeowners at risk of foreclosure due to the pandemic. The federal funds given to New York for homeowner relief are less than a quarter of the \$2.4 billion earmarked for rent relief. The application process likely won't begin until September — **after the pandemic-spurred foreclosure moratorium is due to expire Aug. 31.**
<https://www.thecity.nyc/2021/6/24/22548982/homeowner-help-is-coming-but-not-until-after-the-foreclosure-moratorium-expires>.

Here's an update on the state's new amendments to the New York Statutory Short Form Power of Attorney statute:

- Important amendments to the New York Statutory Short Form Power of Attorney (POA) statute became effective June 13. The revisions are based on the recommendations of a New York State Bar Association Task Force to fix problems with the prior law. Jay Hack, Partner with Gallet Dreyer & Berkey, LLP, was the Business Law Section representative to the task force. In his article, "All New York Businesses Must Be Alert – The Amendments of the New York Power of Attorney Statute Are Effective," he examines the details and ramifications.
<https://www.gdbl.com/NY-alert-power-of-attorney-statute-effective>

FROM ICBA

ICBA: Opposition to IRS reporting plan widespread

ICBA delivered a [fact sheet to Congress](#) detailing consumer and small-business opposition to the Biden administration's plan to require banks to report customer account information to the IRS.

Fact Sheet: The new document urges the IRS to close the tax gap with data it already has, noting IRS mining of consumer financial information would:

- Be intrusive and indiscriminate.
- Undermine the goal of reducing the unbanked.
- Increase taxpayer complexity and confusion.
- Enlist community banks as agents of the IRS.

Grassroots: ICBA's [Be Heard grassroots action center](#) offers a customizable message that community bankers can use to urge their members of Congress to oppose the plan.

Background: The American Families Plan proposes requiring financial institutions to report to the IRS on account flows, including bank loans, on accounts over \$600.

ICBA Position: ICBA has strongly opposed the proposal since it was issued in April, including in:

- A [joint letter](#) this week with 44 state community banking associations to key congressional committees.
- A recent [LinkedIn article](#) by ICBA Chairman Robert Fisher.

House sends ‘true lender’ repeal to Biden

The House voted 218-208 to approve a Senate-passed resolution to repeal the OCC’s “true lender” rule. The vote sends the resolution to President Joe Biden, who is expected to sign it into law.

Rule: The [ICBA-supported](#) OCC rule creates a standard to determine when a bank is the “true lender” when partnering with a third party. Under the rule, banks are deemed true lenders if they fund the loan or are named as the lender in the loan agreement on the origination date.

Congress: The resolution, which the Senate passed by a 52-47 vote last month, repeals the rule under the Congressional Review Act, which allows lawmakers to invalidate federal rules and limits agencies’ ability to issue a similar rule in the future.

OCC: The resolution bars the OCC from issuing a new rule in “substantially the same form” unless the law changes. In a [statement](#), the agency said it will consider policy options that protect consumers and expand financial inclusion.

Administration endorses bipartisan infrastructure ‘framework’

The Biden administration [endorsed](#) a \$1.2 trillion bipartisan infrastructure “framework” hashed out in recent months by Democratic and Republican senators.

Tax Gap: The plan, which lawmakers say still has details to be worked out, would be partly financed by closing the “tax gap” between taxes owed and collected.

Bank Reporting: The administration’s [ICBA-opposed](#) bank reporting proposal is reportedly not included in the framework, though its outlook remains unclear.

Administration extends eviction, foreclosure relief

The Biden administration [announced](#) a new series of steps to prevent evictions and foreclosures.

Extensions: The actions include extensions through July 31 of:

- The [CDC’s](#) federal eviction moratorium.
- Eviction moratoriums for Federal Housing Administration borrowers and [USDA](#) multifamily housing communities.
- Fannie Mae and Freddie Mac [moratoriums](#) on single-family foreclosures and real-estate-owned evictions.

Other Actions: In its announcement, the administration also:

- Encouraged state courts to adopt anti-eviction diversion practices.
- Issued Treasury Department [guidance](#) to support the rapid deployment of emergency rental assistance.

ICBA supports proposed ACH rules changes

ICBA expressed support for several Nacha-proposed changes to the ACH rules.

Comments: In a [comment letter](#), ICBA endorsed:

- Formally defining “Nested-Third Party Relationships” as a third-party sender that has an agreement with another third-party sender to act on behalf of an originator and does not have an agreement with the originating depository financial institution, or ODFI.
- Establishing a “chain of agreements” that will require ODFI origination agreements to address whether a TPS may have nested clients. If an ODFI allows a TPS to have nested TPSs, then an origination agreement will be required between the TPS and nested TPS.

- Changes clarifying that all TPSs, including nested TPSs, must complete a risk assessment and develop a risk management program based on the results.

Impact: ICBA said that while community banks will be affected, such as through additional training and process revisions, the benefits of the proposed changes outweigh the effects on bank operations.

GDP rises 6.4% in Q3: third estimate

The gross domestic product rose at an annual rate of 6.4 percent in the first quarter, according to the Commerce Department's [third estimate](#). The increase was unrevised from previous estimates. The initial estimate of second-quarter growth is scheduled to be released July 29.

FROM OTHER SOURCES

- [Just as the highly contagious Delta COVID-19 variant](#) is making more and more headlines in the United States, doctors and epidemiologists around the world are closely monitoring a mutation of it.
- [Nearly all COVID deaths](#) in the United States are among those who have not been vaccinated.
- The Biden administration extended the nationwide eviction and foreclosure bans until July 31 following concern that state and local governments wouldn't be able to support renters when the ban ended at the end of the month as originally scheduled --but said this is the last time it plans to do so. Treasury also released new guidance to help state and local governments distribute \$46 billion in federal aid to protect tenants. [Politico](#) and https://apnews.com/article/eviction-ban-extended-biden-coronavirus-9e7c4dc97c49cbb42a1ecb55b06e3b4c?mkt_tok=ODUwLVRBQS01MTEAAAF94iO9XCBeUmG_r3CKBkqW9CqqxIS8NGaiitBsHM4pBiTwgkpwZFqBEtjNVPeEawyzHxINAE6arRwDsrvabkFTY76LAFzg7ZesDoA1OeN5maIB
- Congress voted to undo a Trump-era regulation under the Congressional Review Act, nullifying the "true lender" rule that consumer advocates said allowed high-cost lenders to operate in states where they had been banned via partnerships between fintech companies and banks. President Biden is expected to sign it. Acting Comptroller of the Currency Michael Hsu, appointed during the Biden administration, said in a statement that he would "reaffirm the agency's long-standing position that predatory lending has no place in the federal banking system." [The Wall Street Journal](#)
- The Federal Reserve said banks are strong enough to remove stock buyback and dividend restrictions it imposed during the coronavirus pandemic, finding that 23 of the largest companies are well-capitalized and can withstand a severe economic downturn. The Fed said it anticipates that banks will wait until after markets close Monday to announce dividend and capital plans. [Reuters](#)
- A recent downward trend in worker filings for jobless benefits stalled in mid-June amid other signs the labor market continues to gradually recover. The U.S. Labor Department reported that initial unemployment claims (a proxy for layoffs) moved slightly lower last week to a seasonally adjusted 411,000 from an upwardly revised 418,000 the prior week, when claims rose. https://www.wsj.com/articles/weekly-jobless-claims-06-24-2021-11624489248?mkt_tok=ODUwLVRBQS01MTEAAAF94gUgEVkRbXNBWLMwRfLLI-vNL8Kgb6LLmfKiwze_FvYFfeeH3IdA57J1t4W3b3SvU-d8pR2FL9laAGfpRmGvOQwZr5P8LkPNkDG0xIqTI4RY
- Consumers likely increased spending last month on services that they shunned earlier in the Covid-19 pandemic, helping fuel the broader economic recovery. Economists surveyed by The Wall Street Journal expect Friday's Commerce Department report to show consumer spending rose 0.4% in May. <https://www.wsj.com/articles/consumer-spending-personal-income-inflation->

[may-2021-11624563378?mkt_tok=ODUwLVRBQS01MTEAAAF94gUgEc7BwwkPAfu-VvWpFk-befBZB5tFVtdX3JUAYbUyBxASeqaaVXhh8FoDR_kvucCxtHjDMqVMY9xEouKFpBdjxSommSgdI4yQOUHmOSUp](https://www.washingtonpost.com/business/2021/06/24/mortgage-rates-rise-highest-levels-two-months/?mkt_tok=ODUwLVRBQS01MTEAAAF94gUgESuXcBO9tIXSeiQrwYgNIAFFjZBY5Xm3-8PbES4LkSJpoadXh_R1AzgPQev3C0FNuqaQ3EK6zbG48kvLs6AYzF_13n-S2IdEE1-BUq)

- President Biden will nominate housing nonprofit executive Julia Gordon to be the commissioner of the Federal Housing Administration, the White House said Thursday. Gordon is the president of the National Community Stabilization Trust, which facilitates the rehabilitation of homes in underserved markets.
- After hovering below 3 percent for the past 2½ months, the 30-year fixed mortgage rate average crossed that hurdle this week. According to the latest data released Thursday by Freddie Mac, the 30-year fixed-rate average climbed to 3.02 percent with an average 0.7 point.
https://www.washingtonpost.com/business/2021/06/24/mortgage-rates-rise-highest-levels-two-months/?mkt_tok=ODUwLVRBQS01MTEAAAF94gUgESuXcBO9tIXSeiQrwYgNIAFFjZBY5Xm3-8PbES4LkSJpoadXh_R1AzgPQev3C0FNuqaQ3EK6zbG48kvLs6AYzF_13n-S2IdEE1-BUq

FROM NEW YORK

- Governor Cuomo reported Thursday that COVID hospitalizations in the state were at 442. Of the 113,108 tests reported yesterday, 343, or 0.30%, were positive. The 7-day average percent positivity was 0.35%. There were 101 patients in ICU yesterday, down one from the previous day. Of them, 60 are intubated. Five New Yorkers lost their lives to the virus.
<https://www.governor.ny.gov>
- The Governor noted yesterday that 71.3% of adult New Yorkers have completed at least one vaccine dose, per the CDC. New York had administered 20,759,365 total doses: 63.5% of adult New Yorkers had completed their vaccine series. See additional data on the State's [Vaccine Tracker](#).
- Governor Cuomo's office will soon require state employees to work in the office on a more-regular basis, with state agencies required to return their in-person workforce to pre-pandemic levels by Sept. 7. The [Governor's Office of Employee Relations issued a memo late last week](#) laying out return-to-work protocols for the state's executive agencies and authorities, which employ more than 113,000 workers statewide and have allowed many employees to telecommute during the COVID-19 pandemic.
- Syracuse University said that [99 percent of its faculty and employees have been vaccinated](#) against Covid-19.
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- Business leaders across Western New York are urging Buffalo Mayor Byron Brown to run a write-in campaign for reelection following his Tuesday defeat by India Walton in the Democratic primary, [The Buffalo News reports](#).
- In [this week's Winners & Losers](#), Eric Adams in New York City and India Walton in Buffalo will likely win the Democratic nominations for mayor in their respective cities, while former

“America’s mayor” Rudy Giuliani is no longer America’s lawyer after his law license was suspended in New York.

- NYC Mayor de Blasio hailed the end of the COVID-19 state of emergency as ‘the restoration of democracy in New York state.’ Governor Cuomo has announced that the emergency declaration — under which he issued numerous pandemic orders affecting city life — would expire Thursday at midnight. ‘That means local control resumes,’ de Blasio said. [‘The restoration of democracy’: Mayor de Blasio applauds end of COVID state of emergency](#)
- Investigators with the New York state attorney general’s office have reportedly interviewed a senior adviser to Governor Cuomo (Rich Azzopardi, one of the Governor’s principal spokespeople) and are examining the environment in the governor’s office going back more than a decade.

Azzopardi is the highest-ranking current gubernatorial aide to known to have been interviewed as part of the investigation into [sexual-harassment allegations against the governor](#) overseen by NYS Attorney General Letitia James.

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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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