

Tuesday, June 29, 2021
To: New York Community Banks

FROM ICBA

Quarles raises doubts about Fed CBDC

Federal Reserve Vice Chair for Supervision Randal Quarles [expressed doubts](#) about the benefits of a U.S. central bank digital currency.

Quarles: Addressing the Utah Bankers Association, Quarles said the benefits of a Federal Reserve CBDC are “unclear” while it would pose “significant and concrete risks.”

Concerns: With the Fed slated to issue a discussion paper on CBDC this summer, Quarles said a Fed CBDC could:

- Create challenges for the structure of the banking system by instituting the Fed as the dominant provider of credit.
- Undermine the economic benefits of commercial banks competing to attract customers.
- Present an appealing target for cyberattacks and other security threats.
- Facilitate illicit activity.
- Be difficult and costly for the Fed to manage.

More: ICBA offers community bank primers on [central bank digital currency](#) and [cryptocurrency](#). Its Main Street Matters blog features recent posts on [CBDC models](#) and regulators’ [crypto response](#).

CFPB exempts small servicers from foreclosure rule

The Consumer Financial Protection Bureau amended mortgage servicing regulations to prevent foreclosures as federal moratoria are phased out, though institutions defined as small servicers are exempt.

New Rule: Effective Aug. 31, the 2021 Mortgage Servicing COVID-19 Final Rule amends Regulation X by:

- Requiring servicers to meet procedural safeguards before initiating foreclosures for certain mortgages through the end of the year.
- Allowing servicers to offer streamlined loan modifications to borrowers with COVID-19-related hardships without requiring borrowers to submit all the paperwork for every possible option.
- Requiring servicers to increase their outreach to borrowers before initiating foreclosures and provide additional information to struggling borrowers.

Exemption: The rule exempts institutions that meet the small servicer standard of 5,000 loans or less serviced annually, which includes most community banks.

ICBA Position: ICBA last month [thanked](#) the CFPB for including the small-servicer exemption in its proposal in recognition of community banks’ “high touch” customer service “designed to ensure loan performance and a strong reputation in local communities.”

[Read the final rule.](#)

[Read executive summary.](#)

Romero Rainey: Credit union acquisition pressure grows

The growing trend of tax-exempt credit unions acquiring taxpaying community banks is increasing the pressure on Congress to investigate, ICBA President and CEO Rebeca Romero Rainey wrote.

Impact: In a [new article on LinkedIn](#), Romero Rainey discusses the growth of these tax-subsidized acquisitions, the impact on consumers and industry consolidation, and the need for Congress to hold hearings.

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

ICBA continues push against IRS reporting plan

ICBA continues encouraging community banks to [express opposition](#) to the Biden administration's plan to require banks to report customer account information to 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.

Fact Sheet: ICBA last week delivered a [fact sheet to Congress](#) detailing consumer and small-business opposition to the plan.

FHFA announces leadership appointments

The Federal Housing Finance Agency [announced](#) new appointments to its leadership team:

- Naa Awaa Tagoe, acting deputy director, Division of Housing Mission and Goals.
- Daniel Coates, senior advisor to Acting Director Sandra Thompson.
- Danielle Walton, acting chief of staff.

Mortgage performance declines in Q1: OCC

First-lien mortgage performance in the federal banking system declined during the first quarter of 2021, the [OCC](#) reported. The agency said 94.2 percent of mortgages included in the report were current and performing at the end of the quarter, down from 96.5 percent a year earlier.

FROM OTHER SOURCES

- Three new scientific studies offer fresh evidence that widely used vaccines will continue to protect people against the coronavirus for long periods, possibly for years, and can be adapted to fortify the immune system still further if needed, [the Times reports](#).
- Employers across the country are continuing pandemic benefits such as increased paid time off and child- or elder-care benefits as well as embracing flexible work schedules and remote work in recognition that a returning workforce is at high risk of burnout. https://www.washingtonpost.com/business/2021/06/28/employee-burnout-corporate-america/?mkt_tok=ODUwLVRBQS01MTEAAAF99qBVMWiZ-nXfK26yhU5lZHiLgV02Ognb_f4xT-fE36pvjfOuWoMQRuQ153YGYRVEak2i0z14qMls7MgdK90tjOVofsCbHHkDAkZnGIEHnwEY
- Farmers and self-employed business owners should receive the full forgivable loan amount under the federal Paycheck Protection Program under a measure backed by Republican Rep. Elise Stefanik (R-N.Y.) [Read more](#).
- Millions of homeowners who are behind on their mortgage payments would get added protections from foreclosure through the end of 2021 under a set of rules completed Monday by the Consumer Financial Protection Bureau. Under the rules, mortgage lenders generally can't foreclose on a home without first contacting homeowners to see if they qualify for a lower interest rate or some other loan change that makes it easier to repay.

https://www.wsj.com/articles/homeowners-behind-on-mortgages-to-be-offered-help-u-s-agency-says-11624913661?mkt_tok=ODUwLVRBQS01MTEAAAF99qBVMALK6mZU3LP65NaUtL-EcLxy_tZjV1p5W2XmCdh8rzGXtI5t4TqCGiEF5QR2NO3H5KfUOge_g2sKvdnPKV5GrXwEk-YRfT6to3W-fNw0

- The Biden administration is rushing to avoid millions of evictions during a brutally hot summer with a push to get billions of dollars in rental assistance out to tenants and landlords. The Centers for Disease Control and Prevention (CDC) last week issued what will likely be the final extension of its eviction moratorium, essentially lighting the fuse on a potential eviction time bomb. https://thehill.com/policy/finance/560636-biden-officials-scramble-to-avert-august-eviction-wave?mkt_tok=ODUwLVRBQS01MTEAAAF99qBVMB8EiC7JvJRNhK0I0c1X5VeMSYFTPoUIOHPmYfpB1XK1jN69zxe6fmJkRWORQ21DNXsnlHoX6aXhCDpxTpFaA9M-TRqHMbSZidnF14Og
- The coronavirus pandemic complicated many facets of life over the past year, but it slowed down one especially important undertaking: the 2020 census. That's especially significant for upcoming elections because it has dramatically shortened the redistricting process, or the amount of time states have to draw new state legislative and congressional district lines. https://fivethirtyeight.com/features/how-the-delayed-census-has-affected-redistricting/?mkt_tok=ODUwLVRBQS01MTEAAAF99r7EcoBpt-MHiH0Bzd80IAp_u-luG7nVaDNcIEjKaA2W2urv3b2dIYist3SgYJ-KidZUtXb3zoSbYKR1XNwIY9pR4TPigZzVvMeE7rgaAA2T
- Only four in 10 Americans say it's risky to attend a Fourth of July celebration this year — down almost half from a year ago — according to the latest installment of the [Axios/Ipsos Coronavirus Index](#), Axios' Margaret Talev writes. However, 84% of respondents said they're aware of the Delta variant of the virus, and of those, 72% say they're concerned about it. [Read more.](#)

FROM NEW YORK

- Governor Cuomo reported yesterday that COVID hospitalizations are at 346. Of the 55,334 tests reported yesterday, 290, or 0.52%, were positive. The 7-day average percent positivity was 0.39%. There were 89 patients in ICU yesterday, up four from the previous day. Of them, 42 are intubated. Three New Yorkers lost their lives to the virus. <https://www.governor.ny.gov>. 71.9% of adult New Yorkers have completed at least one vaccine dose, per the CDC. New York had administered 21,046,333 total doses with 65.0% of adult New Yorkers having completed their vaccine series. See additional data on the State's [Vaccine Tracker](#).
- The number of confirmed cases of the COVID-19 delta variant in New York state has risen to 172, and nearly one-fourth of new coronavirus cases in New York City are linked to the highly infectious and potent viral spinoff, [Newsday reports](#).
- Housing advocates, elected officials and the creators of an online housing court filing tool wrote a letter to Chief Administrative Judge Lawrence K. Marks yesterday demanding the courts reinstate the tool after it was banned last month, [the Queens Daily Eagle reports](#).
- New York City is moving homeless adults from hotel rooms – rented in the early days of the pandemic to limit the spread of the coronavirus – back into congregate shelters where residents sleep in barracks-style dorms, [City Limits reports](#).
- A Democratic state lawmaker on Monday urged President Joe Biden's administration to take "unilateral" action and reopen the U.S. border with Canada, pointing to the economic havoc the continued closure has caused in New York's North Country region. [Read More](#)
- The enacted state budget financial plan enacted this spring shows a balanced budget for this fiscal year and next, but extending the budget window reveals large, yawning budget gaps growing from nearly \$8 billion in 2026 to nearly \$20 billion by the end of the decade, [the Empire Center reports](#).
- A new report by state Comptroller Thomas DiNapoli finds the number of projects overseen by [Industrial Development Agencies](#) has doubled over the past decade.

- Buffalo Mayor Byron Brown announced today he will pursue a write-in campaign following his presumed defeat in the city's Democratic mayoral primary to India Walton, saying "Let's be clear that until after the general election, there is no 'mayor-elect,'" [State of Politics reports](#).
- Rep. Lee Zeldin (R-Long Island) showed his bid to become the GOP nominee for governor in 2022 has strong support from party leaders. He won a non-binding straw poll with 85% of the vote, 17 months before the election, [the Post-Standard reports](#). Former Westchester County Executive (and 2014 GOP nominee) Rob Astorino won 5%. Andrew Giuliani, son of Rudy Giuliani, received no votes, and 10% abstained. The party had been hoping to get behind a single nominee early and avoid a costly primary, [according to the Times Union in Albany](#).

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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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