

Tuesday, October 19, 2021
To: New York Community Banks

FROM ICBA

Senators debating IRS reporting plan today

Senators are set to host dueling press conferences today on the Biden administration's [ICBA-opposed](#) plan to require banks to report customer information to the IRS.

Events: Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) and Senate Banking Committee Ranking Member Pat Toomey (R-Pa.) are hosting a live event at noon (Eastern time) in opposition. Senate Finance Chairman Ron Wyden (D-Ore.) and Sen. Elizabeth Warren (D-Mass.) of both committees will hold a press call in favor at 3 p.m.

Latest from ICBA: ICBA and groups such as the National Association of Realtors and U.S. Chamber of Commerce last week delivered a [joint letter](#) and supporting [document](#) to Congress dismissing efforts to modify the IRS proposal response due to widespread opposition.

Call Alert: ICBA is urging community bankers to use its [call alert and customizable script](#) to speak out against the proposal.

ICBA Campaign: Community bankers can also continue using customizable [email and social media content](#) to urge consumers to [contact Congress in opposition](#).

[CALL CONGRESS NOW](#)

OCC updates LIBOR transition self-assessment

The [OCC updated](#) its self-assessment tool to help banks evaluate their preparedness for the cessation of LIBOR.

Updates: The tool is designed to help banks identify and mitigate LIBOR transition risks and was updated to include questions and considerations regarding the use of a replacement rate.

Deadline: The OCC noted it expects banks to cease entering into new contracts that use LIBOR as a reference rate no later than Dec. 31, consistent with an interagency statement issued last year.

More: An [ICBA blog post](#) details the end of LIBOR and the impact of the pending transition on community banks.

ICBA: Guidance on third parties a key step

ICBA [told regulators](#) it supports their efforts to consolidate guidance on third-party risk management while providing recommendations on the proposed interagency guidance.

Background: The agencies are proposing interagency guidance based on OCC guidance issued in 2013, which ICBA said is a step toward further policies that fully recognize the potential benefits of community bank-fintech partnerships.

Comments: ICBA said the agencies should:

- Consider how improvements to the process of developing and implementing the guidance—such as employing comment opportunities—will enhance the utility of this and other guidance.
- Continue exploring additional policies that would spur more agile supervisory responses, such as growing the use of agency “sprints,” incorporating pilot programs and sandboxes, and facilitating shared due diligence.
- Structure the guidance so it can be further tailored.

ThinkTECH: The [2022 ICBA ThinkTECH Accelerator](#) program will feature virtual and in-person visits to support community bank-fintech collaborations.

ICBA opposes restricting pass-through deduction

ICBA and other groups expressed opposition to legislative proposals that would change the Section 199A deduction for pass-through businesses.

Background: Section 199A, which is scheduled to sunset in 2025, includes a 20% deduction for qualified business income among pass-through businesses, including S-corporations.

Letter: In a [joint letter](#) to key committees, the financial services and business groups cited the Small Business Tax Fairness Act (S.2387), which would simplify the 199A deduction but exclude numerous small businesses from the deduction.

Alternative: ICBA has separately [expressed support](#) for the bipartisan Main Street Tax Certainty Act of 2021 (H.R. 1381 and S. 480), which would make the deduction permanent.

Lawmakers raise concerns with SBA responsiveness

Two leading House Republicans expressed concerns with the Small Business Administration's lack of communication and responsiveness with small businesses and lenders.

Letter: House Small Business Committee Ranking Member Blaine Luetkemeyer (Mo.) and House Financial Services Committee Ranking Member Patrick McHenry (N.C.) [cited](#) conflicting messages and unanswered questions related to the Paycheck Protection Program and Economic Injury Disaster Loans.

Advocacy: In [congressional testimony](#) last month, ICBA said the SBA must respect lenders that choose not to use its PPP Direct Borrower Forgiveness Portal, which led the agency to [withdraw its threat](#) to audit PPP lenders that don't participate.

Resources: Additional PPP information is available on ICBA's [PPP Resources page](#).

FHFA expands eligibility for GSE refinance program

The Federal Housing Finance Agency [announced](#) two measures to advance homeownership affordability in underserved communities.

Refinance: Fannie Mae and Freddie Mac will in the coming months expand certain eligibility requirements for their RefiNow and Refi Possible refinance programs aimed at assisting low-income borrowers.

Appraisals: Additionally, the enterprises will incorporate desktop appraisals into their selling guides for many new purchase loans, starting in early 2022.

Farm Credit posts regulatory plan

The Farm Credit Administration posted its latest [regulatory projects plan](#). The plan cites pending regulations on a Farm Credit System bridge bank; an annual strategic plan on young, beginning, and small farmers; collateral evaluation regulations; and more.

Appraisals: On the proposed collateral evaluation regulations, ICBA this year [told the agency](#) that it should not provide Farm Credit System lenders with lower standards for appraisals and valuations than those required of community banks.

Grassroots: ICBA continues encouraging community bankers to use ICBA's [Be Heard grassroots alert](#) urging congressional support for legislation to exempt from taxation interest income on community banks' farm real estate and rural mortgage loans.

New York, Fitch latest to target crypto platforms

The crackdown on digital asset platforms continued Monday as the state of New York and a Fitch Ratings joined the debate.

New York: State Attorney General Letitia James [ordered](#) two unregistered cryptocurrency lending platforms to cease and desist while asking three others for more information about their products.

Fitch: Separately, Fitch Ratings [warned](#) that stablecoins could pose risks to short-term securities markets, noting that Tether held roughly half of its reserves in certificates of deposit and commercial paper at the end of June.

Tether: The announcements come after the Commodity Futures Trading Commission on Friday [fined](#) Tether—the largest stablecoin issuer—for misleading claims about its reserves.

More: Recent ICBA blog posts detail [growing stablecoin risks](#) to consumers and the financial system, [how policymakers are responding](#), and what decentralized finance [means for community banks](#).

Blog: Key takeaways from Fed innovation paper

A new [Main Street Matters post](#) offers key takeaways from a Federal Reserve Board paper on community bank access to innovation through partnerships.

Blog: The blog post from ICBA's Charles Potts notes the Fed paper explores the unique business models emerging as community banks embrace a new era in banking.

ThinkTECH: The [2022 ICBA ThinkTECH Accelerator](#) program will feature virtual and in-person visits to support community bank-fintech collaborations.

Builder confidence improves

Builder confidence in the market for new single-family homes improved in October despite growing affordability challenges stemming from rising material prices and shortages, according to the National Association of Home Builders. The NAHB index [increased](#) four points to 80.

Industrial production drops 1.3%

Industrial production decreased 1.3% in September following a 0.1% decline in August, the Federal Reserve [reported](#). The September decrease was led by a 7.2% decline in the production of motor vehicles and parts due to semiconductor shortages.

FROM OTHER SOURCES

- Federal regulators this week plan to greatly expand the number of Americans eligible for booster shots. The F.D.A. is expected to authorize boosters of the Moderna and Johnson & Johnson vaccines by Wednesday evening. A CDC advisory committee will take up the booster issue Thursday, and the CDC will then issue its own recommendations. By the end of the week, tens of millions more Americans could be eligible for extra shots.
https://www.nytimes.com/2021/10/18/us/politics/fda-mix-and-match-boosters.html?mkt_tok=ODUwLVRBQS01MTEAAAGAN4Iiq8tktpNIRjh8t9zNz-ltU25AyGp82S2GsJLaEBp_1HIskr8RA4VEkJGOBPrxhGJNPjrbfcYPdFTuG22hYKgU5EX7RNahV-GwEDTfdF
- The FDA also plans to allow people to receive a booster shot of a different coronavirus vaccine than the one they originally received, the [New York Times reported yesterday](#). The policy would make the booster process a lot more flexible for providers — and open the door for J&J recipients to receive an additional dose of Pfizer or Moderna's vaccines. NIH data [released last week](#) showed that people who received a J&J shot have a stronger antibody response if they receive an mRNA shot instead of a second J&J one. It's unclear whether J&J or Pfizer recipients would receive a half-dose or a full dose of Moderna, which has been authorized as a booster for Moderna recipients

- Even vaccinated Americans who are 80 or older are at higher risk of dying from the coronavirus than anyone under 50 — vaccinated or not — according [to CDC data](#). Reducing the level of COVID circulating in the community is key to protecting older or vulnerable adults — even vaccinated ones -- age has always been one of the biggest determinants of whether someone is at risk for severe COVID.
- Consumers have lost \$586 million to fraud linked to the Covid-19 pandemic, according to data from the Federal Trade Commission. Americans filed more than 269,000 fraud complaints from the beginning of 2020 to Oct. 14, 2021, according to most recent federal data. (Consumers cited Covid, stimulus or related terms in the complaints.) https://www.cnn.com/2021/10/18/covid-related-scams-have-bilked-americans-out-of-586-million.html?mkt_tok=ODUwLVRBQS01MTEAAAGAN3ZPBi_HfPeHIMDH0Ch_6xaSlc3b_Vja-dzMYRrYrJaxphgqy_iaOJNLthkg6TOh0P-C7d-kaN96VRew6VwhxtzzH6Bsj9mWHzCfRuNj8_ik
- Sen. Joe Manchin (D-W.Va.) cast doubt on the possibility that congressional Democrats could meet a self-imposed Oct. 31 deadline for an agreement on President Joe Biden's economic agenda following a phone call with the commander-in-chief. [Bloomberg](#) As he works to secure agreement on his "Build Back Better" policies, Biden is planning separate meetings with moderates and progressive lawmakers at the White House today. [CNN](#)
- Senior Democrats will reportedly offer a new proposal requiring financial institutions to give the IRS additional information on bank accounts with more than \$10,000 in annual deposits and withdrawals, raising the threshold from the earlier proposal of \$600. The new plan will also reportedly exempt all wage income from the \$10,000 threshold withdrawal so that the rule only applies to larger account holders. The scaled-back version of the Biden administration's proposal to crack down on wealthy "tax cheats" follows opposition from the banking industry and conservative groups. [The Washington Post](#)
- The consumer banking industry is in a state of transformation as traditional providers race to update legacy systems and keep pace, while fintechs and digitally native banks are working to expand relationships with more traditional offerings alongside their innovative products. There is strong demand for alternative financial services and digital options. Retail banking is getting more competition — and a lot if it isn't from other banks. Although a plurality (48% of customers) say they only use one bank, 39% have two or more banking relationships. "Morning Consult's" new quarterly report, [The State of Consumer Banking](#), tracks how global consumer trends are evolving today and what they mean for the future of the financial services industry. Key takeaways: Understanding consumers' financial well-being is the key to meeting demand; Multiple banking relationships are quickly becoming the norm; [Get the full report](#).
- Home appraisals conducted without the physical presence of an appraiser will be allowed permanently on loans bought by Fannie Mae and Freddie Mac, starting in early 2022. Sandra Thompson, the acting director of the Federal Housing Finance Agency, announced the change Monday. https://www.americanbanker.com/news/fhfa-will-make-desktop-home-appraisals-a-permanent-option?mkt_tok=ODUwLVRBQS01MTEAAAGAN3ZPBgkVUdPdwnSHoGIGewpUQIR-51pqpiMOyoIyQwdKODk7THZlGjMQzRSa0x7iF9pCPoPePsaFn-IoaNjWB39yxE5vCiaF9mEnP7OnJWd
- The U.S. Court of Appeals for the Fifth Circuit approved delaying the implementation of the Trump-era's CFPB's payday lending rule, a win for small-dollar lenders that challenged the rule's restrictions on accessing consumer bank accounts. The court sided with payday and auto title lenders, determining they don't have to comply with the CFPB rule scheduled to go into effect in June, while the Community Financial Services Association of America and the Consumer Service Alliance of Texas appeal a previous court decision that ruled in favor of the CFPB. <https://www.americanbanker.com/news/appeals-court-delays-cfpbs-trump-era-payday-lending->

[rule?mkt_tok=ODUwLVRBQS01MTEAAAGAN3ZPBmLwEv4A0Dgf8H_cqFHsPDfP2jSioiQv91NbD_Zl3VsenmgG5vf70ogzEkddlKdWf8dLgCMh9DdjJIEWbxFv095G47Nvt3IuWLqkvK2b](https://www.axios.com/newsletters/axios-am-7977816c-9211-4de4-ab1e-19ea097bd713.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top)

- A [Gallup report](https://www.axios.com/newsletters/axios-am-7977816c-9211-4de4-ab1e-19ea097bd713.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top) out today finds approval of U.S. leadership in 46 countries and territories hit 49% — up from 30% at the end of Donald Trump's presidency, and matching President Obama's first year (2009). https://www.axios.com/newsletters/axios-am-7977816c-9211-4de4-ab1e-19ea097bd713.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top

FROM NEW YORK

- In her most recent update on New York State's progress combating COVID-19, Governor Hochul noted “Booster shots are underway, and we are laying the groundwork for getting our kids vaccinated pending final federal approval.” The Governor noted of 208,704 test results reported, total positives were 4,204 (2.01%); The 7-Day Average Percent Positive was 2.45%; Patient Hospitalization was at 2,086 (-29), with 256 newly admitted patients; 450 were in ICU (-9), and of those, 247 were intubated (-14); 36 new deaths were reported by healthcare facilities through HERDS, bringing the state's total deaths reported by healthcare facilities through HERDS to 45,109. <https://www.binghamtonhomepage.com/news/top-stories/governor-hochul-provides-sunday-coronavirus-update-oct-17/>
- More than 1,000 staffers at the New York City health department are calling on the de Blasio administration to institute a permanent hybrid model for the agency and improve health measures for the workers who do return to their offices. <https://login.politicopro.com/?redirect=https%3A%2F%2Fsubscriber.politicopro.com%2Farticle%2F2021%2F10%2F18%2Fhealth-department-workers-push-for-permanent-hybrid-model-amid-return-to-work-order-9427588%3Fsource%3Demail>
- A new Siena College poll shows Gov. Hochul with a double-digit lead over a field of potential Democratic primary opponents led by former Gov. Cuomo, but also reveals some concern about her job performance and a lack of support beyond Democratic voters. The poll also showed that New Yorkers do not agree on whether the state is heading in the right direction, with 44% believing it's going in the right direction and 43% believing it's not. <https://spectrumlocalnews.com/nys/capital-region/ny-state-of-politics/2021/10/18/hochul-tops-primary-field-but-voters-mixed-on-her-job-performance>. . [Newsday reports](#).
- How New York voters can see how redistricting affects them. The redistricting process has real-world, tangible effects on how people vote, who they vote for and how the winners represent voters in Albany and Washington, D.C. The director of the CUNY mapping service has developed [an interactive map](#) called "Redistricting and You" for New York voters to compare the current map for seats in the House and state Legislature with the various proposals that have been made. [Read more](#).
- New York's political community mourned the death of Colin Powell in a series of [tributes](#) that remembered the retired four-star general as an inspiration and trailblazer.

###

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)**