

Monday, October 25, 2021
To: New York Community Banks

FROM ICBA

IRS grassroots evolves with congressional debate: blog

ICBA's campaign against Washington's IRS reporting proposal demands that community bankers increase their grassroots outreach through [calls](#) and [messages](#) to Capitol Hill, ICBA's Jack Coleman writes in a [new blog post](#).

Details: ICBA's director of advocacy writes that while policymakers are attempting to quell the public backlash with minor updates to the proposal, community bankers should speak out with [calls](#) and [emails](#) to clearly convey their continued opposition.

Consumer Campaign: Meanwhile, community bankers can continue using customizable [email and social media content](#) to urge consumers to [contact Congress in opposition](#).

READ THE POST

FDIC exploring Part 363, CBLR relief

The FDIC is exploring whether to extend audit and reporting relief while it engages other regulators on additional Community Bank Leverage Ratio flexibility, according to FDIC Chairman Jelena McWilliams.

Background: ICBA last month asked the FDIC [to extend](#) the 8.5% CBLR requirement and [to permanently raise](#) the audit and reporting requirement asset thresholds under Part 363 of its regulations.

Response: In a [letter to ICBA](#), McWilliams noted that deposit growth caused by COVID-19 relief measures continues to inflate bank asset sizes relative to regulatory thresholds. She noted that extending Part 363 relief will require a majority vote by the FDIC board of directors while CBLR relief will require interagency action.

Exams: Citing ICBA concerns with the impact of deteriorating leverage ratios on CAMELS ratings, McWilliams noted regulators have issued interagency guidance instructing examiners to consider the unique, evolving, and potentially long-term nature of the COVID-19 fallout.

FDIC adopts rule amending regulatory capital standards

The [FDIC adopted](#) an ICBA-supported final rule amending real estate lending standards for supervisory loan-to-value limits to incorporate the Community Bank Leverage Ratio rule.

Background: To make the basis for supervisory LTV limits more consistent among banks, the FDIC amended the reference from total capital to total tier 1 capital plus the allowance for credit losses. This change is also designed to provide uniform application for banks that choose to switch to and from the CBLR as the capital measurement metric.

ICBA Position: In a [comment letter](#) to the agency earlier this year, ICBA said the rule better aligns supervisory LTV reporting and measurement across community banks regardless of whether they elect the CBLR.

DOJ launches anti-redlining initiative

The Justice Department [launched](#) an initiative to combat redlining, in which lenders avoid providing services to individuals living in communities of color because of race or national origin.

Details: The DOJ said the initiative will:

- Use U.S. attorneys' offices to support fair lending enforcement.
- Expand the department's analyses of potential redlining to non-depository institutions.

- Strengthen DOJ’s partnership with financial regulatory agencies and state attorneys general.

Settlement: In addition to the initiative launch, the DOJ and other agencies announced a settlement with Trustmark National Bank in Memphis, Tenn., for Fair Housing Act and Equal Credit Opportunity Act violations.

Bowman: Regulation shouldn’t inhibit de novo formation

With the banking system experiencing a lack of de novo formation in the past decade, policymakers must avoid adding regulatory burdens on community banks, Federal Reserve Governor Michelle Bowman said.

Remarks: [Speaking](#) in Chicago, Bowman said policymakers must “achieve a meaningful balance” in their supervisory approach to community banks that recognizes their lower-risk profile and less-complex activities.

ICBA Position: ICBA advocates a flexible supervisory approach to de novo banking applicants and [supports](#) legislative efforts to ease regulations that hinder de novo bank formation.

McWilliams: FDIC supporting banking innovation

FDIC Chairman Jelena McWilliams spotlighted her agency’s efforts to encourage innovations that will help community banks continue meeting the needs of their local communities.

Remarks: In public [remarks](#), McWilliams cited regulatory efforts to promote minority depository institutions and community development financial institutions, modernize the call report process, and encourage community bank partnerships with fintech firms.

ThinkTECH: Community bankers can [sign up for email updates](#) on the 2022 ICBA ThinkTECH Accelerator program, which promotes community bank-fintech collaborations.

CFPB’s Chopra testifying this week

Consumer Financial Protection Bureau Director Rohit Chopra is set to testify before Congress this week. Chopra is scheduled to appear before the House Financial Services Committee on Wednesday and the Senate Banking Committee on Thursday for the CFPB’s semi-annual review.

FROM OTHER SOURCES

- Kids accounted for more than a quarter of all COVID-19 cases in the U.S. as of Oct. 14, according to the American Academy of Pediatrics. Millions of kids under 12 could begin getting COVID-19 shots "within the first week or two of November," [NIAID director Anthony Fauci said](#). This would be a major milestone for getting approximately 28 million more kids protected as they prepare to gather with family during the holidays and spend more time indoors due to [cold weather](#).
- FDA regulators [said Friday](#) that the benefits of the Pfizer-BioNTech vaccine for children far outweigh the risks for children ages 5 to 11. A key FDA advisory committee [plans to meet Tuesday](#) to discuss shots for that age group. The CDC's independent advisory committee will meet Nov. 2–3.
- A recent Ipsos poll found [a third of American parents of children under 12](#) — including many who were vaccinated — said they would not get a vaccine for their child "right away." Many parents remain skeptical of vaccinating young children. CDC director Rochelle Walensky acknowledged the challenge in an interview with [Fox News' Chris Wallace on Sunday](#),
- Related: [A choose-your-own COVID booster adventure](#)
- The fate of two enormous pieces of President Biden’s agenda will come down to the next few days. Senior Democrats say a deal is finally within reach on Biden’s social spending package, and could come as soon as Monday, paving the way for a vote on Biden’s other massive priority, a bipartisan infrastructure bill, by midweek. Biden [hosted the man\(chin\) of the hour](#), Sen. Manchin

(D-W.VA), and Senate Majority Leader Schumer at his Delaware home yesterday for final talks. <https://www.politico.com/newsletters/huddle/2021/10/25/is-this-finally-the-week-494828?nname=huddle&nid=0000014f-1646-d88f-a1cf-5f46b4be0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630309>

- Sen. Manchin (D-W.Va.) reportedly generally agrees with the White House's new plan to institute a wealth tax on the country's nearly 1,000 billionaires and a 15% corporate minimum tax to pay for the social spending bill, now estimated to cost roughly \$1.75 trillion. (A source close to talks said that figure could climb higher.) The White House and Democratic leaders dropped revenue-raising provisions that would have increased tax rates on corporations earning more than \$5 million and individuals who earn more than \$400,000 annually. <https://www.politico.com/newsletters/huddle/2021/10/25/is-this-finally-the-week-494828?nname=huddle&nid=0000014f-1646-d88f-a1cf-5f46b4be0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630309>. . . [The Associated Press](#)
- Unresolved issues include dealing with the State and Local Taxes issue (SALT). Sen. Schumer is putting a hard push on for full repeal, but a two-year delay has always been where northeastern Democrats have figured they'd land. This package "will not pass without some sort of SALT fix." <https://email.punchbowl.news/t/ViewEmail/t/9054AAEC496B95462540EF23F30FEDED/058E2057666DB565981D23A7722F2DCD>
- So: What's currently in and out of the social spending package? This article will [break it all down for you](#).
- Treasury Secretary Yellen said higher inflation could be around for months, then fade "the middle to end of next year." Yellen referenced supply chain issues and worker shortages as reasons for the current state of the economy, and said many companies are seeing labor shortages because of child care and health concerns. [Politico](#) That timeline would see prices start to come down as the general-election phase of next year's midterm elections heats up. [Bloomberg](#)
- Federal Reserve officials are set to wind down their \$120 billion-a-month bond-purchase program in November, but questions over how soon inflation pressures will fade are creating more uneasiness inside the Fed. Chairman Powell and senior officials have played down worries this year that a surge in prices during the uneven pandemic recovery would lead to permanently higher inflation. https://www.wsj.com/articles/fed-prepares-to-taper-stimulus-amid-more-doubts-on-inflation-11635154202?mkt_tok=ODUwLVRBQS01MTEAAAGAVILh0IKQdXG7ye3BQk51xu1RYofuzIZ073DF3fZU5rHfmRBu6akbQP9Xr4v_1FhJ3FUz_zvH9_BDHndm0j7LkUB7z0LbBjf9mNRyu6ufNaUR
- America's business leaders expect to keep shelling out higher wages to employees. According a new quarterly survey released today by the National Association of Business Economists, a record high 58% of respondents increased pay at their firms during the third quarter — and nearly the same share expects to do so again in the coming months. https://www.axios.com/business-leaders-expect-wages-to-keep-going-up-122e147b-3ced-4c5a-96e6-7f022c357e6e.html?mkt_tok=ODUwLVRBQS01MTEAAAGAVILh0gIoutvb9a_KOWn2vnY8ESQIMxD7irUVUpQmjB6kV3-6XA_IKXjOGWPsGJesY3M-Sb_ewflaCDmHFMzStu2KwxcILCg3wOxUJLp5Fi
- The Financial Stability Oversight Council's guidelines for regulators avoided measures that banks feared such as fossil fuel loan limits and rigid new stress tests. But the panel is recommending rules that would require financial institutions to disclose their exposure to global warming. [Read story →](#)
- A new national survey by the Siena College Research Institute found that the U.S. is split on Biden vs. Trump, and on "fake news". Nearly one-third of respondents believe the 2020 presidential election was stolen from Trump. 63% support a ban on assault weapons. "Americans of every stripe, guided by the same core principles, worry that partisanship, race relations, greed, social media & politicians may destroy the 'American experiment.' "

<https://scri.siena.edu/2021/10/25/americans-deeply-divided-yet-share-core-values-of-equality-liberty-progress/>

FROM NEW YORK

- **[Gov. Kathy Hochul continues to tout](#)** COVID-19 vaccines as a free and effective way of protecting New Yorkers from coronavirus, as 2,861 new cases and 32 new COVID-19 deaths were announced across the state on Sunday. 2,007 patients are hospitalized with COVID-19, with 251 patients in the ICU and 453 in ICU with intubation.
<https://spectrumlocalnews.com/nys/rochester/coronavirus/2021/10/24/hochul--2-800--covid-cases--32-deaths-reported-in-ny>
- The Governor cited CDC data showing that 86.7% of all New Yorkers age 18 and older have received at least one vaccine dose and 78.0% have completed their vaccine series. For New Yorkers of all ages, 73.5% have received at least one dose and 66.1% have completed their vaccine series. In total, 26,637,790 doses have been administered across New York.
<https://spectrumlocalnews.com/nys/rochester/coronavirus/2021/10/24/hochul--2-800--covid-cases--32-deaths-reported-in-ny>
- The statewide seven-day average positivity rate stands at 2.12%, with the state reporting a 1.76% daily positivity rate. As of Sunday, the North Country's seven-day average positivity rate of 4.88% is the highest in the state, followed by the Finger Lakes at 4.51% and Western New York at 4.46%. The New York City region has the lowest seven-day average positivity rate at 1.06%.
<https://spectrumlocalnews.com/nys/rochester/coronavirus/2021/10/24/hochul--2-800--covid-cases--32-deaths-reported-in-ny>
- The state Assembly today will hold a public hearing assessing the impact of the COVID-19 pandemic on the ability of governments to adhere to the state's open meetings laws. **[Read More](#)**
- Multiple investigations into preferential COVID-19 testing that former Gov. Andrew Cuomo's administration had provided for the well-connected – including state lawmakers and their families – have stalled, **[the Times Union reports](#)**.
- While New York's political elite awaits some definitive word from state Attorney General Letitia James about whether she intends to run for governor next year, her campaign team is being less guarded as she has made four significant new hires in recent weeks, **[The New York Times reports](#)**.
- The median sale price of homes in New York climbed for the 17 consecutive month in September, but diminishing supply led sales to decline for the first time in more than a year, according to the state Association of Realtors.
<https://www.democratandchronicle.com/story/news/politics/albany/2021/10/22/home-sale-prices-new-york/6132845001/>
- [Home sales slow in New York as prices continue to soar. Check by county...](#)

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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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