



Members:

This is an update to let you know what CBA has been doing lately. With the Legislature adjourned (thank goodness) the entire focus has been on COVID-19 lately. Below are some of the things we have worked on for Colorado banks.

First, like you, CBA employees are working remotely – and very hard. They've all been doing a terrific job cranking out really good results. We have a great team working for Colorado banking.

- 1) Resources for bankers
  - a) CBA webinars – effectively organized and run by Mike Bintner
    - i) March 12 COVID-19 webinar – a week ahead of other banking groups
    - ii) March 20 webinar with CO Division of Banking, Fed, FDIC, OCC re COVID-19
    - iii) March 23 10:00am webinar on SBA changes and programs
    - iv) March 23 1:00pm U.S. Government's "Phase 3" COVID-19 Economic Stimulus Package (~\$1T) with Senator Gardner
    - v) March 24 11:30-3:30 discussions (via webinar) with CO Members of Congress (7 of the 9 are scheduled, others pending) – smoothly arranged by Lindsay Muniz (it's very challenging juggling schedule of Members of Congress)
    - vi) More webinars as needed in the future
  - b) Web site
    - i) Amanda Averch has done a great job assembling many resources on various aspects of COVID-19 and making them available – [COVID-19 CBA resources for bank](#)
    - ii) Resources from many sources are provided, including an FAQ that is banks' questions from across the U.S. with answers by senior regulators
  - c) Newsletter – Amanda also has cranked out very informative newsletters with lots of information
- 2) Dealing with public officials re public policy
  - a) Public officials
    - i) Executive Orders by the Governor
      - (1) Jenifer Waller has done great work providing input into what became Executive Orders, avoiding problems for banks that could have been part of the order
    - ii) Anticipated – There's a possibility we could end up in CO (like CA) with a "shelter in place" order – you might want to plan that out
    - iii) Essential – We have been able to get banking designated as essential so that many of the constraints don't apply
    - iv) We've also had numerous discussions with Colorado Members of Congress
  - b) Core issues
    - i) Direct COVID-19 Congressional action
      - (1) Congress has passed two major bills so far on COVID-19, the President has signed them and implementation is occurring
      - (2) The 3<sup>rd</sup> Congressional act is in development and it is a doozy
        - (a) The Senate GOP has released the 3<sup>rd</sup> package yet to be negotiated with the House Dems
        - (b) We've provided you a simple summary of the 247 page bill (which we're wading through)
        - (c) It will be covered in the Monday 1:00pm webinar
        - (d) The goal is to get out to businesses as much \$\$ as possible and as fast as possible

- (e) SBA will play a central role – providing bigger amounts, bigger guarantees
      - (i) There is still some debate about a Treasury loan program v SBA, but setting up a new program from scratch is at the least problematic
    - (f) As a result this creates a critical role for banks – in distributing the funds
      - (i) Both banks and SBA will be challenged in this environment to handle the volume that this situation dictates
      - (ii) But banks playing this key role is far better than any alternative
    - (g) There are side issues like the bill by Sen. Tillis to reduce CBLR from 9% to 8%
  - (3) There probably is a 4<sup>th</sup> and 5<sup>th</sup> package too – the future is too hazy
  - ii) Deposit insurance
    - (1) FDIC created a MMMF guarantee on existing “deposits”
    - (2) Liquidity is of concern to many banks, especially smaller one – exacerbated by the FDIC’s MMMF guarantee
    - (3) There is a discussion of the resurgence of TAG – FDIC supports but it takes an act of Congress
  - iii) Related issues
    - (1) FHFA announced a 60-day forbearance policy for Fannie & Freddie loans – the same as for HUD
    - (2) TDR treatment – Troubled debt restructuring is being blamed on FASB by some regulators – this issue needs a lot more work
    - (3) CECL’s impact and hopefully postponement
      - (a) FDIC Chair McWilliams’ letter re CECL to FASB was very helpful – the issue isn’t resolved yet but we’re making progress
    - (4) As an example of related issues, some appraisers don’t want to go into homes and homeowners don’t want them in due to the virus – options are being explored like homeowner taking pictures and providing to appraiser, drive-by or exterior only appraisals, desktop appraisals...
  - iv) Other
    - (1) Banking’s public policy objectives are to get needed policy shifts (to get banks help their customers) – our objectives are not to disguise regulatory relief and be opportunistic (this ruins credibility in the long run)
    - (2) We aren’t seeking self-serving measures, but we are seeking to help customers, constituents of public officials
    - (3) We can’t say the same for credit union that are attempting their old self-serving changes – but your banking associations are on guard to block that
    - (4) There are other ideas (some radical) floating around that some would like to make part of the 3<sup>rd</sup> bill
    - (5) House Financial Services Committee Chair Waters has voiced support for restrictions on foreclosures and bank fees, dictating certain forbearance, blocking certain negative info from credit reports...
    - (6) ABA, state bankers associations nationwide, probably ICBA and others are working to block such nonsense
    - (7) Not all the bad ideas are on the federal level – at least one state government has a TF looking at what to require of banks or restrict them from doing – that can only spell trouble
  - c) Regulators
    - i) Several times we have raised the issue of “gotcha” – which bankers remember from the recession where regulators encouraged forbearance as they are now but then criticized banks’ action in the next exam
- 3) Promoting public understanding

- a) DBJ story – Amanda also handled the positive story we got in the Denver Business Journal – it said the right things about what banks are doing in this situation and banking’s essential role in the economy
  - b) Public messaging tries to knock down misinformation (using social media and all other channels) and attempts to tell our positive story: banks are in a strong position and are helping customers and communities
  - c) FDIC’s statement that insured deposits are safe (no one has lost a penny) is helpful
  - d) This is not a financial crisis, but a health crisis with an economic impact
  - e) We’re also trying to warn the public against fraud attempts using COVID-19 rhetoric
- 4) Other
- a) Compliance Alliance tools – Compliance Alliance (partially owned by CBA) is continuing to revise compliance related tools for banks on COVID-19: [Pandemic Planning for Banks](#) (Help Sheet, Sample Customer Letter, Skip-A-Pay Offer Letter, Skip-A-Pay Request Form, Lobby Closing Notice (2 Samples), Pandemic Policy)
  - b) GSBC
    - i) The CBA-founded Graduate School of Banking at Colorado, like so many other groups, has had to make tough decisions on an April investment school it provides for bankers throughout the U.S. at CU Denver, and its acclaimed Executive Development Institute for Community Banks in Broomfield
    - ii) No decision has been made yet on its July session for 450 bankers from across the country

That’s a little of what we’ve been up to. I thought you would like to know.

Don Childears  
CBA Chief Executive Officer