

**Community Depository Institutions Advisory Council**  
**Discussion Questions**  
**October 7, 2020 Meeting**  
**Federal Reserve Bank of New York**

1. **Current Banking Conditions:** *What is the Council's view of the current condition of, and the outlook for, loan markets and financial markets in general? Please describe the general impact on community depository institutions of the lending and liquidity facilities established pursuant to the CARES Act, the level of traditional (non-CARES Act) loan demand, and what the Council sees as the prospects for lending going forward.*
  - a. **Small Business Lending:** *Have small business credit availability and demand changed significantly? Have lending standards for these borrowers changed given the impact of the pandemic on small businesses?*
  - b. **Commercial Real Estate Lending:** *Have there been any changes in the Council's view of challenges in the commercial real estate market in view of the pandemic's impact? How are commercial real estate loans performing compared to the Council's expectations?*
  - c. **Construction Lending:** *What are Council members' perspectives on the availability of credit for construction and development projects? Have Council members seen any changes in the demand for construction loans since the beginning of the pandemic?*
  - d. **Home Mortgage Lending:** *What changes have Council members seen in the mortgage market? Is a trend developing among community banks to increase, decrease, or cease home mortgage originations? If so, to what extent is the pandemic driving the trend, and what do Council members see as its ongoing effects?*
  - e. **Consumer Lending:** *What changes have Council members seen in consumer lending through the course of the pandemic?*
  - f. **Agricultural Lending:** *Have there been any changes in agricultural lending?*
  - g. **Deposits:** *Have Council members seen any changes in local deposit markets?*
  
2. **Economic Discussion:**
  - a. **Overall Economic Conditions:** *How do Council members assess overall economic conditions in their regions?*
  - b. **Particular Indicators:**

*In answering each of the specific questions below, please note the impact of the pandemic on each topic or market segment.*

- i. *Inflation*: Are the prices of products and services rising (or declining) more or less quickly than in the recent past? Are the prices for the products and services Council members purchase rising more or less quickly?
  - ii. *Housing*: How have home prices changed in recent months? Have there been any changes in overall housing activity in Council members' Districts?
  - iii. *Labor Markets*: How have the labor markets in which Council members operate changed in recent months? In particular, please assess the degree of job loss or gain (and, in which industries). What changes to wages have Council members observed over the past year?
  - iv. *Consumer Confidence*: Are Council members seeing any signs of improved consumer confidence? What is the outlook for consumer credit losses?
3. **Community Bank Response to Challenges Faced by Customers:** *What is the Council's collective experience with delinquency rates and deferrals and other loan modification approaches, for both commercial and consumer lending customers, in light of the disruptive impact on those customers caused by employment challenges, operational restrictions, and social distancing?*
  4. **Pandemic Paradigm Shift:** *Please comment on how practices have changed within Council members' institutions and between community depository institutions and their customers as 2020 has progressed. To what extent do Council members regard these changes as temporary versus permanent? What challenges do these changes present to business practices and the role of regulation and regulatory practices? What potential gains and costs might be expected from an acceleration of evolutionary changes resulting from the pandemic?*
  5. **Examination Practices:** *What are the Council's views on the effectiveness of regulatory and supervisory adjustments and accommodations enacted to address problems and concerns resulting from the pandemic and that include:*
    - a. *adjustments in safety and soundness guidelines, and requirements by the banking agencies and NCUA to add flexibility for forbearance, loan modifications, and TDRs;*
    - b. *the challenges of "off-site" examinations and how the agencies might enhance/adapt the "off-site" examination process to address unique circumstances of community banks;"off-site" examinations;*
    - c. *for those institutions that have received an examination since the COVID-19 pandemic emergency was announced, the extent to which examiners applied the principles in the Interagency Examiner Guidance for Assessing Safety and Soundness Considering the Effect of the COVID-19 Pandemic on Institutions (June 2020). Were appropriate accommodations made for the sake of the health of bank staff and the examiners?*

- d. *actions to permit more timely and flexible responses from mortgage lenders and servicers to address the needs of mortgage borrowers under duress;*
  - e. *Treasury/IRS adjustments necessary to facilitate accommodations between community depository institutions and their customers; and*
  - f. *other actions Council members wish to comment on.*
- 6. Federal Reserve and Other Government Pandemic Support:** *What are the Council's views on the efficacy and continuing utility of various programs mandated or envisioned under the CARES Act, including liquidity facilities, targeted lending programs that have grant elements (PPP in particular), and the Main Street Lending Program? Please also comment on the impact of decisions to have Fannie Mae, Freddie Mac, and Ginnie Mae assume certain mortgage servicer obligations for borrowers in forbearance.*
- 7. Additional Matters:** *Do Council members wish to present any other matters affecting community depository institutions that have emerged from meetings of the Reserve Banks' advisory councils?*