

Friday, April 10, 2020

We are still waiting on answers from a number of sources on the questions of director eligibility, and on authorization codes. While we are cautiously optimistic some may be provided today, until we actually have one there are obviously no guarantees. Meanwhile, we have a number of updates to share.

Best Regards,
John

Latest From ICBA On Several Issues

The Federal Reserve took several

actions <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>

to support the federal response to the COVID-19 pandemic, including providing details and a term sheet <https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a6.pdf> on its previously announced facility for SBA-guaranteed Paycheck Protection Program loans and launching a new Main Street Lending Program.

- **The Fed's Paycheck Protection Program Facility** provides liquidity by extending credit at a rate of 35 basis points on a non-recourse basis to eligible financial institutions that originate PPP loans, taking the loans as collateral at face value.
- Through the **Main Street Lending Program**, the Fed will purchase up to \$600 billion in four-year loans to companies with up to 10,000 workers or revenues of less than \$2.5 billion. Banks will retain a 5 percent share and sell the remaining 95 percent to the Main Street facility, with principal and interest payments deferred for one year. Under the Main Street Lending Program, eligible banks may originate new Main Street loans or use the facility to increase the size of existing loans to businesses. The minimum loan size is \$1 million. The loans carry a four-year maturity and an adjustable rate of SOFR plus 250-400 basis points.
- The Fed also **expanded its Primary and Secondary Market Corporate Credit Facilities and Term Asset-Backed Securities Loan Facility**, which together will support up to \$850 billion in credit. And it established a Municipal Liquidity Facility that will offer up to \$500 billion in lending to states and municipalities.
- **The Fed released detailed term sheets on the PPP liquidity facility** <https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a6.pdf> **and expanded loans** <https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a4.pdf> under the Main Street Lending Program, and the other programs.

ICBA updated its frequently asked questions on the federal response to COVID-19 with details of these and other emergency programs, with information on the Federal Reserve's new facilities, the latest on SBA's Paycheck Protection Program, tax issues, and more. The latest updates join numerous FAQs on rebates and stimulus payments, loan modifications and accounting, deposit insurance and exams, compliance, mortgage lending, the Federal Home Loan Banks, operations, agriculture, and more: https://www.icba.org/advocacy/industry-issues/lending/small-business-lending/community-bank-covid-19-faqs/?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=7of32

Nacha Answers Questions On Stimulus Payments

Nacha published frequently asked questions on the COVID-19 pandemic with answers to community banker questions about Economic Impact Payments to taxpayers sent via ACH. With the first tranche of

payments scheduled to go out today, the FAQs include information on: what to do when an ACH payment hits a closed account, garnishment exemptions, and more.
<https://www.nacha.org/system/files/2020-04/ACH%20Network%20Rules%20Pandemic%20FAQs%20%28April%208%2C%202020%29.pdf>

Latest From Regulators On Call Reports

Regulators released materials <https://www.fdic.gov/news/news/financial/2020/fil20039.html> pertaining to call reports for the March 31 report date. As announced on March 25, the **agencies will not take action against any institution for submitting after the deadline, as long as the report is submitted within 30 days of the official filing date.** Institutions are encouraged to contact their primary federal regulator in advance of the official filing date if they anticipate a delayed submission.

Banks brace for new wave of small businesses at troubled loan program

Banks are warning that a **beleaguered \$350 billion small business rescue program could become even more backed up Friday when the nation's self-employed business owners will be eligible to apply for the government-backed loans.** Since the Paycheck Protection Program launched April 3, banks have struggled to process a barrage of loan applications amid constant technical breakdowns and a lack of guidance from the Trump administration. Initially, independent contractors and self-employed individuals were not able to apply. But that will change starting Friday — exposing the program to millions more potential applicants. . .The new category of self-employed business people and independent contractors is vast and covers a wide range of industries — plumbers, electricians, accountants, artists and consultants, to name a handful. *"There is a complete lack of detail for tomorrow," Tioga State Bank President and CEO Robert Fisher said Thursday afternoon. "I am a little more than concerned right now, considering we are a half day away from that rolling out."*

To read the full article in *Politico*:

https://www.politico.com/news/2020/04/09/banks-brace-for-new-wave-of-small-businesses-at-troubled-loan-program-178117?utm_source=First+Read+Newsletters&utm_campaign=20a4b82317-EMAIL_CAMPAIGN_2020_04_10_01_58&utm_medium=email&utm_term=0_252d27c7d1-20a4b82317-34718972&mc_cid=20a4b82317&mc_eid=e55c2af3e3

Will New York Start Easing Restrictions In Late May Or June?

New York City could begin to ease some coronavirus restrictions in late May or June – but it will require widespread testing of residents for the virus, which the city does not yet have the ability to do:

https://www.politico.com/states/new-york/albany/story/2020/04/09/nyc-could-ease-coronavirus-restrictions-in-late-may-but-hampered-by-lack-of-testing-1274364?utm_source=First+Read+Newsletters&utm_campaign=20a4b82317-EMAIL_CAMPAIGN_2020_04_10_01_58&utm_medium=email&utm_term=0_252d27c7d1-20a4b82317-34718972&mc_cid=20a4b82317&mc_eid=e55c2af3e3

Governor Cuomo noted: "9/11 was supposed to be the darkest day in New York for a generation. We lost 2,753 lives on 9/11. We've lost over 7,000 lives to this crisis. That is so shocking and painful and breathtaking. I don't even have the words for it." The economic consequences, he added, will be worse than those of the terrorist attack.

IBANYS will continue to provide updates as additional information becomes available. Thank you for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880-0518)**
- **Stephen W. Rice, Director of Communications & Government Relations (Stever@ibanys.net)**