

Tuesday, April 21, 2020

To: New York Community Banks:

This morning's update include information on:

- The new funding bill that Congress and the Administration continuing to hammer out the details to replenish and improve upon the PPP package;
- Concern over policies that include penalties against garnishing CARES Act payments that have already been received;
- An Update from the SBA on PPP and EIDL;
- The Qualified Mortgage Rule;
- How and when New York's economy might reopen, and
- A summary of a conference call IBANYS and several New York community banks participated in with Rep. Tom Reed's office (Rep. Reed serves on House Ways & Means, and co-chairs the bipartisan "problem solvers" coalition in Congress. Click the link for an article about Reed and that coalition: <https://www.rollcall.com/2020/04/20/problem-solvers-propose-bipartisan-benchmarks-for-loosening-restrictions/>)

As the day continues, we may well have updated information to provide.

Best Regards,
John

#

Tell Congress To Ensure PPP Deal Includes Community Bank Carve-Out

With the Senate scheduled to reconvene today amid negotiations over the next bill responding to the COVID-19 outbreak, ICBA is urging community bankers to **please continue your grassroots outreach program on the Paycheck Protection Program (PPP):** <https://icba.quorum.us/campaign/25772/>. **Have you contacted your member(s) of Congress yet?** While congressional and administration officials continue negotiations for some \$300 billion in additional PPP funding, **ICBA, with the strong support of IBANYS, is working to ensure lawmakers include an ICBA-advocated provision that would dedicate 25 percent of the funds to community banks.** ICBA continues calling on community bankers to urge Congress to immediately approve additional funding for the PPP and the carve-out for community banks. ICBA offers a custom message to lawmakers on its "Be Heard grassroots action center:<https://icba.quorum.us/campaign/25772/>. The Senate is set to reconvene at 4:00 p.m. (Eastern time) today, and the House has alerted its members to be ready to convene in Washington by 10 a.m. tomorrow for a recorded vote. ICBA will keep community bankers updated on the latest developments.

Lawmakers Take Up ICBA Push For PPP fixes

A congressional caucus called on the Treasury Department and SBA to fix problems community financial institutions have faced in accessing the Paycheck Protection Program. In a letter to the agencies, <https://bluedogcaucuscosta.house.gov/sites/bluedogcaucus.house.gov/files/documents/200420%20FINAL%20Community%20Banks%20Letter.pdf> the Blue Dog Coalition **called for clear and concise guidance, ensuring community institutions have equal opportunity to issue PPP loans, and directing the Federal Reserve to provide advances against PPP loans.** The coalition letter follows repeated ICBA calls for clear program guidance and improved access for community banks, PPP funding dedicated to community banks, and a Federal Reserve secondary market or advances for PPP loans.

Here's Where The PPP Talks Stand

While Senate Minority Leader Schumer said this morning there's a deal agreed to on a new PPP funding package, Senate Republicans quickly responded there is no deal yet. It seems clear that something approaching an agreement in principle is very close, but as of mid-day, the specific text was still being decided. The agreement reportedly will provide about

\$310 Billion for the PPP, \$60 billion in loans for economic disaster aid, \$75 billion for hospitals and \$25 billion for coronavirus testing. . .it also reportedly includes language setting aside a pool of funding for community banks for small businesses in rural, minority and underserved communities without access to large financial institutions. There is some thought the Senate can still pass the package later today, with the House passing it and sending it to the President by Thursday.

- President Trump stated: "I urge the Senate and House to pass the Paycheck Protection Program and Health Care Enhancement Act with additional funding for PPP, Hospitals, and Testing. After I sign this Bill, we will begin discussions on the next Legislative Initiative with fiscal relief.....to State/Local Governments for lost revenues from COVID 19, much needed Infrastructure Investments for Bridges, Tunnels, Broadband, Tax Incentives for Restaurants, Entertainment, Sports, and Payroll Tax Cuts to increase Economic Growth."

Summary Of Conference Call With Rep. Tom Reed

IBANYS and several New York community banks participated in a conference call today with Rep. Tom Reed, who serves on House Ways & Means, and co-chairs the bipartisan "problem solvers" coalition in Congress. He provided an update on "Stimulus 3.5", the package currently being negotiated. Among the matters discussed:

- Rep. Reed said the agreement on the new PPP package is very close. He said it would include more than \$300 Billion in new funding for PPP as part of an overall \$500 Billion package that would also provide funding for hospitals, economic disaster aid and coronavirus testing. It also would set aside a pool of funding for the use of community financial institutions to assist small businesses in rural, minority and underserved communities.
- Rep. Reed's staff noted that there is no new information or update on e-tran, but that they will follow-up with SBA.
- There was no update on any enhancements or improvements made to the SBA system. Rep. Reed noted the legislation would simply provide more funding to "turn the spigot back on." No eligibility changes appear likely for round two.
- There is also no clarity as to the status of "idle applications" that were in the pipeline but not yet approved when the round one PPP funding ran out. There also was no new information as to when the pool of money returned to the PPP (e.g., the \$10 million returned by Shake Shack) might be accessible, but it is not likely it would be accessible before the spigot is turned on for round two.
- Rep. Reed urged banks to caution their small business customers too fully understand for what uses the PPP loans may be used: payroll protection, and cash flow stability. Companies should be careful not to use the funds for other uses (e.g., other operational uses such as marketing, etc.) because those uses would not be forgiven after the eight-week window.
- There was discussion of a lack of clarity in the SBA guidelines for sole proprietors, and exactly what would be forgiven in their case. (e.g., for very small companies, operated out of homes, that do not have if they have no traditional business expenses)
- There was some discussion as to when e-tran will be up and running, with some having heard from ABA sources that it could take the SBA up to one or more days to achieve that.
- Rep. Reed said "Phase Four" may well have to provide the biggest amount of funding yet, with significant amounts for recovery and stimulus, perhaps including still more funding for PPP.

ICBA To Senators: Community Banks Following Garnishment Laws

Community banks that garnish funds from federal Economic Impact Payments are merely following federal and state laws and court orders and have no discretion to do otherwise, ICBA told Senate Banking Committee Ranking Member Sherrod Brown (D-Ohio) and member Elizabeth Warren (D-Mass.). Responding to a letter from the lawmakers on community bank distributions of the EIPs, ICBA noted that every community bank circumstance is different and that community banks will continue to act in the best interests of their customers and communities. <https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-congress/icba-response-to-senators-brown-and->

[warren.pdf?sfvrsn=98c2a17_0&utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=FWS42](https://www.sba.gov/sites/default/files/2020-04/2020-04-20-jointletterqm.pdf?sfvrsn=259a2a17_0&utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=FWS42)

Deadline for first round of 7(a) relief tomorrow

The Small Business Administration said 7(a) lenders have until tomorrow, April 22, to submit information to the agency on existing 7(a) loans to receive the first monthly payments of CARES Act subsidies. Under section 1112 of the CARES Act, the SBA will provide six months of debt relief to borrowers in the 7(a), 504, and Microloan programs. **Read more from the**

SBA: <https://content.govdelivery.com/accounts/USSBA/bulletins/286e932?reqfrom=share>

Update From Small Business Administration

While appropriations have lapsed and new PPP/EIDL applications cannot be accepted, EIDL loans and advances are continuing to process in the order that they were received. I know folks are waiting for updates on their EIDL applications, but there is still no mechanism at this time for checking the status of an EIDL application until it has been processed. When the application is processed, the applicant will be notified. For PPP, borrowers must contact their lender for updates on their specific loan application. Applications approved by the lender and electronically submitted to SBA prior to the lapse in appropriations on Thursday were authorized (essentially instantly upon successful submission), and the bank must close and disburse the loan within 10 days of that authorization. Pending potential additional appropriations from Congress for PPP, small businesses should discuss options with their lender. Below are the numbers to date for NYS along with links to the complete national reports. Please don't hesitate to contact our office if you have any questions.

NY EIDL Advances processed: 51,428 advances, \$211,161,000

NY EIDL Loan approvals: 1,126 approvals, \$242,425,100

NY PPP Approvals: 81,075 approvals, \$20,345,681,101

- [EIDL Loans as of 4-20-20](#)
- [EIDL Advances as of 4-20-20](#)
- [SBA Paycheck Protection Program Loan Report \(4/16/2020\)](#)

Contact: Dan Rickman, Deputy District Director, Upstate New York **U.S. Small Business Administration:** (315) 471-9393 daniel.rickman@sba.gov

ICBA seeks delay in new Qualified Mortgage rule

ICBA and other groups called on the Consumer Financial Protection Bureau to delay its upcoming Qualified Mortgage rulemaking and extend a policy exempting Fannie Mae and Freddie Mac mortgage loans from parts of the QM rule. ICBA asked for an extension of the government-sponsored enterprises' QM "patch" until the later of January 2022 or one year from the finalization of any proposed rule following an appropriate notice and comment period. In its letter, ICBA said the CFPB's proposed timeline for finalizing a new QM definition before January 2021 would introduce uncertainty into an already-stressed housing finance system and would distract from the response to the COVID-19 emergency. https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/20-0420-jointletterqm.pdf?sfvrsn=259a2a17_0&utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=EWS42

Governor Cuomo To Meet With President Today On Pandemic

President Trump and Governor Cuomo will meet at the White House later Today to discuss the coronavirus pandemic. The President announced the meeting at his daily briefing on Monday. Cuomo has maintained the power to reopen the state's economy lies with New York officials, who coordinated with northeast states to do so in the coming weeks. New York, however, still needs the federal government's support to greatly ramp up testing capacity in order to return at least some people to work.

<https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/04/21/trump-says-he-ll-meet-with-cuomo-tuesday>

Restarting New York City: Economic Impact Og Pandemic Will Be Long-Lasting

It took just a matter of days to shut down New York City once the coronavirus took hold, but restarting it will reportedly take much, much longer. The economic impact in the city from the global pandemic has been striking. . .and the changes will be felt long after New York begins to reopen its economy. <https://www.nytimes.com/2020/04/20/nyregion/new-york-economy-coronavirus.html>

Can New York Reopen On A Regional Basis?

Governor Cuomo confirmed Tuesday morning at a briefing in Buffalo: “We’re going to make reopening decisions on a regional basis based on that region’s facts and circumstances. Just like some states will reopen before other states because they have a different circumstance when it comes to Covid and their status with Covid, it’s also true across the state. The North Country has a totally different situation than New York City. Central New York has a different situation. We operate as one state but we also have to understand variations, and you do want to get this economy open as soon as possible.” He also announced that announced Lt. Gov. Hochul will oversee the transition in Western New York, and former Lt. Gov. Duffy will coordinate plans in the Rochester area.

To access the Governor's Tuesday briefing from Buffalo, click on the link provided:

https://www.scribd.com/document/457565038/Gov-Andrew-Cuomo-April-21-Coronavirus-Presentation?utm_source=First+Read+Newsletters&utm_campaign=6d36504dc0-EMAIL_CAMPAIGN_2020_04_21_05_00&utm_medium=email&utm_term=0_252d27c7d1-6d36504dc0-34718972&mc_cid=6d36504dc0&mc_eid=e55c2af3e3

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)**