

Friday, April 24, 2020

To: New York Community Banks

President Signs PPP Package

President Trump today signed into law the legislation passed earlier this week by the House and Senate to restart the Paycheck Protection Program and dedicate a portion of the funding exclusively to community banks. **(IBANYS note: It is still not certain when SBA will "turn on the spigot" for round two of PPP lending, but indications are it will likely be Monday.)**

The law authorizes an additional \$310 billion in PPP funds with at least \$60 billion set aside for loans made by community financial institutions, including minority depository institutions and Community Development Financial Institutions.

Specifically, it dedicates at least \$30 billion for loans from institutions under \$10 billion in assets and another \$30 billion for those with between \$10 billion and \$50 billion in assets.

The allocations reflect repeated ICBA and community banker calls for policymakers to quickly pass a PPP funding extension and dedicate at least a quarter of the funds for loans from community banks under \$50 billion in assets. **ICBA has also urged the Treasury Department and SBA to immediately prepare to administer the community bank funding allocation.**

https://www.icba.org/news/news-details/2020/04/21/icba-letter-regarding-ppp-community-bank-allocation?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=4jQgU&zl=00j42

More information on the program and other elements of the federal response to the COVID-19 emergency is available on ICBA's online resource center.

https://www.icba.org/news/Crisis-Preparedness/coronavirus-response/ppp-and-lending?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=4jQgU&zl=20j42

ICBA will continue keeping community bankers posted of the very latest information as the agencies begin to restart the PPP and allocate funds. **Read ICBA's press release on this matter:**

https://www.icba.org/news/news-details/2020/04/23/icba-statement-on-house-passage-of-additional-ppp-funding?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=4jQgU&zl=40j42

FHLBanks Can Now Accept PPP Loans As Collateral

The Federal Housing Finance Agency (FHFA) <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Supports-Small-Business-by-Allowing-FHLBanks-to-Accept-PPP-Loans-as-Collateral.aspx> said Federal Home Loan Banks can accept Paycheck Protection Program loans as collateral when making advances to their members if the FHLBanks comply with certain safety and soundness requirements. The FHFA said accepting PPP loans will provide additional liquidity for community banks to borrow from FHLBanks to support their small-business customers.

From OCC: COVID-19 Financial Support Programs : Visitorial Authority

<https://outlook.office365.com/mail/drafts/id/AAQkADk4NjAyMTcwLTdkN2MtNDY5Yy1iNzhjLWZkZTAxYjFiOTFjYgAQAMpFOfR4kEZkqQPT%2Fz3aAA%3D>

Summary

The federal government has taken many actions in response to the economic disruption caused by the spread of COVID-19, including establishing and implementing financial support programs. While the Office of the Comptroller of the Currency (OCC) recognizes that a wide range of stakeholders, including state and local officials, have an interest in the successful implementation of these programs, the OCC reminds banks¹ that it has exclusive visitorial authority over them.

Highlights

- The federal banking system plays a critical role in implementing the federal government's COVID-19 response (e.g., by providing loans under the U.S. Small Business Administration's Paycheck Protection Program). It is imperative that banks are able to fulfill this role efficiently and effectively without unnecessary delay.
- To that end, the OCC reiterates that federal law vests the OCC with exclusive visitorial authority over banks.² Unless otherwise authorized by federal law,³ this authority generally precludes state and local officials from conducting examinations, requiring the production of banks' books or records, or exercising other visitorial authority with respect to banks.⁴
- If a bank receives a request from a state or local official seeking information that constitutes an attempt to exercise visitation over the bank, the bank is not required to provide this information. The bank, however, should contact its examiner-in-charge as soon as possible.
- State and local officials are urged to contact the OCC if they have any information to indicate that a bank may be violating federal or applicable state law.

Further Information

Please contact Andra Shuster, Senior Counsel, or Priscilla Benner, Senior Attorney, Chief Counsel's Office, at (202) 649-5490.

Jonathan V. Gould

Senior Deputy Comptroller and Chief Counsel

1. The term "banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banks.
2. 12 USC 484, 1463(a)(1), 1464(a)(1), and 3102(b); see also, e.g., OTS Op. Chief Counsel P-2006-2, p. 5 (March 7, 2006).
3. Such exceptions are uncommon but include, for example, specific authorization for state auditors and examiners to review national bank records to ensure compliance with state unclaimed property and escheat laws upon reasonable cause to believe the bank has failed to comply with such laws. 12 USC 484(b).
4. See 12 CFR 7.4000.

Rafael (Ralph) E. DeLeon, Director for Banking Relations/National Bank Examiner, Office of the Comptroller of the Currency, (202) 649-6736 (office), (202) 359-9906 (Cell), ralph.deleon@occ.treas.gov

Tough Numbers On Unemployment, The Economy

More than 204,000 people in New York filed for unemployment in the week ending April 17, according to federal data released Thursday -- down from 394,701 claims the previous week. There were 1.36 million people collecting unemployment in New York state for the week ending April 11, an increase of nearly 990,000 from the same time last year. State officials acknowledged a continuing backlog in unemployment claims for the self-employed or independent contractors, and others typically ineligible for regular unemployment benefits. The U.S. Department of Labor reported 4.4 million Americans filed jobless claims last week, pushing the five-week total of coronavirus-driven job losses to more than 26 million. The new report, covering the week ending April 18, lends plausibility to economists' prediction that by summer, the unemployment rate will be within range of the 25 percent peak recorded in 1933 during the Great Depression. Fitch Ratings also predicted Wednesday that the U.S. GDP will shrink by around 6 percent this year.

NYS Legislature Planning To Return Soon?

The New York State Legislature has made tentative plans to return to session within the next two weeks to consider additional coronavirus-related legislation, and the timing would also likely coincide with the state's first deadline for potential budget cuts. The Legislature' majority conferences in both chambers are reportedly meeting privately this week to discuss upcoming legislative priorities, primary elections and the state's financial crisis. Senate Democrats conferenced Thursday, while Assembly Democrats meet virtually today.

#

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 (Steve@ibanys.net)**