

COVID-19 Update (1) - Tuesday, April 28, 2020

To: New York Community Banks

### **FROM ICBA**

Processing delays and computer glitches related to the Small Business Administration's launch of the second phase of the Paycheck Protection Program made headlines in a variety of news outlets.

- *"I just find it amazing that community bankers are ... trying to help Main Street America and yet we're having difficulty getting access to the system that will help our customers and our communities,"* ICBA Chairman-elect (and former IBANYS Chairman and longtime board member) Robert Fisher of Tioga State Bank. <https://www.forbes.com/sites/sarahhansen/2020/04/27/round-two-of-the-paycheck-protection-program-is-more-frustrating-than-first-time/#1e15e69d4da2>.

Similar sentiments along with concerns about potential inequitable distribution of funds due to the delays were also noted by [Reuters](#), the [Associated Press](#), [The New York Times](#), [ABC News](#), [Politico](#), and [Bloomberg](#).

### **FROM THE SBA**

#### **PPP Lending Operations Update – Tuesday, April 28, 2020**

SBA and Treasury value all lenders and their small business customers. For the benefit of small business customers and their employees, SBA and Treasury are working on ways to optimize the loan processing system.

**Starting today, Robotic Processing Automation (RPA), which are robotic systems used by some banks to mimic human data entry, may not be used to submit Paycheck Protection Program loans into SBA's E-Tran loan system.**

RPAs burden the processing system and diminish its capabilities. Without RPAs, the loan processing system will be more reliable, accessible, and equitable for all small businesses.

**Application Programming Interface (APIs) will still be permitted.**

**If you are a lender who needs assistance converting your submission process to a non-RPA API, contact Sheri McConville. ([Sheri.Mcconville@sba.gov](mailto:Sheri.Mcconville@sba.gov))**

Bill Briggs  
Deputy Associate Administrator, Office of Capital Access  
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### **FROM "AXIOS"**

**While the second round** of Payroll Protection Program loans for small businesses launched yesterday, stark disparities from Round 1 are surfacing, Axios markets reporter Courtenay Brown writes: [https://www.axios.com/coronavirus-small-business-aid-8b1faa3c-8da0-43fe-a6ea-3849cd66189a.html?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosam&stream=top](https://www.axios.com/coronavirus-small-business-aid-8b1faa3c-8da0-43fe-a6ea-3849cd66189a.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top)

**What's going on:** Small businesses in the Midwest, notably Nebraska, got a big share of the loans. But states like New York and California — hit hard by the economic shutdown — came up comparably short.

- **Qualifying firms** in states like New York and New Jersey are less likely to have longstanding relationships with community banks — a factor that seems to have made a big difference in who got a share of the initial \$350 billion pot.
- **Just 15% of companies** based in "the most affected congressional districts" got funds from the PPP program, [new findings](#) from the National Bureau of Economic Research show, while "more than 30% of all businesses operating in the least affected congressional districts were able to tap into PPP funding."
- **Now that \$310 billion more** is being doled out, there are fears that the same dynamic will be at work — including [early glitches](#).

**Montana community bankers** "were literally sitting up all night waiting for those [SBA] portals to open and were submitting loans within minutes," Brent Donnelly, who heads up Montana's SBA office, tells Axios.

- **Local bankers** have a "very vested interest in making sure those businesses in the town survive," says Richard Baier, head of the Nebraska Bankers Association.

**The intrigue:** Some small businesses are ditching their banks over PPP loans.

- **Scott Roy**, who runs a small consulting agency in Knoxville, Tenn., tells Axios: "[A] decision you made years ago about who to bank with is now coming back to bite you in the butt."

### What Happens Next In The Mortgage Market?

Bloomberg notes that the mortgage market has been disrupted by millions of borrowers postponing payments because of coronavirus. But lenders and veterans of the 2008 financial crisis warn the real chaos won't start until the pandemic passes. The problem is confusion over what will happen when borrowers have to make up those payments. Meanwhile, the Mortgage Bankers association reports that approximately 10% of borrowers whose mortgages are backed by the Federal Housing Administration or the Department of Veterans Affairs are in forbearance.

### Senate Plan To Return To Washington May 4 -- But Not The House

The Senate plan to return to Washington May 4 following an extended recess break due to the coronavirus, but the House -- after first planning to also return then -- has decided NOT to return due to members' safety concerns. Senate operations will be different from before. Senate Majority Leader McConnell said the Senate will "modify" its routines and "take whatever safeguards the Capitol physician" recommends. Senate Majority Leader McConnell plans to continue confirming judges, and Senate Republicans will likely push for liability protections for businesses that reopen. <https://www.politico.com/news/2020/04/27/senate-will-return-to-washington-next-week-211758>

### Senator Gillibrand Promotes Her Postal Banking Act As Way To Save U.S. Postal Services

In an op-ed in the New York Times, Senator Kirsten Gillibrand (D-NY) offered her solutions to strengthen the U.S. Postal Services -- and a key component of her proposal is her proposed Postal Banking Act, which would "leverage the Postal Service's 30,000 -plus locations to create access to a nonprofit bank in every community in the country, which would offer low-cost banking services to underserved populations."

<https://www.nytimes.com/2020/04/26/opinion/kirsten-gillibrand-usps-coronavirus.html>

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

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