

Monday, April 27, 2020 (Update #4)

To: New York Community Banks

This update provides information on:

- Our conference call with Congressman Tom Reed (R-Western New York/Central New York, House Ways & Means Committee);
- A webinar scheduled for tomorrow with the Small Business Administration Upstate New York District Office
- Press coverage on how the SBA lowered its cap on atcha loan applications to 5,000 after banks complained about the system being overwhelmed, and
- The latest news from Governor Cuomo and other New York sources.

Summary Of Today's Conference Call With Rep. Tom Reed (R-Western New York/Southern Tier)

IBANYS and a number of New York community banks operating within the twelve-county 23rd Congressional District participated in a conference call with Congressman Tom Reed (R-Western New York/Southern Tier), who serves on the House Ways & Means Committee and co-chairs the "bipartisan "problem solvers" caucus in Congress. Rep. Reed is hosting a series of these calls throughout the ongoing crisis to provide updates and hear feedback on the current status of the PPP, particularly regarding the SBA's launch of round two today; COVID-19 implications on small financial institutions, and general economic conditions. Rep. Reed said the May 15 target date to begin reopening the economy in the 23rd C.D. appears to be viable at this time, as the virus and the local capacity to handle the situation seem well under control. He opened the meeting up to feedback.

Rep. Reed asked whether banks were seeing any negative indications for the economy, in terms of bankruptcies, etc. Several banks responded that they were tracking closely, but it is likely that the deferments, forbearance, restructuring that banks had been providing, together with the infusion of funds from PPP and other assistance were currently masking the difficulties and that it was likely problems won't be evident until the 90-day periods for some of those agreements or orders expire.

- Many banks on the call indicated they are having significant problems gaining access to the portal, very similar to those that occurred regarding using e-tran in round one. Banks had closed only a small number of loans during the first four hours following the opening at 10:30 a.m. Several described the system as extremely slow, to the point of seeming dysfunctional. Rep. Reed said he will pursue this issue, as well as the question of SBA fees -- which are supposed to be distributed within five days of the loan -- with the SBA Commissioner.
- There was discussion of how companies can plan to successfully pull employees of of unemployment onto payrolls within the eight-week window for loan forgiveness. Rep. Reed noted there is a need for new guidance on loan forgiveness policy, which is hoped for very soon.
- There were concerns expressed that a number of large banks will be able to "dump" thousands of applications, consuming significant portions of the available funds, while smaller institutions could be left battling for their share of the set aside pot for community banks.
- There was also a discussion of whether the funds that had been borrowed by large companies, then subsequently paid back, were being reallocated to the fund. The answer, according to Rep. Reed, is yes.
- Other issues raised included the concern that regulators -- in their examinations in twelve-to-eighteen months -- must take into consideration what community banks have been doing during this crisis for their customers and communities. Rep. Reed wholeheartedly agreed and indicated he would have community banks' backs.
- There was also a concern that press reports are not differentiating between community banks and (larger) banks in general when reporting on problems some of the larger banks have been involved in regarding PPP.

everything on the table.”

Latest On "Reopening New York". . . With more than 1,000 new cases of the coronavirus being diagnosed each day, Governor Cuomo "will likely extend New York’s stay-at-home order in most areas of the state until the end of May – the latest sign that downstate will largely remain on lockdown for the foreseeable future." The Governor said he will take a gradual approach when it comes to easing restrictions downstate. “Know what you are doing before you do it,” he told reporters Monday. “We have said there is no light switch when you flip a switch and everybody goes back to doing what they’re doing.” **View Governor Cuomo’s Monday, April 27 coronavirus briefing by clicking on the link provided:** <https://www.scribd.com/document/458625357/NYS-Gov-Andrew-Cuomo-April-27-Coronavirus-Presentation>

Governor Cuomo's Job Performance, Personal Favorability Ratings Are Up

New Yorkers were losing jobs and feeling more pessimistic than they did last month. At the same time, a majority of independent voters, as well as voters in both major political parties, viewed Governor Cuomo positively, according to the latest poll released Monday by the Siena Research Institute. The Governor's job performance rating was 8 points higher than it was in March, reaching a record of 71 percent. His 77 percent favorability rating was also up from last month, and matched his highest-ever favorability numbers set in February 2011, his second month in office. To get a sense of just how much Cuomo's popularity has surged, in a February Siena poll only 44 percent of respondents viewed him favorably and 50 percent unfavorably. Now, *Republicans* view him favorably by a margin of 53-45.

New York Had Distributed Over \$3 Billion In Unemployment Benefits

More than \$3 billion in unemployment benefits has been distributed by the state Department of Labor since the pandemic began to the 1.4 million New Yorkers who requested help. <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/04/27/unemployment-benefits-reach--3-1b-in-new-york>

How Much Will New York Lose In Tax Revenue?

According to Gannett, New York State is expected to miss out on more than \$13 billion in tax revenue this fiscal year and \$61 billion over the next four years as the coronavirus outbreak continues to wreak havoc on the state’s economy. <https://www.lohud.com/story/news/politics/albany/2020/04/24/cuomo-coronavirus-blew-13-3-b-hole-new-york-tax-projections/3023468001/>

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

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