

**Saturday, April 11, 2020**

On this holiday weekend, we wish everyone a safe, healthy and happy Easter and Passover, and want you to know that as additional information becomes available, IBANYS will continue to provide you with updates. Here are a few of the latest items we wanted to share.

### **Latest From Washington**

**From ICBA President & CEO Rebeca Romero Rainey:**

#### **SBA Provides Guidance on PPP Authorizations, Terms and Conditions**

**The Treasury Department and Small Business Administration just answered key questions ICBA has been asking about the Paycheck Protection Program** <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp#section-header-9>.

**In overnight updates to the agencies' PPP frequently asked questions** <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>, the agencies confirmed the following:

- Lenders do not need to receive the usual separate SBA Loan Authorization document for the PPP loan in order for it to be guaranteed, though lenders must execute SBA Form 2484 (the PPP Lender Application form) for each PPP loan and receive a loan number for each originated PPP loan.
- Lenders may include in their promissory notes for PPP loans any terms and conditions, including those relating to amortization and disclosure, that are not inconsistent with Sections 1102 and 1106 of the CARES Act, the PPP interim final rule and guidance, and SBA Form 2484. (For example, the act, interim rule and Form 2484 specify the 1 percent interest rate, two-year maturity and six-month payment deferral.)

**SBA has also launched an email address for questions**

**at:** <https://outlook.office365.com/mail/inbox/id/AAQkADk4NjAyMTcwLTdkN2MtNDY5Yy1iNzhjLWZkZTAxYjFiOTFjYgAQACWAKmrN2PdFv59YnMDY9E4%3D>. However, the auto reply notes that SBA might not be able to provide an individual response due to the high volume of inquiries and cannot answer E-Tran or Capital Access Financial System questions via that email address. **E-Tran assistance questions should continue to be directed to the hotline 833-572-0502 or [cls@sba.gov](mailto:cls@sba.gov).**

Further, **SBA has clarified that E-Tran users should choose “PPP” from the drop-down menu. Do not choose “7(a),”** which will apply a set of requirements that aren't relevant to PPP.

ICBA has added this latest information to our own frequently asked questions on the PPP:

[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=4jOgU&zl=tKj32](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=4jOgU&zl=tKj32) and other elements of the federal response to the COVID-19 outbreak, including details of the Federal Reserve's new liquidity facility for PPP loans. These latest updates follow PPP clarifications earlier this week related to promissory notes, disbursements, and loan forgiveness.

Nevertheless, key questions remain unanswered. ICBA continues to ask Treasury and the SBA to provide definitive guidance on whether banks can lend to their directors with eligible small businesses and when owner draws or distributions count as payroll costs.

ICBA will continue working to keep you informed of the latest developments. Thank you for your efforts to support local communities at this challenging time.

**NOTICE:**

**Initial Electronic Economic Impact Payments**

On April 10-11, 2020, the Department of the Treasury's Bureau of the Fiscal Service will transmit the initial batch of Economic Impact Payments to the Federal Reserve for ACH processing. The volume for economic impact payments transmitted this weekend is 81 million payments with an effective pay date of April 15, 2020. The Department of the Treasury's Bureau of the Fiscal Service anticipates continuing to transmit Economic Impact Payments every Friday, as payment information becomes available.

Please refer to the April 3, 2020 communication below for additional information.

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**NOTICE:**

**Additional RTNs for IRS Tax Refunds  
and Economic Impact Payments**

In anticipation of the Economic Impact Payments, the Department of the Treasury's Bureau of the Fiscal Service is adding seven (7) new Routing Transit Numbers (RTNs) for issuing Tax Refund Payments. Economic Impact Payments will appear as a standard tax refund payment by Automated Clearing House (ACH). **Financial Institutions should be prepared to receive payments using these RTNs as early as April 8, 2020.**

In accordance with Nacha operating rules, Tax Refund and Economic Impact Payments will be issued with the one-position Identification Code Designator (ICD) followed by the RTN in the Company Identification field.

The following table maps the field values found in the ACH Company/Batch Header ("5") record of IRS Tax Refund and Economic Impact Payments processed by Treasury.

**IRS Tax Refund and Economic Impact Payments from Treasury**

<b>Company Name (Field 3, Positions 5-20)</b>	<b>Company Identification (Field 5, Positions 41-50)</b>	<b>Company Entry Description (Field 7, Positions 54-63)</b>
'IRS TREAS 310'	ICD + '111036170'	' TAX REF'

'111736946'

'111736959'

'111736043'

'111736056'

'111736069'

'111736072'

'111736085'

'111736098'

'111736108'

For additional information about Economic Impact Payments, visit [irs.gov/coronavirus](https://irs.gov/coronavirus). If you have questions about ACH processing please direct inquiries to the Department of the Treasury's Bureau of the Fiscal Service Payment Center at (855) 868-0151, option 2, option 0 or [payments@fiscal.treasury.gov](mailto:payments@fiscal.treasury.gov).

*This communication was sent by the Federal Reserve Banks on behalf of the Department of the Treasury's Bureau of the Fiscal Service.*

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**Consolidated Reports Of Condition and Income: Revision To The FFIEC Call Reports and FFIEC**

**101**

**For The March 31, 2020 Report Date**

To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

From: Grovetta N. Gardineer  
Senior Deputy Comptroller for Bank Supervision Policy

## **Summary**

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) have published a set of supplemental instructions on the Federal Financial Institutions Examination Council (FFIEC) website to assist financial institutions in completing the first-quarter Consolidated Reports of Condition and Income (call report). The documents contain

- supplemental instructions for implementing three interim final rules and one notice that the agencies recently published in the Federal Register. The three interim final rules and notice revise certain aspects of the regulatory capital rule and affect the reporting of regulatory capital in the FFIEC's call report and Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101).
- updates to the Quarterly Call Report Supplemental Instructions for March 2020.

## **Highlights**

The supplemental instructions for implementing the interim final rules and the notice affecting the regulatory capital rule and FFIEC 101 pertain to

- changing the definition of eligible retained income in the capital rule.
- permitting banks to neutralize the effects of purchasing assets through the Money Market Mutual Fund Liquidity Facility on their risk-based and leverage capital ratios.
- providing banks that implement Accounting Standards Update No. 2016-13, "Financial Instruments – Credit Losses," Topic 326, "Measurement of Credit Losses on Financial Instruments" (ASU 2016-13) before the end of 2020 the option to delay for two years an estimate of the current expected credit losses (CECL) methodology's effect on regulatory capital, relative to the incurred loss methodology's effect on capital, followed by a three-year transition period.
- allowing banks to implement the final rule titled "Standardized Approach for Calculating the Exposure Amount of Derivative Contracts" for the first quarter of 2020, on a best effort basis.

One of the updates in the Quarterly Call Report Supplemental Instructions for March 2020 provides an option for financial institutions to use electronic signatures in lieu of ink signatures to fulfill the call report attestation requirement. In addition, the Appendix of the Quarterly Call Report Supplemental Instructions was updated with information on certain sections of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that was signed into law on March 27, 2020, that affect accounting and regulatory reporting. **The following sections are addressed:**

- Section 2303, "Modifications for Net Operating Losses"
- Section 4013, "Temporary Relief from Troubled Debt Restructurings"
- Section 4014, "Optional Temporary Relief from Current Expected Credit Losses"

## **Further Information**

**Please contact Benjamin Pegg, Risk Expert for Capital Policy, at (202) 649-6370; Sarah Nawrocki, Professional Accounting Fellow for the Office of the Chief Accountant, at (202) 640-6280; or Cady Codding, Senior Policy Accountant for the Office of the Chief Accountant, at (202) 649-6280.**

## **Larger Emergency Relief Package Gaining Momentum?**

Treasury Secretary Mnuchin and Senate Democratic Leader Schumer spoke this morning, and Mnuchin "agreed to pursue bipartisan talks with the leadership of House and Senate Democrats and Republicans on interim Emergency Coronavirus Relief legislation," according to Senator Schumer. "There's no reason why we can't come to a bipartisan agreement by early next week." This is the same legislation Republicans and Democrats tangled over this week. House Speaker Pelosi and Senator Schumer favor a big package, while Senate Majority Leader McConnell wanted to deal with additional funds for the small business PPP issue

alone. <https://www.politico.com/news/2020/04/10/white-house-congress-bipartisan-coronavirus-negotiations-179126?nname=playbook-pm&nid=0000015a-dd3e-d536-a37b-dd7fd8af0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=964328>

Meanwhile, President Trump today called for tax deductibility for restaurants, clubs and entertainment, undoing a major part of the 2017 tax law, and Speaker Pelosi called for repealing the SALT caps.

### **Latest From New York**

#### **New York Economy's Short-Term & Long-Term Prognosis Called "Poor"**

An article in "Crain's New York Business" states that "It is clear now that the New York economy is in a free fall, unseen since the Great Depression and maybe even worse than that terrible economic period. "Unfortunately, it now appears both the short and longer-term prognosis for the economy is poor."(Subscription required)

#### **Governor Calls For Actions For More Federal Funding For New York, And Compensation Fund For Frontline Workers**

Governor Cuomo wants Congress to establish a 9/11-style compensation fund for frontline workers in the health care, transit and the service sectors and is working with the state's congressional delegation to advance the effort. He also said a fourth federal stimulus bill should also peg funding for states to the number of infections, which would drive the lion's share of such funding to New York.

**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)**