

**April 13, 2020**

To: All New York Community Banks:

Hope everyone had a Happy Easter...as we now continue our work of helping our communities.

While I know a few banks still don't have access to SBA systems and we still have no word regarding "Reg O" or directors eligibility, we are still working on your behalf and will help in any way.

For those banks who have been funding loans, please let me know if you have the capacity to speak to companies that are not clients but need help.

As we get thru this phase of PPP, I also believe banks need to keep thinking about the future. Over the next few days, I am going to send a few emails on ideas that may help your banks, your employees and your customers -- and therefore, your communities.

Regards,

John

**(Reminder: All IBANYS Coronavirus (COVID-19) Updates since our first one on March 16 are available on our website:  
<https://ibanys.net/covid-19/>)**

## **LATEST FROM WASHINGTON**

### **SBA Provides PPP Guidance On Authorizations, Terms**

The Treasury Department and Small Business Administration this weekend answered key questions about the Paycheck Protection Program (PPP): <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp#section-header-9>. In 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:

- 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 [7aPaycheckLoanProgramQuestions@sba.gov](mailto:7aPaycheckLoanProgramQuestions@sba.gov).** 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 its own FAQs 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=njOgU&zl=Fpj32](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=njOgU&zl=Fpj32) 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, and ICBA President and CEO Rebeca Romero Rainey noted in a weekend that 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 called on administration officials to establish a liquidity facility for mortgage servicers.** In a letter to the Treasury Department, Federal Reserve, and Federal Housing Finance Agency, ICBA said forbearance policies could severely strain mortgage servicers. ICBA noted that servicers remain required to pass principal and interest payments through to the government-sponsored enterprises even for loans that are in forbearance. A liquidity facility to support all mortgage servicers would avoid further economic disruptions and higher concentrations of mortgage servicing in the hands of the largest financial institutions.

[https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/20-04-10\\_mortgageservicingletter.pdf?sfvrsn=4c6c2b17\\_0&utm\\_source=informz&utm\\_medium=email&utm\\_campaign=informz&zs=njOgU&zl=fpj32](https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/20-04-10_mortgageservicingletter.pdf?sfvrsn=4c6c2b17_0&utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=fpj32)

**ICBA President and CEO Rebeca Romero Rainey told the CBS Evening News that community banks need more responsiveness and clarity from the Small Business Administration on its Paycheck Protection Program.**

Appearing on Friday's broadcast, Romero Rainey said community bankers are looking to take care of small businesses amid the COVID-19 economic downturn but need to have their questions answered by the SBA to support their customers and get their loans funded. **Watch the clip**

**here:** <https://www.cbsnews.com/video/trump-eyes-reopening-economy-despite-health-warnings/>. The broadcast cites letters from ICBA and state banking associations seeking updates to the PPP, including enhanced support for SBA systems, additional funds and specific funding allocations for community banks, and an expanded Federal Reserve liquidity facility. ICBA continues to press the Treasury Department and SBA for answers to the questions that remain unanswered about the PPP, including whether banks can lend to their directors with eligible small businesses and whether owner draws or distributions count as payroll costs.

**Congress is starting off the week seemingly miles apart on an interim coronavirus bill to boost small businesses. Democratic leaders are pushing to expand the \$250 billion aid package to include money for hospitals, states and local governments. They struck an [optimistic tone](#) on Friday, saying the Trump administration had agreed to begin bipartisan talks on the legislation. . . And Senate Minority Leader Chuck Schumer and Speaker Nancy Pelosi both separately spoke to Treasury Secretary Steven Mnuchin before heading into the weekend, another sign that there could be room for a deal. But then on Saturday, GOP leaders pumped the breaks and said they [reject Democrats' suggestion](#) that there will be any negotiations on the small business aid and slammed them for holding it up.**

**A bipartisan group of states, meanwhile, is siding with Democrats and calling for \$500 billion in emergency funding for their budgets. It's unclear how lawmakers will proceed — our friends at Playbook**

got their hands on [a new statement](#) that Schumer and Pelosi put out this morning — but the small business loans program is due to run out of money by the end of this week.

### **LATEST FROM NEW YORK**

During Saturday’s coronavirus press conference at the State Capitol in Albany, Governor Andrew Cuomo announced that the number of ICU admissions and intubations are both down. “The curve of the increase continues to plateau,” he said, while also warning of a possible second wave. While Cuomo says he continues to worry about both New York City and hotspots on Long Island, Upstate’s situation doesn’t currently appear as dire. “We believe we have stabilized upstate,” he said, although quickly adding a caveat first uttered by British Prime Minister Winston Churchill. “Now this is not the end. It is not even the beginning of the end. But it is the end of the beginning.” Governor Cuomo also announced that he will be pressing the state’s congressional delegation to repeal SALT, the cap on state and local tax deductions that went into effect with the 2018 tax year. The maximum SALT deduction is now \$10,000. Prior to the Tax Cuts and Jobs Act, there was no limit. “Federal stimulus is going to be key,” the Governor said. “You want to help New York? Then repeal the SALT provision, which was a gratuitous, offensive provision, in my opinion.”

**Former New York State Senate Majority Leader Dean Skelos (R-L.I.)**, who is in prison following a fraud conviction, is reportedly in quarantine with coronavirus-like symptoms

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

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