

Friday, April 17, 2020 (Evening Update)

**REMINDER:**

**All of IBANYS' updates on the covid-19 crisis and its impact on New York community banks, dating back to the first one issued on March 16, may be accessed on our website. The link is <https://ibanys.net/covid-19/>**

To: New York Community Banks

We wanted to share the following update with you this evening. It includes a summary of a conference call that IBANYS and a number of New York community bankers participated in this afternoon with Congressman Meeks (D-Queens) -- who chairs the House Financial Services Committee's Subcommittee on Consumer Protection & Financial Institutions -- and New York State Senate Banks Committee Chairman James Sanders (D-Queens).

**Updated Information From Treasury/SBA On PPP Loan Data**

**...The Treasury/SBA just put out a revised deck on PPP loan production through the end of the \$\$ yesterday.**

<https://home.treasury.gov/system/files/136/SBA%20PPP%20Loan%20Report%20Deck.pdf>

**...The SBA just put out loan data on the PPP program, including the total loans made in each state since yesterday.**

<https://content.sba.gov/sites/default/files/2020-04/PPP%20Report%20SBA%204.14.20%20-%20%20Read-Only.pdf>

**Update From House Financial Institutions Subcommittee Chair Meeks & NYS Senate Banks Chairman Sanders**

IBANYS and a number of New York community banks participated in a conference call with Congressman Greg Meeks (D-Queens), who serves on the House Financial Services Committee and chairs its Subcommittee on Consumer Protection & Financial Institutions) and NYS Senate Banks Committee Chairman James Sanders (D-Queens). Rep. Meeks' aide also participated. The call featured feedback from representatives of banks and credit unions on the first round of the SBA's Paycheck Protection Program (PPP), suggestions that we would propose for the next round, the status of negotiations over "Stimulus 3.5" -- the refilling of the PPP coffers -- as well as a discussion of what the industry practices have been in terms of lending, loan forbearance, fee waivers.

**Among the items discussed:**

- Round One of PPP saw significant success, but some banks (perhaps a dozen community banks, as well as a number of credit unions) had problems gaining access to the SBA system due to technical blizzes. We need to solve this to ensure that all local community banks can fully support local small businesses in their communities. Unfortunately, the SBA has announced no new lenders will be approved while the funds are exhausted. Rep. Meeks opposes that decision, and his office noted the playing field must be leveled so as not to provide the big advantages enjoyed by large banks in round one. Rep. Meeks will work to encourage the SBA to use the interim window between rounds one and two to get all institutions on the system, and Sen. Sanders even suggested that they provide training for the banks newly approved. Rep. Meeks noted they are looking at a number of different ways to improve access to the portals, including possible partnerships with third parties such as fin techs.
- Another item discussed was whether those with applications in the pipeline, which were not approved before the funding ran out, should be first in line, or if they would go back to square one.

- Both Rep. Meeks and Sen. Sanders noted community banks are on the frontline and helping small businesses and their customers and communities in this crisis. Both agreed that small banks/community banks and credit unions should be viewed as borrowers as well as lenders and should be eligible to borrow funds, whether through the PPP itself or through a separate vehicle.
- There was also agreement that there should be a carve out, or set aside (dedicated pot) of some kind in round two to ensure community banks have ample opportunity to participate, and not simply make it "first come, first served" as it was in round one. . .and, a vehicle to ensure smallest businesses (with a smaller base of employees, e.g. 15 or fewer) will have access as well. There was also support that non-SBA lenders should have improved access as well.
- There was agreement that the terms of the PPP loans (e.g. the timeframe for disbursing the funds, the payback period for loans not totally forgiven) need too be addressed and revised.
- It is anticipated that after this next round of refilling PPP, it will likely be necessary at some point to do it a third time. That would depend upon demand, and also on how long it will take to "re-open" the economy. The longer the reopening is stretched out, the greater the need would be.
- There was also agreement the Federal Reserve should be more active in pushing liquidity to community banks.
- Another point raised by one bank was the need to have a "green light" mode whereby some funding would be provided to non-essential businesses that are closed down once the economy is "green lighted" to reopen.
- Sen. Sanders urged banks to come forward with suggestions on how, and when, the state can help "prime the pump" in helping reopen the economy. He noted the federal and state government have a dual challenge of protecting public health, while avoiding what he termed "allowing the recession to become a depression." He also noted legislation would no doubt be forthcoming in the future on issues related to mortgage forbearance, rent forbearance (forbearance is not forgiveness), etc. He invited banks and credit unions to provide input on what their policies are, and what they suggest in terms of any legislation. House Financial Services Chair Waters is reportedly also considering how to address similar issues. A number of banks informed the Senator of their policies in terms of providing significant forbearance on mortgage, commercial, consumer loans and fee waivers.
- Congressman Meeks indicated strong approval, and added it was another reason that community banks, which are doing so much, need to be helped. He said community banks are and will continue to be the driving force in moving toward reopening the economy.
- Rep. Meeks said the House and Senate must determine how to provide additional funding to PPP, while also providing funding to state and local governments. He noted that a major component remains ensuring that community banks have the opportunity and the funding to fully participate.

### **What's The Latest On More Funding For The PPP?**

"Politico" reports there has been "some" movement on a deal to "refill" the Paycheck Protection Program (PPP). The Trump administration is talking to Democrats and it will be incumbent upon the White

House and administration to sell this deal to every lawmaker in both chambers, since this will probably require unanimous consent. While nothing is final, the initial deal being discussed reportedly includes some of the items:

- The PPP will be refilled. Republicans are now aiming for more than \$251 billion. Democrats are moving toward getting money for community banks. The deal would likely include a refresh of the EIDL
- The agreement under discussion appears to include \$75 billion for hospitals, but Republicans are reportedly holding firm against including any funds for state and local governments in this package, but could revisit that at a later date.
- However, efforts to "fast-track" a vote would require cooperation from all members, and Kentucky GOP Congressman Thomas Massie has already signaled he wants a recorded vote, which would require a quorum (at least 216 members) to be present in the Capitol." To read full details, click the link provided:

<https://www.politico.com/news/2020/04/17/small-business-relief-coronavirus-192419?name=playbook-pm&nid=0000015a-dd3e-d536-a37b-dd7fd8af0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=964328>

**Governor Cuomo's Friday, April 17 coronavirus/COVID-19 update may be accessed in full using this link:**

[https://www.scribd.com/document/456886024/Gov-Cuomo-April-17-Coronavirus-Presentation?utm\\_source=First+Read+Newsletters&utm\\_campaign=06e66e47bb-EMAIL\\_CAMPAIGN\\_2020\\_04\\_17\\_05\\_35&utm\\_medium=email&utm\\_term=0\\_252d27c7d1-06e66e47bb-34718972&mc\\_cid=06e66e47bb&mc\\_eid=e55c2af3e3](https://www.scribd.com/document/456886024/Gov-Cuomo-April-17-Coronavirus-Presentation?utm_source=First+Read+Newsletters&utm_campaign=06e66e47bb-EMAIL_CAMPAIGN_2020_04_17_05_35&utm_medium=email&utm_term=0_252d27c7d1-06e66e47bb-34718972&mc_cid=06e66e47bb&mc_eid=e55c2af3e3)

### **What's Next For The New York State Legislature?**

The State Senate and Assembly have been on break since they passed the state budget early this month. Their pre-coronavirus schedule had them returning to session on Monday, April 20, but legislative leaders have not announced any concrete plans at this point to legislate in the weeks ahead. Both the Assembly and the Senate are officially still in session at the calls of Speaker Heastie and state Senate Majority Leader Stewart-Cousins. While both have said they want to reconvene this year, logistical and political barriers stand in their way in making this happen in the short term. **Read the full story using the link below:**

[https://www.cityandstateny.com/articles/politics/new-york-state/state-legislative-calendar-still-air.html?utm\\_source=First+Read+Newsletters&utm\\_campaign=06e66e47bb-EMAIL\\_CAMPAIGN\\_2020\\_04\\_17\\_05\\_35&utm\\_medium=email&utm\\_term=0\\_252d27c7d1-06e66e47bb-34718972&mc\\_cid=06e66e47bb&mc\\_eid=e55c2af3e3](https://www.cityandstateny.com/articles/politics/new-york-state/state-legislative-calendar-still-air.html?utm_source=First+Read+Newsletters&utm_campaign=06e66e47bb-EMAIL_CAMPAIGN_2020_04_17_05_35&utm_medium=email&utm_term=0_252d27c7d1-06e66e47bb-34718972&mc_cid=06e66e47bb&mc_eid=e55c2af3e3)

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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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