

COVID-19 Update - April 3, 2020

To: New York Community banks:

It's a crazy day. IBANYS continues to get updates on the PPP, and we try to communicate as quickly as possible. We expect there will probably be more updates later today or over the weekend, and we will do our best to give you information that can be used to help community banks to help their clients through this difficult time. **We are awaiting final approval process for FDIC-insured non-SBA banks.**

As you know, Treasury updates regarding the SBA's Payroll Protection Program (PPP) can be found here - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>.

We have attached Treasury's Interim Final Rule for your convenience. According to the new rule, the agencies increased the PPP interest rate to 1 percent from 0.5 percent and have provided additional clarity on lender due diligence responsibilities. The rule also notes that lenders do not need to conduct verification if borrowers submit documentation supporting their requests for loan forgiveness and attest that they have accurately verified the payments for eligible costs. It says the SBA will hold harmless any lender that relies on such borrower documents and attestation, as required by the CARES Act.

Here Is An important Update From ICBA Regarding The Payroll Protection Program (PPP)

"We have gotten a number of questions over the last week about bank eligibility to become a borrower under the PPP. As first expected, we felt it was going to be difficult as lenders are prohibited from borrowing under the SBA 7(a) lending program and the PPP is a "product" now available under 7(a). Below is the legal language that prohibits banks from accessing funds under the PPP.

SBA cannot guarantee a loan that provides funds to businesses primarily engaged in lending, investments, or to an otherwise eligible business engaged in financing or factoring. This prohibits SBA loans to:

i. Banks;

- ii. Life Insurance Companies (but not independent agents);
- iii. Finance Companies;
- iv. Factoring companies;
- v. Investment Companies;
- vi. Bail Bond Companies; and
- vii. Other businesses whose stock in trade is money.

With questions or comments, please contact:

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ICBA coronavirus briefing available for download

With today's complimentary Community Bank Briefing on the federal response to the COVID-19 outbreak sold out at capacity, community bankers can pre-order a free recording here:

<https://myicba.icba.org/eweb/DynamicPage.aspx?Action=Add&ObjectKeyFROM=1A83491A-9853-4C87-86A4>

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The budget will give Governor Cuomo unprecedented authority to tweak everything from education spending to Medicaid cuts in the face of a potential \$15 billion deficit due to the epidemic. **Here's a look at some of what is in the budget:**

<https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/04/03/passing-a-new-york-state-budget-is-arguably-the-most-important-task-lawmakers-face-all-year>

We will continue to provide updates as additional information becomes available. Thanks for your continued participation and support.

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