**To: New York Community Banks:**

Hope all are healthy and staying safe. It has been a long weekend of building new processes and perfecting existing ones in order to deliver support for your clients and your local communities. The story I have heard from all our community banks in NYS is "we need to take care of our employees, our clients and our community!" Community banks are the heart of any community and through these difficult times, you continue to shine! While not everything is perfect with the process, the confident leadership you provide is important, and inspirational, to your community. Here are the latest updates from IBANYS and our partners:

Regards,

John Witkowski
President and CEO
IBANYS
716.880.0518 cell

**I. Federal Bank Regulators Announce Changes To Community Bank Leverage Ratio**

**https://www.occ.gov/news-issuances/news-releases/2020/nr-ia-2020-49.html**

The federal bank regulatory agencies today announced the issuance of two interim final rules to provide temporary relief to community banking organizations. The agencies are acting to implement Section 4012 of the Coronavirus Aid, Relief, and Economic Security Act, which requires the agencies to temporarily lower the community bank leverage ratio to 8 percent.
The two rules will modify the community bank leverage ratio framework so that:

- Beginning in the second quarter 2020 and until the end of the year, a banking organization that has a leverage ratio of 8 percent or greater and meets certain other criteria may elect to use the community bank leverage ratio framework; and
- Community banking organizations will have until January 1, 2022, before the community bank leverage ratio requirement is re-established at greater than 9 percent.

Under the interim final rules, the community bank leverage ratio will be 8 percent beginning in the second quarter and for the remainder of calendar year 2020, 8.5 percent for calendar year 2021, and 9 percent thereafter. The interim final rules also maintain a two-quarter grace period for a qualifying community banking organization whose leverage ratio falls no more than 1 percent below the applicable community bank leverage ratio.

The agencies are providing community banking organizations with a clear and gradual transition back to the 9 percent leverage ratio requirement previously established by the agencies. This transition will allow community banking organizations to focus on supporting lending to creditworthy households and businesses given the recent strains on the U.S. economy caused by the coronavirus.
The changes will be effective as of the publication of the rules in the Federal Register and the agencies will accept comments on the interim final rules for 45 days after publication.

**Related Links:**

- [/news-issuances/federal-register/2020/nr-ia-2020-49a.pdf]Temporary Changes to the Community Bank Leverage Ratio Framework Interim Final Rule (PDF)

- [/news-issuances/federal-register/2020/nr-ia-2020-49b.pdf]Transition for the Community Bank Leverage Ratio Framework Interim Final Rule (PDF)

**With questions, contact Rafael (Ralph) E. DeLeon, Director for Banking Relations/National Bank Examiner, Office of the Comptroller of the Currency:**
**(202) 649-6736 office; (202) 359-0096 cell; ralph.deleon@occ.treas.gov**

## II. Various Updates From ICBA

### Urges Payment Protection Program Changes Amid Flawed Launch:

Following the flawed launch of the Paycheck Protection Program, ICBA this weekend urged the Treasury Department and SBA to update the program so every community bank can access the system. "Nearly 48 hours after the Program went live, hundreds of lenders are still trying to get approval to access the SBA system so they can process loans," ICBA President and CEO Rebeca Romero Rainey wrote in a letter to the agencies,
https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/icba-recommendations-for-success-of-paycheck-protection-program.pdf?sfvrsn=73bc2b17_0&utm_source=informz&utm_medium=email&utm_campaign=informz&_zs=njOgU&_zl=4OL32,

**In its letter, ICBA called on policymakers to:**

- Support and enhance the overburdened SBA systems.
- Increase program funds beyond the $349 billion appropriated.
- Allocate at least 25 percent of existing and future program funds for banks with $50 billion or less in assets.
- Launch a secondary market facility with the Federal Reserve to purchase program loans from originating institutions.

ICBA has worked tirelessly through the weekend to address the problems community banks have encountered in attempting to access the PPP, which Romero Rainey laid out in a new Main Street Matters post (icba.org). "In my opinion, one community bank left out is one too many," she wrote. ICBA will continue working with policymakers to implement these recommendations to address the PPP's failed technology links and portals and ensure access for community banks.

### ICBA updates FAQs on COVID-19 response

**ICBA extensively updated its frequently asked questions on the Paycheck Protection Program, including a breakdown of the additional guidance on affiliated companies issued over the weekend by the Treasury Department:**
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=4jQgU&_zl=TPL32.

The updated FAQs also include new information on faith-based organizations, payroll requirements, and various other aspects of the program. These updates join numerous other FAQs on the federal response to COVID-19, including sections on stimulus payments, mortgage lending, loan modifications, and more. Further confirmation is expected soon to clarify whether changes will be made so that bank directors and their businesses can obtain PPP loans from their affiliated bank, as current SBA rules prohibit such loans.

**Additional resources on the COVID-19 response are available on ICBA's Crisis Response and Preparedness Toolkit:**
https://www.icba.org/news/Crisis-Preparedness?utm_source=informz&utm_medium=email&utm_campaign=informz&_zs=4jQgU&_zl=WPL32

**Bank Directors' Eligibility For PPP Loans**

Several questions have arisen this morning on the question of a Bank Director being eligible for a PPP loan. Please see the response below from ICBA's Karen Thomas. (Once further guidance is issued by Treasury/SBA, we will let you know.):

"The prohibition is contained in the certification that Lenders need to attest to when inputting a loan into the E-Tran portal. Specifically, it says: **Lender certifies that none of the Lender's Associates, including but not limited to its employees, officers, directors, or substantial stockholders (more than 10%), has a financial interest in the Applicant.** Also, the eligibility rules that the IFR refers to and pulls in by reference include a similar prohibition. 13 CFR 120.110. **We have heard the same information as others that Treas/SBA are going to change that, but until we get confirmation we are reluctant to tell bankers to make these loans, especially with the certification in E-Tran. As soon as we do have confirmation, we will blast it out."**

**SBA posts PPP lender agreement**

**The Small Business Administration on Friday night posted its Lender Agreement https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf, an application for non-SBA-certified lenders to apply to enter the Paycheck Protection Program system, input borrower applications, and register for SBA loan guarantees. The SBA encourages lenders who need assistance accessing the agency's E-Tran system to call its Lender Customer Service Line at 833-572-0502.** The Friday night PPP updates followed the Thursday night release of an interim final rule on the program: https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf. That rule increased the PPP interest rate to 1 percent from 0.5 percent and provided additional clarity on lender due diligence responsibilities, though access has remained extremely limited or altogether closed off for community banks across the nation. With Treasury and SBA continuing to point lenders and borrowers to their PPP webpages, ICBA and state community banking associations have clearly and repeatedly expressed community bank concerns about the program's terms and lack of guidance.

**III. Anecdotal Feedback From Other States & Press Coverage**

We have attached an article from the "Wall Street Journal" indicating that Wells Fargo is "hitting the cap" and is now turning people away. We are also receiving anecdotal feedback and information from other state's community bank trade groups reflecting feedback from their member banks. In Georgia, the process is reportedly picking up some steam here in GA. Seems for every 3 that are in and processing 1 is having trouble accessing.

**Also, here is a link to another "Wall Street Journal" article regarding the Fed preparing to purchase new small business payroll loans:**
https://www.wsj.com/articles/fed-preparing-to-purchase-new-small-business-payroll-loans-11586194588

**IV. Information & Request From Federal Home Loan Bank Of New York**

We have received a letter (SEE ATTACHED) from the Federal Home Loan Bank of New York (FHLBNY) seeking support for a federal legislative effort to help the Federal Home Loan Bank of New York and the other FHLBanks to better support our member financial institutions in responding to the needs of communities affected by the COVID-19 crisis. The attached letter and fact sheet describe five statutory provisions that will better enable the FHLBanks to provide targeted liquidity to members in this crisis, as well as statutory certainty for certain FHLBank products. These amendments will not increase the risk profile of FHLBanks, nor will they diminish FHLBank access to capital markets. In fact, they will help the FHLBanks to continue to be a low-cost provider of liquidity on demand.

Please contact your your individual Members of Congress to let them know that you support the legislation. If you have any question about any of these provisions, please do not hesitate to reach out to the FHLBNY's Government Relations Officer, Kimani Little: kimani.little@fhlbny.com or 202-413-2017.

**V. New Siena Poll Provides New York Snapshot**

According to the new Siena College Poll released this morning, the vast majority of New Yorkers say the coronavirus pandemic has upended their lives in either a somewhat or very significant way. The poll noted the coronavirus (COVID-19) has created an economic catastrophe and could have long-lasting psychological effects as well, exacerbating anxiety and depression.

- 77% of New Yorkers polled are either somewhat or very concerned the virus will cause them serious financial problems. More than half, 51% of people polled, are concerned with being able to meet their monthly financial obligations.
- 37% of those polled are concerned with being laid off as a result of the economic crisis spawned by the pandemic and efforts to control its spread.
- Nearly 60% of those polled are concerned with their retirement savings and investments losing value, 41% of New Yorkers are concerned with ability to afford food.
- 42%are self-quarantining, 39% are practicing a form of social distancing and just 4% are going about life as usual.
- Daily life and the economy in New York and the country to a virtual standstill. Thousands of people have lost their jobs, schools and non-essential businesses have closed and the death toll from the virus in New York alone has climbed to more than 4,000 people in the last month.

**VI. From City & State:**

"With the state on virtual lockdown and some legislators even battling the virus themselves, convening in the state Senate or Assembly chambers to pass the budget seemed like an obvious danger to be avoided, if at all possible. That's why both houses adopted resolutions in late March, just before the April 1 budget deadline, allowing remote voting during a declared state or national emergency. While remote voting has been authorized, voting on the budget bills last week was almost entirely analog. Both the Senate and Assembly largely relied on default voting practices, which allowed members to attend the session via a livestream and only show up on the floor if they wanted to vote against a bill or against their party. Most of the time, it was just the Senate and Assembly leadership and clerks who had to be physically present to run the proceedings.

Now, with the budget process over, some advocacy groups argue that setting up a system to allow lawmakers to actually vote remotely or electronically is crucial to ensuring that they continue to legislate throughout the pandemic." **To read the full story:**

https://www.cityandstateny.com/articles/politics/new-york-state/will-state-legislature-actually-go-virtual.html?utm_source=First+Read+Session+Update&utm_campaign=423dc566b3-EMAIL_CAMPAIGN_2020_04_06_04_51&utm_medium=email&utm_term=0_4e700ecefc-423dc566b3-35021764&mc_cid=423dc566b3&mc_eid=e55c2af3e3

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


- John J. Witkowski, President & CEO: (Johnw@ibanys.net; 716.880.0518)
- Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net