

COVID-19 Update - Thursday evening, April 9, 2020

The good news: We have banks in NYS that are about to close and fund their first loans as early as tomorrow. Also, there are banks that received their passwords today so they can submit applications through Eytran. We have also heard that the authorization codes for SBA Connect are available and once received, it takes 24 hours to activate.

The less than good news: We have no decision on Directors eligibility for PPP. Also, there may be banks that still don't have access to either of the SBA systems (Eytran and SBA Connect) yet.

Let's keep moving forward, and we will try to distribute the latest info when we receive it.

To help us in this process, please answer these questions:

1. Are there any SBA approved lender banks that do not have access to eytran because of a password reset?
2. Are there any "FDIC insured Non SBA banks" needing an authorization code to get on the SBA Connect system to submit applications?

Please use reply all and provide the bank name.

Best Regards,
John

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Senate Fails To Approve More Small Business Funding

The Senate on Thursday blocked dueling plans to provide hundreds of billions of dollars to help small businesses contend with the coronavirus-fueled economic meltdown amid a stalemate over the scope of the package.

https://apple.news/AmIRDoIYIRji0HGZ6IJj3_Q

SBA says if individual lenders experience problems with E-tran, they can directly contact:

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PPP Note Considerations

We received the attached from one of our fellow state community bank trade associations. It provides document on considerations for bankers on the PPP note, specifically regarding advice if they are using their own note.

Also: **Here's another news story about some of the technology problems lenders are experiencing with the SBA as they try to work on these PPP loans.** SBA continues to say the system is running just

fine. "SBA insists its portal for emergency small business loans is running fine, but bankers are sending a mass letter today saying it's not. Technology for @SBAgov payroll PPP loans is source of frustration with delays and crashes." <https://twitter.com/jenniferjjacobs/status/1248274419413323777?s=21>

IBANYS Co-Signs ICBA Letter To Treasury, SBA On PPP

The Independent Community Bankers of America (ICBA) and nearly 30 state banking associations (including IBANYS) today sent a letter <https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/ppp-state-sign-on-april-9.pdf>

(also attached) to Treasury Secretary Steven Mnuchin and Small Business Administrator Jovita Carranza, **imploing them to do everything in their power to assure timely access to the Paycheck Protection Program for the roughly one-third of the community banking industry, particularly those located in rural areas, that are still awaiting access to the E-Tran or Lender Gateway systems.**

"Community bankers throughout the country have worked around the clock to make this critical program work for cash-starved small businesses," ICBA and the state banking associations said in the letter. "We are in near constant contact with these community bankers and are hearing their frustrations and pleas for help firsthand. Clear and concise instructions are still sorely needed on access to the SBA loan programs, especially for non-SBA lenders trying to enter the SBA systems and process loans they already have in hand."

For the program to live up to its potential without further setbacks, ICBA and the state banking associations provided the following recommendations:

- Mobilize every available resource to strengthen the technology expeditiously. The success of the program hinges on reliable technology. The technology supporting the program continues to be a source of frustration to community bankers. Many are locked out of the system because they have not been able to obtain an "authorization number." A lack of clear direction has effectively blocked access for a broad range of institutions, particularly community banks.
- Allocate at least 25 percent of existing and future program funds for banks of \$50 billion in asset size or less. These banks hold approximately 27 percent of industry assets, so a 25 percent allocation would be proportionate. Community banks make roughly half of all small business loans and serve markets not served by the large banks. To ensure program access to all communities and regions of the nation, we must not allow program funds to be used nearly exclusively by the largest banks.
- While we are grateful for today's actions by the Federal Reserve to create a facility to support lending in the program by providing term financing backed by program loans, we ask that they provide advances against to-be-funded program loans to further enhance the capacity of the program. Liquidity must not be an obstacle to the success of the program.

"Thank you for your support for additional funding for the Program," the groups said in the letter. "We fully intend to work with you to secure this vital funding from Congress. Without adequate scale, the Program cannot meet its potential."

Community Banks To Seek More U.S. Help In Small Business Program: Coverage Of ICBA Letter To Treasury, SBA

Bloomberg's Olivia Rockeman and Jennifer Jacobs: "The group, Independent Community Bankers of America, also plans to ask the Federal Reserve to immediately create a program to backstop the small business loans, as well as provide advances against loans from small banks, according to a draft letter

viewed by Bloomberg. "Community banks have experienced delays in accessing the SBA's website for the program, created by the coronavirus stimulus President Donald Trump signed last month, and many are locked out of the system because they haven't obtained authorization numbers, the group said in the draft letter to Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza. The letter requests a user manual for the PPP platform, as well as more reliable technology to avoid future setbacks."

Comptroller of the Currency Thanks Stakeholders for Comments on the Proposal to Modernize CRA

Comptroller of the Currency Joseph M. Otting today issued the following statement thanking stakeholders for their comments on the proposal to strengthen and modernize the regulatory framework implementing the Community Reinvestment Act ". . . as the nation has managed its response to COVID-19, it has become even clearer to me that communities need even more access to lending, capital, and services during this difficult time. It is our intention to craft a final rule that will encourage banks to lend and invest more in the communities they serve, including low- and moderate-income neighborhoods. We seek to increase support to small businesses, small and family-owned farms, Indian country, and distressed areas. Modernizing CRA regulations as proposed in the NPR would require OCC-regulated banks to conduct and hold on their balance sheet \$500 billion to meet minimum satisfactory requirements and up to a \$1 trillion to meet outstanding requirements in CRA qualified investments and loans. Modernization would bring valuable additional resources to communities across America that are currently underserved by the current regime and provide greater transparency to help ensure those dollars serve the communities they were intended to help. We will work toward issuing a final rule during the first half of this year. Further delay would only prevent these valuable resources from reaching those who need them most in this time of national emergency."

<https://www.occ.gov/news-issuances/news-releases/2020/nr-occ-2020-52.html>

What's Next For The Economy?

According to press reports: A "Inside and outside advisers have appealed to Trump to formally create a separate task force in order to streamline the process so it can focus primarily on reopening the economy. This task force would likely include senior staff from the Treasury Department, the National Economic Council, the Labor Department and the Department of Commerce. But it wouldn't only have administration officials involved. There has been outreach to figures such as Gary Cohn, Blackstone CEO Steve Schwarzman, Art Laffer and even major sports teams and well-known athletes. Other Trump allies have proposed naming a recovery 'czar' from the private sector to oversee efforts to revive the consumer economy and address unemployment after coronavirus forced the closure of businesses across sectors."

<https://www.cnn.com/2020/04/09/politics/trump-economy-task-force/index.html>

Meanwhile:

- **According to "Axios" over the past three weeks, 1 in 10 working-age adults filed for unemployment**
- **Treasury Secretary Mnuchin** said this morning he thinks **"we could be open for business" in May.**
- **Federal Reserve Chairman Powell** said this morning: "We need to have a plan nationally for reopening the economy," and said **July was a likely time frame.**
- **House GOP Leader McCarthy** said the **country should open up in "pockets."**

A New York Overview & Some State Economic Snapshots

FYI: Here is the link to Governor Cuomo's Thursday Coronavirus Briefing

https://www.scribd.com/document/455729160/Gov-Andrew-Cuomo-April-9-Coronavirus-Presentation?utm_source=First+Read+Session+Update&utm_campaign=6217bf9506-EMAIL_CAMPAIGN_2020_04_09_04_35&utm_medium=email&utm_term=0_4e700ecef-6217bf9506-35021764&mc_cid=6217bf9506&mc_eid=e55c2af3e3

New York Had 176,329 Unemployment Claims For Week Ended March 28

New York has the second-highest number of initial unemployment claims in the week that ended March 28, according to new data from the U.S. Department of Labor. With 871,992 claims, California was the national leader by far, compared to 286,596 in New York, 176,329 in Michigan and 154,171 in Florida. New York said its layoffs were concentrated “in the accommodation and food services, retail trade, and health care and social assistance industries.”

- **Meanwhile, New York State**, facing a revenue shortfall likely in excess of \$10 billion, **is delaying a scheduled 2% increase in pay for public employees**, and union leaders are not happy. “We don’t have the money to make these payments,” state Budget Director Robert Mujica said Thursday. “Let’s see if the federal government is going to step up (with additional stimulus funding) and then we can deal with those commitments.” The Empire Center for Public Policy estimates the move will save the state about \$359 million in short-term costs. <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2020/04/09/state-faces-worst-fiscal-crisis-in-20-years>
- **The New York State Association of Counties joined Cuomo in pushing for a fourth federal stimulus bill.** “We agree that the best way to help our state and counties is through an increase in federal Medicaid assistance through [Federal Medical Assistance Percentages](#) and additional federal aid to help the state and counties replace a portion of the tax revenues we have lost in response to stopping the spread of the virus,”
- **The Cuomo administration said Thursday that it is partnering with Google to develop a new online hub for New Yorkers to file unemployment claims.** About 1,000 claims at any one time was a typical number before the crisis, Cuomo said. Now, the state has that many people handling a deluge of new claims as the economy falters. “So far 600,000 of those claims have been successfully processed,” Secretary to the Governor Melissa DeRosa said at the governor’s press conference. “So you’ve got over 200,000 that are still in partial status.” A new online application system is expected to go live at 7 p.m. today.

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

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