

Friday, May 1, 2020 (Update #1)

To: New York Community Banks

Hope everyone is safe and healthy. While going through this pandemic, there are very positive stories that your community bank has done for your small businesses in your communities and our heroic health care professionals. I wanted to highlight one in this morning's update, from the April 30 *Buffalo News*:

*"Alden State Bank has donated \$5,000 to WNY Feeds the Frontline, supporting health care and medical workers amid the Covid-19 pandemic. 'It is important to lend support to the men and women who are selflessly putting themselves at risk to save lives during this pandemic,' said Steven Woodard, the bank's president and CEO. 'At the same time, it is vitally important to also support local restaurants and small business during this economically stressful time.'"*

We would enjoy sharing your story as well. Please email us and we would be proud to tell your story.

Regards,

John

### **IBANYS Received The Following Information From The White House**

The U.S. Department of the Treasury and the Federal Reserve Board released additional guidance regarding the Paycheck Protection Program and Main Street Lending Program:

- [Interim Final Rule on Corporate Groups and Non-Bank and Non-Insured Depository Institution Lenders](#)
- [Federal Reserve Expands Access to its Paycheck Protection Program Liquidity Facility \(PPPLF\) to Additional Lenders, and Expands the Collateral that can be Pledged](#)
- [Federal Reserve Board Announces it is Expanding the Scope and Eligibility for the Main Street Lending Program](#)
- [Main Street Lending Program Frequently Asked Questions](#)

### **Assistance for Small Businesses**

The Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead.

#### **Program Overview**

- [Top-line Overview of PPP](#)
- [SBA Paycheck Protection Program Loan Report](#)

#### **For Borrowers**

- [More information](#)
- [Search Tool: Find an Eligible Lender](#)
- [Borrower Application Form](#)
- [Applicable Affiliation Rules](#)
- [How to Calculate Loan Amounts](#)

#### **For Lenders**

- [More information](#)
- [Lender Application Form](#)
- [Lender Application Form for Federally Insured Depository Institutions, Federally Insured Credit Unions, and Farm Credit System Institutions](#)
- [Lender Application Form for Non-Bank and Non-Insured Depository Institution Lenders](#)
- [SBA Procedural Guidance on Participation Sales – Updated 4/24](#)
- Lender Assistance Hotline: (833) 572-0502

#### **Program Rules**

- [Frequently Asked Questions – Updated 4/29](#)
- [Interim Final Rule 1](#)
- [Interim Final Rule on Applicable Affiliation Rules](#)

- [Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans](#)
- [Interim Final Rule on Requirements for Promissory Notes, Authorizations, Affiliation, and Eligibility – Updated 4/24](#)
- [Interim Final Rule on Additional Criterion for Seasonal Employers – Updated 4/28](#)
- [Interim Final Rule on Disbursements – Updated 4/28](#)
- [Interim Final Rule on Corporate Groups and Non-Bank and Non-Insured Depository Institution Lenders - Updated 4/30](#)

For more information and updates, visit [Treasury.gov/CARES](https://www.treasury.gov/CARES) and [SBA.gov/PayCheckProtection](https://www.sba.gov/PayCheckProtection).

**Federal Reserve Expands Access to its Paycheck Protection Program Liquidity Facility (PPPLF) to Additional Lenders, and Expands the Collateral that can be Pledged (HERE)**

- The Federal Reserve on Thursday expanded access to its Paycheck Protection Program Liquidity Facility (PPPLF) to additional lenders, and expanded the collateral that can be pledged. The changes will facilitate lending to small businesses via the Small Business Administration's (SBA) Paycheck Protection Program (PPP).

**Federal Reserve Board announces it is Expanding the Scope and Eligibility for the Main Street Lending Program (HERE)**

- The Federal Reserve Board on Thursday announced it is expanding the scope and eligibility for the Main Street Lending Program. As part of its broad effort to support the economy, the Federal Reserve developed the Main Street Lending Program to help credit flow to small and medium-sized businesses that were in sound financial condition before the pandemic. A start date for the program will be announced soon.
- Main Street Lending Program Frequently Asked Questions ([HERE](#))

**Readout from a Treasury Spokesperson on Secretary Mnuchin's Call with G7 Finance Ministers (HERE)**

- This morning U.S. Treasury Secretary Steven T. Mnuchin held a call with his counterparts from Canada, France, Germany, Italy, Japan, the United Kingdom, the European Commission, and the Eurogroup. As directed by G7 leaders, G7 finance ministries are in regular contact to coordinate on timely and effective actions in response to the economic fallout of the COVID-19 pandemic. The Finance Ministers discussed domestic and international economic responses underway, strategies to accelerate economic activity once our economies begin reopening, in line with necessary health and safety measures. The Finance Ministers also discussed the importance of foreign direct investment and the use of investment screening mechanisms to identify national security risks.

**FROM ICBA**

**Treasury: Lender Compliance Protects PPP Guarantees**

The Treasury Department confirmed that while the SBA plans to review individual Paycheck Protection Program loans, the reviews will not affect SBA's guarantee of loans for which lenders complied with their PPP obligations.

In the latest update to Treasury's frequently asked questions <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf> on the program, the department reiterated its announcement earlier this week that it will review all loans over \$2 million, in addition to other loans as appropriate, after lenders submit borrower loan-forgiveness applications. Additional guidance on that is still to come.

The key point is that the reviews will not affect loan guarantees for lenders that follow the obligations set forth in paragraphs III.3.b(i)-(iii) of the April 2 Paycheck Protection Program Rule. These obligations are further explained in the first FAQ in the Treasury document.

In other words, lenders that meet their obligations will not be penalized if borrowers do not meet theirs, and the guarantee will remain.

Community bankers who continue to have trouble with the SBA's E-Tran and SBA Connect Lender Gateway portals can direct assistance questions to the SBA at 833-572-0502 or [cls@sba.gov](mailto:cls@sba.gov).

Additional guidance and resources are available on [Treasury's PPP webpage](#) and [ICBA's COVID-19 resource center](#).

### **Federal Reserve Expands Access To PPP Liquidity Facility**

The [Federal Reserve](#) expanded access to its Paycheck Protection Program Liquidity Facility to non-depository institutions. The facility is now available to banks, credit unions, Community Development Financial Institutions, members of the Farm Credit System, small-business lending companies licensed by the SBA, and some fintech firms.

The Fed also said eligible borrowers will be able to pledge whole PPP loans that they have purchased as collateral to the PPPLF. Institutions that pledge purchased PPP loans will need to provide their Reserve Bank with documentation from the SBA demonstrating that the pledging institution is the beneficiary of the SBA loan guarantee.

### **Treasury issues PPP guidance on corporate groups, nonbanks**

Treasury released a **new interim final rule** on corporate groups and nonbank lenders. Under the rule, businesses that are part of a single corporate group may not receive more than \$20 million in aggregate PPP loans. The rule also provides that nonbank lenders and non-insured depository institutions may be eligible to be PPP lenders if they have originated, maintained, and serviced more than \$50 million in business loans or other commercial financial receivables during a 12-month period in the past 36 months, among other requirements.

### **ICBA Updates FAQs On Stimulus Payments**

ICBA this week added to its [frequently asked questions](#) on the Economic Impact Payments going out to individuals and households. The FAQs—available on ICBA's COVID-19 resource page—include updates on what to do with EIPs directed to deceased individuals, fraudulent EIP checks, and more.

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### **U.S. Justice Department Looking At Largest Loan Processors & SBA About PPP Loans**

Assistant Attorney General Brian Benczkowski, the head of the Justice Department's criminal division, said in an interview that 15 to 20 of the largest loan processors and the Small Business Administration have been contacted as prosecutors look into how loans were issued under the Paycheck Protection Program. He said the review has uncovered potentially problematic applications from companies that inflated their payroll costs or number of employees and misrepresented their business.

### **Secretary Mnuchin's Top Aide To Help Guide PPP**

Treasury Secretary Steven Mnuchin has tapped his most trusted lieutenant to help guide the \$670 billion small business loan program that's intended to save millions of jobs during the Covid-19 pandemic, amid widespread concerns about its execution. Two senior administration officials told POLITICO that Mnuchin recently dispatched Treasury Deputy Secretary Justin Muzinich to the Small Business Administration to sort out the so-called Paycheck Protection Program, which has had a rocky rollout since its hurried April 3 launch. A senior Treasury official later confirmed the assignment.

[https://www.politico.com/news/2020/04/30/mnuchin-small-business-loans-226982?mkt\\_tok=eyJpIjoiTkRnd05XWmxaREZqWXpaaiIsInQiOiJMRjYxU1RNUVwvWU9wQWQ3Y3VIc3VmR1BSYXVGcHBKc2RKTWVsT1NjUnF2R3hnMmVTUndcL1lcL3EySmJnNmtuT1BTdGg4aUNvZVlPMWlZVStiUIFUcnN1cmllak5LRmp3TEJYaFQ5Z29PWkozZTNXSU5ybklOek1XTTQ1RU9zUitvMyJ9](https://www.politico.com/news/2020/04/30/mnuchin-small-business-loans-226982?mkt_tok=eyJpIjoiTkRnd05XWmxaREZqWXpaaiIsInQiOiJMRjYxU1RNUVwvWU9wQWQ3Y3VIc3VmR1BSYXVGcHBKc2RKTWVsT1NjUnF2R3hnMmVTUndcL1lcL3EySmJnNmtuT1BTdGg4aUNvZVlPMWlZVStiUIFUcnN1cmllak5LRmp3TEJYaFQ5Z29PWkozZTNXSU5ybklOek1XTTQ1RU9zUitvMyJ9)

### **A Western New York Perspective: Lt. Governor Hochul Talks About New York Reopening**

Governor Cuomo has named Lt. Governor Kathy Hochul to spearhead the economic re-opening of western New York. "Capital Tonight's" Susan Arbetter spoke with Hochul about what it will take to reopen the economy, and whether it's too early to talk about it, considering the uptick in COVID-19 cases facing Erie County.

<https://spectrumlocalnews.com/nys/capital-region/ny-state-of-politics/2020/04/30/new-york-covid-19-response-reopening>

### **Latest On Renters**

- "City & State" reports that thousands of New York tenants have pledged not to pay rent today as part of a rent strike, but "with a reticent governor, an inactive Legislature and a state government facing billions in lost revenue, renters are unlikely to see the relief they seek without federal intervention."  
[https://www.cityandstateny.com/articles/policy/housing/rent-strike-begins-rent-or-mortgage-relief-remains-uncertain.html?utm\\_source=First+Read+Newsletters&utm\\_campaign=0a170ee545-EMAIL\\_CAMPAIGN\\_2020\\_05\\_01\\_12\\_08&utm\\_medium=email&utm\\_term=0\\_252d27c7d1-0a170ee545-34718972&mc\\_cid=0a170ee545&mc\\_eid=e55c2af3e3](https://www.cityandstateny.com/articles/policy/housing/rent-strike-begins-rent-or-mortgage-relief-remains-uncertain.html?utm_source=First+Read+Newsletters&utm_campaign=0a170ee545-EMAIL_CAMPAIGN_2020_05_01_12_08&utm_medium=email&utm_term=0_252d27c7d1-0a170ee545-34718972&mc_cid=0a170ee545&mc_eid=e55c2af3e3)
- **Daily News: "Not Progressive To demand All Rent Be Canceled For New York's Tenants"**  
The editorial notes: "No, Sen. Mike Gianaris, no, Rep. Alexandria Ocasio-Cortez, no, all those gathered on the virtual barricades: It is not progressive to demand all rent be canceled for New York's tenants, nor is it wise to encourage May Day rent strikes..."  
[https://www.nydailynews.com/opinion/ny-edit-cut-the-check-20200501-u32pzlfngrcsltd4g56zdabdne-story.html?utm\\_source=First+Read+Newsletters&utm\\_campaign=0a170ee545-EMAIL\\_CAMPAIGN\\_2020\\_05\\_01\\_12\\_08&utm\\_medium=email&utm\\_term=0\\_252d27c7d1-0a170ee545-34718972&mc\\_cid=0a170ee545&mc\\_eid=e55c2af3e3](https://www.nydailynews.com/opinion/ny-edit-cut-the-check-20200501-u32pzlfngrcsltd4g56zdabdne-story.html?utm_source=First+Read+Newsletters&utm_campaign=0a170ee545-EMAIL_CAMPAIGN_2020_05_01_12_08&utm_medium=email&utm_term=0_252d27c7d1-0a170ee545-34718972&mc_cid=0a170ee545&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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