

Friday, May 15, 2020

To: New York Community Banks

Hope everyone is staying safe and well.

This morning's update includes information from the ICBA, the White House, the Small Business Administration, the New York State Department of Financial Services and other sources.

-- John

FROM ICBA

SBA Seeks Reviews Of Some PPP Loans Today

The Small Business Administration said it has marked some loans in Paycheck Protection Program lender portfolios with a “research” status requiring further review by lenders by 5 p.m. (Eastern time) today. The SBA [issued a document](#) with step-by-step instructions on how to use a new search functionality within the E-Tran Servicing section of the Capital Access Financial System to locate loans with the “research” designation and to review and confirm records on those loans. The SBA said lenders should review all fields in these files for accuracy and completeness, including borrower names and employer identification numbers or Social Security numbers. If necessary, lenders should contact borrowers to determine whether a loan should be cancelled, SBA said. The SBA also announced it has changed how it receives PPP loan data from lenders via E-Tran. Business type will now determine whether a loan application should be submitted with either an SSN or EIN. SSNs can no longer be used in place of a primary taxpayer identification number for types of businesses that require an EIN, it said.

FHFA Extends Moratorium On Foreclosures, Evictions

The Federal Housing Finance Agency [announced](#) that Fannie Mae and Freddie Mac are extending their moratorium on foreclosures and evictions from May 17 until at least June 30. The foreclosure moratorium applies only to enterprise-backed, single-family mortgages. The FHFA said it will continue monitoring the COVID-19 outbreak and update its policies accordingly. More information is on the interagency mortgage and housing assistance [resource center](#).

Push For PPP Loan-Forgiveness Answers Continues

ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge policymakers to provide guidance on Paycheck Protection Program loan forgiveness. ICBA is urging the Treasury Department and SBA to:

- Reconsider the SBA’s non-statutory requirement that 75 percent of PPP loan proceeds must be spent on retaining payroll.
- Provide a straightforward, easy-to-apply approach to loan forgiveness, such as developing a PPP loan-forgiveness calculator.
- Establish a presumption of compliance for all loans with an original balance of \$1 million or less based on the borrower’s certification.
- Address the many questions that have arisen related to PPP loan forgiveness.

Blog Post On 'New Normal' Considerations

As parts of the country prepare to reopen, what constitutes the new normal for community banks will depend on several parameters, ICBA's Joel Williquette writes on [Main Street Matters](#). Local pandemic conditions, state and federal guidance, business requirements, and the needs of local communities are among the considerations for community banks, he writes.

ICBA this week [published a guide](#) with suggestions to help community banks when they begin resuming more normal operations and person-to-person services.

FROM THE WHITE HOUSE

The U.S. Department of the Treasury and U.S. Small Business Administration released new information regarding the Paycheck Protection Program:

- [Interim Final Rule on Eligibility of Certain Electric Cooperatives](#)
- [SBA](#) launched a new search functionality within the E-Tran Servicing section of the Capital Access Financial System (CAFS). This tool will help PPP lenders review loans in their portfolios. Lenders should review all fields in these files for accuracy and completeness.
 - Please complete your review and make necessary changes no later than 5 PM EDT on Friday, May 15, 2020. [Click here for instructions on how to access CAFS and update records in “Research” status.](#)

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](#)
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 5/14
- [Interim Final Rule on Loan Increases](#) – Updated 5/13
- [Interim Final Rule on Eligibility of Certain Electric Cooperatives](#) – Updated 5/14

FHA Extends Foreclosure and Eviction Moratorium for Single Family Homeowners and Remotework Flexibilities for Lenders and Appraisers (HERE)

- Today, the Federal Housing Administration (FHA) announced an extension of its [foreclosure and eviction moratorium](#) through June 30, 2020, for homeowners with FHA-insured Single Family mortgages, while also supporting new FHA-insured mortgage originations through an extension of [temporary policy flexibilities](#) for lenders and appraisers. The extensions will support the President's economic recovery efforts as the Nation continues to work to defeat the COVID-19 invisible enemy.

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75% Of U.S. Small Businesses Have Sought Federal Aid During Pandemic

In another indication of the widespread damage caused by the pandemic, the *Wall Street Journal* reports three of four U.S. small businesses have sought federal aid to cope with fallout from the pandemic, according to a Census Bureau survey released Thursday. The findings were based on a survey of about 100,000 small firms between April 26 - May 2, of which 22% responded.

Bipartisan Request For Fed To Buy Longer-Term Debt Issued By State & Local Governments

According to Bloomberg News, U.S. Senate Banking Committee members Brown (D-OH), Menendez (D-NJ.) and Tillis (R-NC) joined Senator Murkowski (R-AI) in writing to Treasury Secretary Mnuchin and Federal Reserve Chairman Powell to urge Fed to buy longer-term debt issued by state and local governments as the municipal bond market experiences "extraordinary stress" amid the coronavirus pandemic. The Fed is currently only buying municipal bonds maturing in three years or less, but Treasury and the Fed can design a program to buy long-term bonds under the CARES Act.

U.S. retail sales fell 16.4% in April, even worse than the previous record fall set in March, as consumers pulled back on spending during the coronavirus economic lockdown.

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FROM NEW YORK STATE

NYS DFS Seeking PPP Participation Information From State Institutions

The New York State Department of Financial Services (DFS) is seeking information from its regulated institutions on their total participation in rounds one and two of the SBA PPP to date. To that end, they are requesting that institutions provide to the Department, within 10 days of its May 13 letter, the following information relating to your total participation in the SBA PPP:

- Total amount of your institution's participation in the SBA PPP (direct and indirect).
- The total number of loans made.
- Percentages of loans: (i) less than \$100,000, (ii) between \$100,000 and \$250,000 and (iii) over \$250,000.
- Whether your institution's participation in the SBA PPP was direct, indirect via a third-party, such as a CDFI, or a combination of direct and indirect. If participation was through a third-party, provide the name of each third-party and the amount of participation through each third-party.
- Applicant data as follows:
 1. Percentages (i) with fewer than 25 employees, (ii) between 25 and fewer than 50 employees and (iii) over 50 employees;
 2. Percentage from low-to-moderate income (LMI) neighborhoods; and
 3. For each borrower, (i) the name of borrower, (ii) the business type, and (ii) the amount of the loan received.

DFS noted institutions maintain records in different formats, and asked for the information in the simplest and most expedient manner for the institution. DFS will consult with institutions prior to disclosing this information. If an institution did not participate in the SBA PPP, a statement to that effect is required as a response. Responses should be sent to: PPP.questionnaire@dfs.ny.gov. DFS noted it "appreciates all your hard work and efforts to keep the financial system open and operating in New York and commends your leadership and support of small businesses during this crisis."

Five Upstate Regions Reopening Today

Governor Cuomo signed an executive order Thursday night to begin the process of reopening some sectors of the economy in New York for 35 upstate counties representing 18% of the state's population.

- Reopening today are Central New York, the North Country, the Southern Tier, the Mohawk Valley and the Rochester-Finger Lakes area.
- Construction and manufacturing, agriculture and curbside retail will be allowed to resume in those parts of the state, but not quite like before the pandemic.
- Businesses must submit plans to keep their workers safe to regional boards for review. Businesses must implement social distancing rules for employees and customers, regular cleaning and health screening of workers.
- If all goes well, the regions may advance after two weeks to the next phase of a reopening plan. But if cases surge, "the brakes go back on."
- Phase Two will include the full reopening of shopping malls and retail stores, professional and administrative services and real estate and rental leasing agencies.

- Phase Three would allow restaurants to reopen, and Phase Four would allow arts and entertainment such as sporting events and concerts to be held and schools to reopen.
- New York City and its suburbs, Long Island, the Hudson Valley, and the Albany and Buffalo regions remain shut down for now.
- There are some limited businesses openings statewide. They include landscapers and gardening services and "low-risk" outdoor activities, including tennis, and drive-in movies.

NYSE To Reopen Trading Floor May 26 -- With Restrictions

According to the *Wall Street Journal*, the New York Stock Exchange will reopen its trading floor May 26 with only a limited number of traders, who will be required to wear masks and follow social distancing rules, according to an opinion article by NYSE President Stacey Cunningham. Traders must also have a temperature check before entering the building, and they cannot take New York City public transportation to work.

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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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