

May 18, 2020

To: New York Community Banks

This morning's update includes the latest from ICBA, OCC, FDIC, Federal Reserve, U.S. Justice Department, NYS Comptroller and other New York State sources.

## **FROM ICBA**

### **Agencies Issue PPP Loan Forgiveness Application**

The Small Business Administration and Treasury Department released the Paycheck Protection Program [Loan Forgiveness Application and instructions](#). The application form and instructions inform borrowers how to apply for forgiveness of their PPP loans, consistent with the CARES Act. The SBA also said it will also soon issue regulations and guidance to help borrowers complete their applications and inform lenders of their responsibilities.

The form and instructions include:

- Options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles.
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after borrowers received their PPP loan.
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness.
- Statutory exemptions from loan forgiveness reduction based on rehiring by June 30.
- The new exemption for borrowers whose good-faith, written offers to rehire workers were declined.

ICBA (and IBANYS) and community bankers have repeatedly called on the agencies to provide guidance on PPP loan forgiveness.

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](#).

### **Regulators Issue Consumer Guide On Mortgage Relief**

The Consumer Financial Protection Bureau and Conference of State Bank Supervisors released a [Consumer Relief Guide](#) on borrowers’ rights to mortgage payment forbearance and foreclosure protection under the CARES Act. The guide includes a summary of borrowers’ rights under the CARES Act, steps to access mortgage relief, and repayment options. More information is on the interagency mortgage and housing assistance [resource center](#).

### **Social Security Issues EIP Update On Payees, Territories**

Social Security beneficiaries who have their regular monthly payments managed for them by a representative payee will begin receiving their Economic Impact Payments later this month, the [Social Security Administration](#) said. In an update on the EIPs, the agency also said special rules apply to beneficiaries living in U.S. territories, who are expected to begin receiving their payments early next month. The tax authority in each territory, not the IRS, generally will pay EIPs to eligible residents based on information the IRS will provide to the territories.

ICBA offers more information and frequently asked questions on the EIPs on its [COVID-19 resource center](#).

### **USDA Extends Housing Program Exceptions**

The [USDA extended](#) until June 30 the temporary exceptions issued March 27 pertaining to appraisals, repair inspections and income verifications for the Single-Family Housing Guaranteed Loan Program. The temporary exceptions apply to the requirements in the program handbook HB-1-3555 for new loans.

## **Can A Fintech Partner Speed Up Your PPP Loan Forgiveness Processing? Find Out This Thursday, May 21**

ICBA wants to let you know about an exciting “virtual brown bag event” that ICBA, the Alliance for Innovative Regulation, and The Venture Center is hosting this week on Thursday, May 21 from 12 Noon - 2:00 p.m. The event -- "PPP Tech: Loan Forgiveness Solutions Sprint" -- will showcase cutting-edge technologies addressing requirements for reporting, managing, and servicing Paycheck Protection Program loans developed by 12 fintech participants who will demo their product offerings and take questions from a panel community bank leaders.

**For details and to register, use the link provided below:**

**[https://us02web.zoom.us/webinar/register/WN\\_h1iInqFGSXSk6uthxpsKGG?fbclid=IwAR0geVFS8ISowAr5PyxErBqVIVDaGK3SqBg218uCP6LsDMuODc8HrTc7rks&utm\\_campaign=2020%20PPP%20Loan&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=88006609&hsenc=p2ANqtz-816Lyj1fKbBrDXou2jfNcb-oMzGmZM3veJR2pIKxg2T2yqFugpenk-BmZhYxRlc2k0dWg2uRAdaKUy\\_w4hI8cXvmZoew&hsmi=88006809](https://us02web.zoom.us/webinar/register/WN_h1iInqFGSXSk6uthxpsKGG?fbclid=IwAR0geVFS8ISowAr5PyxErBqVIVDaGK3SqBg218uCP6LsDMuODc8HrTc7rks&utm_campaign=2020%20PPP%20Loan&utm_source=hs_email&utm_medium=email&utm_content=88006609&hsenc=p2ANqtz-816Lyj1fKbBrDXou2jfNcb-oMzGmZM3veJR2pIKxg2T2yqFugpenk-BmZhYxRlc2k0dWg2uRAdaKUy_w4hI8cXvmZoew&hsmi=88006809)**

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### **OTHER FEDERAL UPDATES**

#### **U.S. Justice Department Looking At Large Banks' PPP Records**

Reuters reports that the U.S. Justice Department has subpoenaed large banks for their records related to the PPP as part of a larger investigation into potential abuse of the program. The source did not provide names of the banks. One of the sources believed that the D.O.J. wasn't necessarily targeting banks, but that there could be an impact on banks later if they didn't do enough to prevent fraud and abuse in the program.

#### **OCC, FDIC To Ease Leverage Ratio To Allow More Lending During Pandemic**

Bloomberg reports that the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. said they will temporarily ease the leverage ratio to allow banks to lend more during the coronavirus crisis, following a similar Federal Reserve decision last month. The interim rule, effective through March 2021, could ease capital demands by as much as \$55 billion, according to regulator estimates.

#### **Fed Chairman Powell: Economy Could Take Until End Of 2021 To Recover**

Federal Reserve Chairman Powell said the U.S. economy could take until the end of next year to recover from the coronavirus-related downturn, with unemployment potentially continuing to rise through June. Chairman Powell also said it would be difficult for the public to be "fully confident" until a coronavirus vaccine is available, and that the more Americans take social distancing seriously, the sooner the country will be able to fully resume economic activity. He's expected to urge Congress to back more spending for the economy when he and Treasury Secretary Mnuchin appear via video conference before the Senate Banking Committee tomorrow.

#### **Changes Coming To PPP?**

Lawmakers and government officials are reportedly considering making changes to the PPP amid "cooling demand" for government-backed loans, and criticism from business owners who say they can't tap the funds. The changes may include giving businesses more flexibility to spend the money, according to lawmakers and others following the deliberations.

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### **OTHER NEWS**

#### **Retail Sales, Industrial Production Have Record Declines**

Retail sales decreased by a record 16.4 percent in April from the previous month and were down 21.6 percent from a year ago, the Commerce Department reported. Industrial production declined 11.2 percent, the largest monthly drop in the 101-year history of the indicator, according to the Federal Reserve. In March, business inventories fell 0.2 percent, Commerce said.

### **Consumer Sentiment Edges Up In May**

Consumer sentiment inched upward in early May, according to the University of Michigan's preliminary [survey results](#). The sentiment index rose 2.6 percent to 73.7 but remained down 26.3 percent from a year ago.

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### **NEW YORK STATE UPDATES**

#### **Two More NYS Regions May Reopen This Week**

After Governor Cuomo's administration made a major shift Sunday in the way it calculates its COVID-19 benchmarks, the Western New York and the Capital Regions could get the green light to enter Phase 1 of the state's reopening process at some point this week, at least a week sooner than they would have been able to [under the state's prior calculation](#). Now, those regions will be allowed to open as soon as they hire or train additional contract tracers tasked with keeping contact with COVID-positive patients and others who are quarantined. When they open, [seven of the state's 10 regions](#) — all of them upstate — will have begun the state's reopening process. About 70 percent of the state's population resides in the remaining three regions, which cover New York City and its suburbs. Phase 1 allows nonessential manufacturing, construction and retail businesses to reopen, but with social-distancing and density-reduction precautions in place. Retail is only allowed curbside or in-store pickups.

#### **DiNapoli: Revenue Takes April Nosedive, Facing "Economic Devastation Not Seen Since Great Depression"**

New York's revenue took a nosedive in April as the coronavirus pandemic shutdown the state's economic activity, a report released Friday by Comptroller Tom DiNapoli found. New York's tax receipts totaled \$3.7 billion, falling \$7.9 billion from the previous April. That's a 68.4 percent decline. This was in large part due to the postponement of personal income tax collections from April 15 to July. Sales tax collections were \$332 million below what they were a year ago. "New York is facing economic devastation not seen since the Great Depression," DiNapoli said. "New York and other hard-hit states need the federal government to step up and provide assistance, or the state will have to take draconian actions to balance its budget. We need Washington to set aside the partisan bickering and deliver substantial relief to New Yorkers now." New York is now turning to short-term borrowing for cash, as well as banking on some form of federal assistance in the next coronavirus relief legislation. If the stimulus bill doesn't provide the state with direct aid, spending cuts are possible, Gov. Andrew Cuomo has warned.

#### **City & State Webinar: Join The Discussion On Reopening NY's Economy--Tuesday, May 19 At 2:00 PM**

Some regions of the state entered Phase 1 of reopening on 5/15, while others will remain on PAUSE through 6/13. As we take this piecemeal approach to loosening restrictions, in coordination with neighboring states, how do we look towards restarting our economy without inviting another surge of infections? Hear from **Lt. Gov. Kathy Hochul**, and **Congressman Thomas Suozzi** (of the White House Task Force to Reopen) on what realities we should be prepared for, and what resources are available to those businesses and individuals who continue to be severely impacted by the COVID-19 crisis. For details and to register, use the link provided below:

<https://www.cityandstateny.com/events/city-states-webinar-series-new-yorks-reopening-economy-and-recovery>

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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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