

Wednesday, May 20, 2020 (Update # 1)

To: New York Community Banks

FROM ICBA

SBA Extends Form 1502 Deadline For PPP Loans

The Small Business Administration said it is extending the deadline for Paycheck Protection Program lenders to submit the initial SBA Form 1502, for which the agency has yet to provide detailed guidance. In the latest update to its [PPP frequently asked questions](#), SBA said it is extending the deadline for lenders to electronically upload the initial SBA Form 1502 to the later of: (1) May 29, 2020, or (2) 10 calendar days after disbursement or cancellation of the PPP loan.

Lenders are required to submit the form to report on PPP loans and collect the processing fees on fully disbursed loans to which they are entitled, though SBA has yet to provide guidance on the Form 1502 reporting process. PPP lenders should not report their PPP loans on SBA Form 1502 until the SBA has released additional guidance, SBA 7(a) Fiscal and Transfer Agent [Colson Services Corp.](#) says in an online advisory.

The previous Form 1502 deadline for loans approved before the form is available was this Friday, May 22. SBA said the new deadline will be implemented through revisions to its PPP interim final rules.

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

Smaller Lenders Lead The Way On PPP: SBA

Lenders under \$10 billion in assets have made more than 2.1 million Paycheck Protection Program loans worth more than \$221 billion through both rounds of funding, the Small Business Administration reported. According to the [SBA summary](#) of loan approvals through May 16, lenders from \$10 billion to \$50 billion in assets made some 680,000 loans worth nearly \$100 billion.

Combined, the two asset classes accounted for nearly 65 percent of approved loans and more than 62 percent of the approved dollar amount. 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.

FHFA Issues Guidance On Borrowers In Forbearance

The [Federal Housing Finance Agency](#) said Fannie Mae and Freddie Mac have issued temporary guidance on the eligibility of borrowers in forbearance to refinance or buy a new home.

The FHFA said borrowers are eligible:

- If they are current on their mortgage, including if they are in forbearance but have continued to make their mortgage payments or have reinstated their mortgage.
- Three months after their forbearance ends and they have made three consecutive payments under their repayment plan, payment deferral option, or loan modification.

The FHFA also extended the government-sponsored enterprises' authority to purchase single-family mortgages in forbearance. The GSEs may buy forbore loans with note dates on or before June 30, 2020, if they are delivered to the enterprises by Aug. 31, 2020, and only one mortgage payment has been missed. The previous policy was set to expire on May 31.

Housing Starts Tumble 30% In April

Housing starts fell a seasonally adjusted 30.2 percent in April and were down 29.7 percent from a year ago, the Commerce Department [said](#). Single-family starts were down 25.4 percent from March. Building permits declined 20.8 percent from March and 19.2 percent from April 2019.

#

FROM OCC

OCC Finalizes Rule to Strengthen and Modernize Community Reinvestment Act Regulations

WASHINGTON—The Office of the Comptroller of the Currency (OCC) today released a final rule strengthening and modernizing the agency’s regulations under the Community Reinvestment Act (CRA). The final rule will increase bank CRA-related lending, investment, and services in low- and moderate-income communities where there is significant need for credit, more responsible lending, and greater access to banking services. The final rule reflects careful consideration of the more than 7,500 comments stakeholders submitted in response to the notice of proposed rulemaking announced on December 12, 2019. The OCC made several changes to the proposal that respond to stakeholders’ comments, including:

- Clarifying the importance of the quantity and quality of activities as well as their value.
- Increasing credit for mortgage origination to promote availability of affordable housing in low- and moderate-income areas.
- Clarifying credit for athletic facilities to ensure they benefit and support low- and moderate-income communities.
- Deferring establishment of thresholds for grading banks’ CRA performance and delineating banks’ deposit-based assessment areas until the OCC assesses improved data required by the final rule.

The final rule will benefit communities, businesses, and banks by:

- Clarifying what qualifies for CRA consideration.
- Updating how banks define assessment areas by retaining immediate geographies around branches and establishing additional assessment areas for banks that do not rely on branch networks to serve their customers.
- Evaluating bank CRA performance more objectively through quantitative measures that assess the volume and value of activity.
- Making reporting more transparent and timelier.
- Providing greater support for small businesses, small and family-owned farms, and Indian Country.
- Thoroughly evaluating banks’ CRA performance in all their assessment areas, not just a limited evaluation in some of them.

The CRA was enacted in 1977 to encourage insured depository institutions to help meet the credit needs in their local communities, including low- and moderate-income neighborhoods. The final rule preserves this important objective but responds to dramatic changes in the banking industry since the law’s enactment and regulatory changes in 1995. The final rule addresses the shortcomings in the current CRA regulatory framework that has not kept pace with banking industry advancements, and ensures the regulations no longer adversely affect the very communities the CRA was intended to help. The final CRA rule applies to national banks and savings associations, which conduct the majority of all CRA activity.

Related Links

- [CRA Final Rule](#) (PDF)
- [List of CRA Qualifying Activities](#) (PDF)

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

#

OTHER NEWS FROM WASHINGTON, DC

- **House Vote Next Week On Bill To "Fix" PPP** House Democrats plan to vote next week on a bipartisan fix to a small business loans program. The bill would give more flexibility to businesses in how they use Paycheck Protection Program loans amid growing concern in both parties that the program has become unworkable for many employers. <https://politi.co/2Tlca92>.
- The *Wall Street Journal* reports **Comptroller of the Currency Joseph Otting is expected to step down this week** after releasing his finalized overhaul of the Community Reinvestment Act today. The FDIC, which originally proposed the new CRA rule with the OCC in December, isn't expected to join the OCC in announcing the final rule, and the Federal Reserve has already said it doesn't back Otting's plan.

#

Are You Participating In IBANYS' Weekly Thursday Executive Management Discussion Calls?

Each Thursday (from 10:30-11:30), IBANYS is co-hosting (with KPN Consulting) our "Executive Management Discussion" calls for senior officers of New York community banks from around New York State. Last week we had a dialogue with the Regional Administrator from the SBA. Tomorrow morning (Thursday, May 21) we will have a senior representative from the Federal Home Loan Bank of New York (FHLBNY). If you are not participating in these calls, and would like to, contact Linda Gregware: Lindag@ibanys.net, 518.436.4646.

#

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

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