

Thursday, May 21, 2020 (Update # 1)

To: New York Community Banks

## FROM SBA

### **Small-Dollar Lending : Interagency Lending Principles for Offering Responsible Small-Dollar Loans**

To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

#### **Summary**

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration (collectively, the agencies) today issued the "Interagency Lending Principles for Offering Responsible Small-Dollar Loans." The agencies recognize the important role that responsibly offered small-dollar loans can play in helping customers meet their ongoing needs for credit due to temporary cash-flow imbalances, unexpected expenses, or income shortfalls, including during periods of economic stress, national emergencies, or disaster recoveries. The agencies encourage financial institutions to offer responsible small-dollar loans to consumers and small businesses.

The interagency lending principles are being issued as a follow-up to the joint statement transmitted by OCC Bulletin 2020-25, "Small-Dollar Lending: Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19," dated March 26, 2020.

#### **Rescission**

This bulletin rescinds OCC Bulletin 2018-14, "Installment Lending: Core Lending Principles for Short-Term, Small-Dollar Installment Lending," issued on May 23, 2018.

#### **Note for Community Banks**

The interagency lending principles apply to community banks.<sup>1</sup>

#### **Highlights**

The OCC encourages banks to

- refer to the interagency lending principles when offering small-dollar loans.
- discuss plans to offer small-dollar loans with their OCC portfolio manager, examiner-in-charge, or supervisory office before implementation, particularly if the offerings constitute substantial deviations from existing business plans.<sup>2</sup>

#### **Further Information**

Please contact Steven Jones, Acting Deputy Comptroller for Credit Risk, at (202) 649-6220, or Paul Reymann, Director for Consumer Compliance Policy, at (202) 649-5470.

Grovetta N. Gardineer  
Senior Deputy Comptroller for Bank Supervision Policy

#### **Related Links**

- ["Interagency Lending Principles for Offering Responsible Small-Dollar Loans"](#) (PDF)
- [OCC Bulletin 2020-25](#), "Small-Dollar Lending: Joint Statement Encouraging Responsible Small-Dollar Lending in Response to COVID-19"

<sup>1</sup> The term "banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

<sup>2</sup> Refer to OCC Bulletin 2017-43, "New, Modified, or Expanded Bank Products and Services: Risk Management Principles."

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](mailto:ralph.deleon@occ.treas.gov)

## FROM ICBA

### **New York Fed issues key dates on ABS facility**

The Federal Reserve Bank of New York [announced](#) the first loan subscription date for the Term Asset-Backed Securities Loan Facility and released an expanded set of frequently asked questions on the facility. The TALF's first subscription date for loans backed by eligible asset-backed securities will be June 17, and the first loan closing date will be June 25. The program is designed to help stabilize the markets for asset-backed securities.

### **SBA Issues Interim Rule On Deadline Extensions**

The Small Business Administration issued an [interim final rule](#) extending the repayment date for the Paycheck Protection Program certification safe harbor.

Under the revised policy, any borrower that applied for a PPP loan prior to April 24 and repaid the loan in full by May 18 will be deemed by SBA to have made the required certification in good faith. The deadline was previously May 14.

The rule also codifies the deadline extension for submitting the initial SBA Form 1502, for which the agency has yet to provide detailed guidance. As the SBA announced in the latest update to its [PPP frequently asked questions](#), that deadline is now 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 7(a) Fiscal and Transfer Agent [Colson Services Corp.](#) says in an online advisory that lenders should not report their PPP loans on Form 1502 until the SBA has released additional guidance. Additional PPP guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

### **Agencies Release Principles For Responsible Small-Dollar Loans**

Federal financial regulators issued principles for responsibly offering small-dollar loans to meet customers' short-term credit needs. According to the [interagency principles](#), responsible small-dollar products generally reflect:

- A high percentage of customers successfully repaying their small dollar loans in accordance with original loan terms.
- Repayment terms, pricing, and safeguards that minimize adverse customer outcomes.
- Repayment outcomes and program structures that enhance borrowers' financial capabilities.

A March 26 [interagency statement](#) encouraged financial institutions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19.

### **Senate advances bill decoupling PPP, 7(a)**

The Senate passed ICBA-supported legislation that would decouple the SBA 7(a) authorization from the Paycheck Protection Program authorization. S. 3782 would ensure that when the PPP runs out of funds, the 7(a) program would not shut down as well. ICBA is urging the House to quickly pass the bill.

### **USDA Updates Loan Reporting Requirements**

USDA Rural Development [updated](#) its Electronic Status Reporting requirements for borrowers affected by the COVID-19 national emergency. The updated status codes are designed to better align with industry practices.

# # # # #

## Other Sources/Press Coverage

### **2.43 Million More Americans File For Unemployment**

**Another 2.43 million workers filed for unemployment benefits last week**, the Department of Labor [said](#) this morning. Americans are still filing jobless claims at historically high rates as the coronavirus crisis takes a record toll on the economy. **New York State's Labor Department** told reporters on Tuesday it **has paid out 4.5 years' worth of unemployment benefits in just over two months**.

- Continuing claims, which show the number of Americans collecting unemployment after their initial application, jumped by 2.5 million to another record 25 million — a sign unemployment is lingering even as states reopen. This figure reports with a 2-week lag. The main jobless claims figure doesn't count people applying for this program. 2.2 million people across 35 states applied for this program last week.
- Economists have warned that job losses meant to be temporary could become permanent, as businesses starting to reopen may not need the same number of workers as they did pre-pandemic — especially if they're operating at [reduced capacity](#).

**New polling from Navigator Research shows widespread support for another relief bill. Overall, 67 percent of Americans support the House's latest relief bill, while 50 percent would disapprove of the Senate if it doesn't take it up.** And among independents there is even greater support: 80 percent of them approve of the House bill and 60 percent would disapprove of the Senate if it doesn't act. There are also reportedly "cracks" in the Senate GOP conference on whether to act sooner than later. <https://bit.ly/2zTQjyM>. However, Majority Leader McConnell is holding firm. <https://politi.co/2Tq0Zfj>.

### **Large Banks Eyeing Moves From NYC To Suburbs?**

One of New York's biggest industries — finance — is considering shifting its workplaces away from city centers in the post-lockdown era, Bloomberg's Michelle F. Davis, Viren Vaghela and Natalie Wong [write](#).

- **JPMorgan** will keep its offices at half-occupancy for the "foreseeable future."
- **Goldman Sachs** is opening its Paris office at 20% capacity on any given day.
- **Citigroup** is eyeing leases in the suburbs around New York.

**What's happening:** "In the New York region, real estate brokers and landlords with suburban offices have seen a surge in interest from the finance industry, in addition to media and technology companies and law firms." . . ."There's an overwhelming number of employees that need mass transit to access the urban environment. Nobody knows how that's going to work in a social-distancing world," Brandon Huffman, a manager at Rubenstein Partners, which owns office space in New Jersey and Connecticut, told Bloomberg.

[https://www.axios.com/newsletters/axios-am-74ddb65b-37ad-4e3c-a8ed-e29e19a38f93.html?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosam&stream=top](https://www.axios.com/newsletters/axios-am-74ddb65b-37ad-4e3c-a8ed-e29e19a38f93.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top)

# # # # #

**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](mailto:Johnw@ibanys.net); 716.880.0518)
- **Stephen W. Rice, Director, Communications & Government Relations** ([Steve@ibanys.net](mailto:Steve@ibanys.net))