

Tuesday, May 5, 2020

To: New York Community Banks

I. Small Businesses Were at a Breaking Point. Small Banks Came to the Rescue.

(From *The Wall Street Journal*, By Peter Rudegeair, Orla McCaffrey and Liz Hoffman - May 4, 2020)

"Community lenders punched above their weight in the Paycheck Protection Program, the government's lifeline to small businesses.

. . . The program won't be a big moneymaker for America's thousands of small banks. Interest rates on the loans are 1%, in line with their average cost of funds. The overhead costs of building and running a new loan program eat into the 1% to 5% processing fees they earn on each loan. But their survival is at stake. Small banks don't have the trading and brokerage arms that buoy Wall Street giants. Instead, they live and die along with local businesses that have now been ordered shut. . .

Most of the payroll loans funded by Tioga State Bank in round one went to existing customers, said Bob Fisher, the bank's president. (*Note: Mr. Fisher is a former Chairman and longtime director of IBANYS, and is Vice Chairman of ICBA.*) About half of the loans so far in the second round have gone to first-timers. The bank's \$25.4 million in approved loans will allow companies in 20 New York counties to retain or rehire about 3,500 workers, Mr. Fisher said. That kind of money goes far in the region, the state's only one to lose jobs between 2013 and 2018, according to the New York State Department of Labor. Local business owners have been calling the bank daily to check on their loan status. "There's a lot of panic from customers making sure they get in," said Mr. Fisher, whose great-great grandfather founded the bank's predecessor. . ."

To read the full article, see attached, or click on the link provided below.

<https://outlook.office365.com/mail/inbox/id/AAQkADk4NjAyMTcwLTdkN2MtNDY5Yy1iNzhjLWZkZTAxYjFiOTFjYgAQAKzt%2FEDrS0K%2Bh9czJvBzSwY%3D/sxs/AQMkADk4NjAyMTcwLTdkN2MtNDY5Yy1iNzhjLWZkZTAxYjFiOTFjYgBGAAAD9kMIif1QZEg62iPLl3Zp5wcAcJXafk7yVEmkKqAEF%2FVCSwAAAgEMAAAcJXafk7yVEmkKqAEF%2FVCSwACYTIWbgAAAESABAAJMMjyP683UKYLBPO%2Bjptiw%3D%3D>

II. From ICBA:

New PPP Guidance On Layoffs, Seasonal Employers, Nonprofit Hospitals

The Treasury Department updated its Paycheck Protection Program **frequently asked questions** with new guidance on loan forgiveness, seasonal employers, and nonprofit hospitals. The latest updates note that:

- SBA and Treasury intend to issue an interim final rule excluding laid-off employees whom borrowers have offered to rehire (but who decline to return to work) from the loan-forgiveness-reduction calculation.
- Seasonal employers that elect to use an alternative base period to calculate maximum PPP loan amounts can make all required certifications on the Borrower Application Form.
- Nonprofit hospitals may qualify as nonprofit organizations under the CARES Act.

The SBA reported Sunday that between April 27 and May 1, lenders with less than \$10 billion in assets made more than \$55 billion in loans during the second round of the PPP. Lenders with between \$10 billion and \$50 billion in assets made nearly \$28 billion in PPP loans during that time.

ICBA, affiliated state associations, and community bankers worked to ensure at least \$60 billion of the PPP funds were aside for community financial institutions, including at least \$30 billion for institutions under \$10 billion in assets and another \$30 billion for those with between \$10 billion and \$50 billion in assets.

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.

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

ICBA Leaders Meeting Today With FDIC's McWilliams, Fed's Bowman

ICBA leadership community bankers are scheduled to meet remotely this afternoon with FDIC Chairman Jelena McWilliams and Federal Reserve Governor Michelle "Miki" Bowman. The discussion topics will focus on the federal and community bank response to the COVID-19 pandemic and other regulatory issues. ICBA Chairman Noah Wilcox, ICBA President and CEO Rebeca Romero Rainey, and ICBA staff will also provide updates. ICBA's Federal Delegate Board is scheduled to meet this Friday for an additional strategic planning session.

ICBA Updates FAQs On Stimulus Payments For Deceased Account Holders

ICBA added to its [frequently asked questions](#) on Economic Impact Payments to individuals and households. The FAQs include updates on what to do with EIPs directed to deceased individuals. Separately, Nacha updated [its FAQs](#) on COVID-19 and the ACH network.

ICBA seeks consumer mortgage-relief portal

ICBA and other groups asked regulators to create a single portal where consumers can access information regarding mortgage payment forbearance and rental relief. In a [joint letter](#), the groups suggested making the information more prominent on the federal COVID-19 [landing page](#). From there, consumers would continue to be directed to the Consumer Financial Protection Bureau, housing counselors, and other resources.

III. IBANYS received the following information as part of an update from the White House:

As a result of the Trump Administration's efforts, the Paycheck Protection Program is effectively providing a lifeline to America's small businesses and their employees during the COVID-19 pandemic.

- Since the launch of the Paycheck Protection Program, SBA has processed over **3.8 million loans** for more than half a trillion dollars of economic support **in less than one month**.
- Nearly **500,000 of the PPP loans** were made by **lenders with less than \$1 billion** in assets and non-bank lenders.
- President Trump secured an additional **\$320 billion in funding** to ensure a second round of PPP relief would be accessible for America's small businesses. In the second round of the Paycheck Protection Program:
- **2.2 million loans** have been processed, worth more than **\$175 billion**.
- **The average loan is \$79,000**, exhibiting that PPP is truly aiding the smallest of small businesses.
- Please click here for more information: [PPP Report: Second Round](#)

Additionally, SBA will begin accepting new [Economic Injury Disaster Loan \(EIDL\)](#) and EIDL Advance applications to provide relief to U.S. agricultural businesses. Eligible agricultural businesses may apply for the Loan Advance [here](#).

SBA to Make Economic Injury Disaster Loans Available to U.S. Agricultural Businesses Impacted by COVID-19 Pandemic (HERE)

- U.S. Small Business Administration Administrator Jovita Carranza announced today that agricultural businesses are now eligible for SBA's Economic Injury Disaster Loan (EIDL) and EIDL Advance programs. SBA's [EIDL portal will reopen today](#) as a result of funding authorized by Congress through the *Paycheck Protection Program and Healthcare Enhancement Act*. The legislation, signed into law by the President one week ago, provided additional funding for farmers and ranchers and certain other agricultural businesses affected by the Coronavirus (COVID-19) pandemic.

Secretary Perdue Statement on Economic Injury Disaster Loans Being Available to U.S. Agricultural Businesses Impacted by COVID-19 Pandemic (HERE)

- U.S. Department of Agriculture Secretary Sonny Perdue today applauded the announcement that agricultural producers, for the first time, are now eligible for the Small Business

Administration (SBA)'s Economic Injury Disaster Loan (EIDL) and EIDL Advance programs.

Joint Statement by Treasury Secretary Steven T. Mnuchin and SBA Administrator Jovita Carranza on the Success of the Paycheck Protection Program ([HERE](#))

- Since Round 2 of PPP loan processing began on April 27, 2.2 million loans have been made to small businesses which surpasses the number of all loans made in PPP Round 1. The total value of these 2.2 million loans is over \$175 billion. Notably, the average loan size in Round 2 is \$79,000, yet another indicator that the program is broadly based and assisting the smallest of small businesses.

IV. Additional Items Of Interest

How To Set Up For PPP Forgiveness

As you wind down and clean up Round 2 of the Paycheck Protection Program (PPP) and before you produce your 1502 report to the SBA, it now merits thinking about how to best set up for the wave of forgiveness work that starts immediately after funding. Obtaining forgiveness is critical to both the bank and the borrower as it increases profitability, enhances cash flow, aids in liquidity and removes the risk for both parties. . .read the full article from the Correspondent Division of CenterState Bank by clicking the link provided:

<https://csbcorrespondent.com/blog/how-set-ppp-forgiveness>

AOC's Congressional District Is The Nation's Most Devastated Hot Zone Of The Coronavirus Outbreak

The New York Times reports that Rep. Alexandria Ocasio-Cortez, the youngest woman ever elected to Congress, "owns another distinction, this one far grimmer: She represents the nation's most devastated hot zone of the coronavirus outbreak."

https://www.nytimes.com/2020/05/04/us/politics/coronavirus-alexandria-ocasio-cortez.html?utm_source=First+Read+Newsletters&utm_campaign=687a483f2c-EMAIL_CAMPAIGN_2020_05_04_09_03&utm_medium=email&utm_term=0_252d27c7d1-687a483f2c-34718972&mc_cid=687a483f2c&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.

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