

Wednesday, May 6, 2020

To: New York Community Banks

We hope everyone is safe and healthy. IBANYS will continue to provide timely updates on all news important to community banks.

We ask that if you have a question, comment or feedback during this time, please email us.

John

## **FROM ICBA**

### **ICBA seeks answers on PPP loan forgiveness**

ICBA called on the Treasury Department and Small Business Administration to provide additional guidance on the process for obtaining forgiveness of Paycheck Protection Program loans.

In a letter, ICBA urged the agencies to:

- Reconsider the SBA's non-statutory requirement that 75 percent of PPP loan proceeds must be spent on retaining payroll. ICBA recommends lowering the payroll expense requirement to no more than 50 percent to help small businesses meet other overhead costs.
- Provide a straightforward, easy-to-apply approach to loan forgiveness, such as developing a PPP loan-forgiveness calculator that will allow borrowers and lenders to easily determine the forgiven amount.
- Establish a presumption of compliance for all loans with an original balance of \$1 million or less based on the borrower's certification that the funds were used in accordance with the terms of the program.
- Address the many questions that have arisen related to PPP loan forgiveness, such as the consequences if borrowers spend less than 75 percent of their PPP loans on payroll and what constitutes full-time staff and new hires.

### **ICBA Leaders Met With FDIC's McWilliams, Fed's Bowman**

ICBA leadership community bankers met remotely on Tuesday with FDIC Chairman Jelena McWilliams and Federal Reserve Governor Michelle "Miki" Bowman (pictured). The separate discussions focused on the federal and community bank response to the COVID-19 pandemic and other regulatory issues. McWilliams and Bowman recognized the many contributions of community banks to meet the needs of local communities, and they discussed the agencies' coronavirus-related efforts to provide regulatory and examination relief during the national emergency. Additionally, McWilliams discussed industrial loan companies, Community Reinvestment Act reform, and more, while Bowman outlined the Fed's Paycheck Protection Program Liquidity Facility and Main Street Lending Program.

ICBA Chairman Noah Wilcox, ICBA President and CEO Rebeca Romero Rainey, and ICBA staff also provided updates. Among the topics they covered were ICBA's COVID-19 resources and the congressional outlook on additional stimulus measures and outstanding ICBA priorities, such as credit unions, BSA/AML reform, and cannabis banking. ICBA's Federal Delegate Board is scheduled to meet this Friday for an additional strategic planning session.

### **SBA Extending Safe Harbor Repayment Deadline**

The SBA is extending by one week the repayment date for the Paycheck Protection Program safe harbor. In an update to its [PPP frequently asked questions](#), the Treasury Department cited guidance reminding borrowers to carefully review the required certification on the Borrower Application Form that current economic uncertainty makes their loan request necessary to support their ongoing operations.

SBA guidance and regulations provide that any borrower that applied for a PPP loan prior to April 24 and repays the loan in full by May 7 will be deemed by SBA to have made the required certification in good faith.

In the latest update to its FAQs, Treasury said the SBA is extending the repayment date for this safe harbor to May 14. According to Treasury, SBA will implement the extension through a revision to its interim final rule providing the safe harbor, and it intends to provide additional guidance before May 14.

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

### **PPP 2.0 loans top \$180B: SBA**

More than \$180 billion in loans have been approved during the second round of the Paycheck Protection Program as of 5 p.m. (Eastern time) Tuesday, the Small Business Administration reported. According to the [updated data](#) on the SBA website, lenders with less than \$10 billion in assets have made more than \$57 billion in loans during the second round of the PPP. Lenders with between \$10 billion and \$50 billion in assets have made nearly \$28 billion in PPP loans during that time.

ICBA, affiliated state associations (including IBANYS), and community bankers worked to ensure at least \$60 billion of the PPP funds were set 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 banks may continue to submit loans to be funded by the remainder of the \$250 billion in general funds authorized for the second phase of the PPP.

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).

### **FHFA extends Fannie, Freddie loan-processing flexibilities**

The [Federal Housing Finance Agency](#) extended several loan-origination flexibilities offered by Fannie Mae and Freddie Mac designed to help borrowers during the COVID-19 national emergency. Those flexibilities are extended until at least June 30 and include:

- Alternative appraisals on purchase and rate term refinance loans.
- Alternative methods for verifying employment before loan closing.
- Flexibility for borrowers to provide documentation (rather than requiring an inspection) to allow renovation disbursements.
- Expanding the use of power of attorney and remote online notarizations to assist with loan closings.
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### **ICBA updates FAQs on stimulus payments**

ICBA updated its [frequently asked questions](#) on Economic Impact Payments to individuals and households. The FAQs—available on ICBA's COVID-19 resource page—include updates on what to do with EIPs directed to deceased individuals.

### **USDA publishes new guaranteed housing income limits**

The [USDA](#) published the fiscal 2020 income limits for the Single-Family Housing Guaranteed Loan Program. The Guaranteed Underwriting System and Income Eligibility calculator have been updated with the new income limits.

## **IBANYS Received The Following Information From The OCC:**

### **Federal Bank Regulatory Agencies Announce IFR Modifying LCR Rule**

To support the flow of credit to households and businesses, the federal bank regulatory agencies today announced an interim final rule that modifies the agencies' Liquidity Coverage Ratio (LCR) rule to support banking organizations' participation in the Federal Reserve's Money Market Mutual Fund Liquidity Facility and the Paycheck Protection Program Liquidity Facility.

<https://www.occ.gov/news-issuances/federal-register/2020/nr-ia-2020-59a.pdf>

In particular, the interim final rule facilitates participation in these facilities by neutralizing the LCR impact associated with the non-recourse funding provided by these facilities. The rule does not otherwise alter the LCR or its calibration.

The LCR rule requires large banks to hold a buffer of high-quality liquid assets so that they can meet their short-term liquidity needs. The two facilities were established by the Federal Reserve to support the economy in light of the disruptions caused by COVID-19.

*The rule is effective immediately and comments will be accepted for 30 days after publication in the Federal Register.*

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### **PPP Rule Changes Being Discussed By Congress**

A bipartisan group of lawmakers are planning changes to the rules of the Paycheck Protection Program as they weigh another round of funding to the small-business lending program. Sen. Bennet (D-CO) said Congress shouldn't authorize more funds "without making changes that are essential for the businesses that have gotten hurt the most." Some of the changes under consideration reportedly include extending the period in which small businesses can spend the money, permitting the businesses to use more of the funds for expenses like rent instead of employee retention, and extending the funds to larger companies.

[https://www.politico.com/news/2020/05/05/small-business-relief-238995?mkt\\_tok=eyJpIjoiWIRoa05URTNZMIJrWIRVNCIsInQiOiJcL3g5V1pWb0c2Q0xPd3VFZjF1c2lvd1QwZFwvRnh5TE8yS0lkMmFhXC9XeVh5UGViYk5wZjFwWmNNZXloem9seUJNdEN3TlwwSFVENzdjbzc5WWU4ZU5MWk10SDd2VTBnK28yd3NHhEJvcnN2RzUzOTVRY1dtK2RrMHB0bTk4Wmh1NW8ifQ%3D%3D](https://www.politico.com/news/2020/05/05/small-business-relief-238995?mkt_tok=eyJpIjoiWIRoa05URTNZMIJrWIRVNCIsInQiOiJcL3g5V1pWb0c2Q0xPd3VFZjF1c2lvd1QwZFwvRnh5TE8yS0lkMmFhXC9XeVh5UGViYk5wZjFwWmNNZXloem9seUJNdEN3TlwwSFVENzdjbzc5WWU4ZU5MWk10SDd2VTBnK28yd3NHhEJvcnN2RzUzOTVRY1dtK2RrMHB0bTk4Wmh1NW8ifQ%3D%3D)

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### **State Legislature's Plans Still Unclear Uncertain**

Although the Governor Cuomo has said the state legislative session is "effectively over" due to COVID-19, state legislators are scrambling to put forth new legislation to address the pandemic. In March alone, lawmakers introduced 60 coronavirus-inspired bills, [according to The Buffalo News](#). To see a list of some of the coronavirus-related bills that have recently been proposed or introduced, [read more here](#).

**New York has reported 19,645 total statewide deaths of New Yorkers who tested positive for COVID-19.** Tuesday, the state reported more than 1,700 previously undisclosed coronavirus deaths at nursing homes and adult care facilities in the state, according to the AP. **For more comprehensive numbers, click on the link provided below.**

[https://www.cityandstateny.com/articles/politics/new-york-state/new-coronavirus-numbers.html?utm\\_source=First+Read+Newsletters&utm\\_campaign=56ba239f0b-EMAIL\\_CAMPAIGN\\_2020\\_05\\_05\\_04\\_28&utm\\_medium=email&utm\\_term=0\\_252d27c7d1-56ba239f0b-34733460&mc\\_cid=56ba239f0b&mc\\_eid=4c28df7596](https://www.cityandstateny.com/articles/politics/new-york-state/new-coronavirus-numbers.html?utm_source=First+Read+Newsletters&utm_campaign=56ba239f0b-EMAIL_CAMPAIGN_2020_05_05_04_28&utm_medium=email&utm_term=0_252d27c7d1-56ba239f0b-34733460&mc_cid=56ba239f0b&mc_eid=4c28df7596)

**Nationally, more than 1,000 people have died each day for more than four weeks, [Johns Hopkins](#)**

[data](#) shows, as cases continue to increase. COVID-19 has killed more than 70,000 Americans and infected over 1.1 million others in less than three months since the [first known death](#) in the U.S.

### **Pandemic Impacting Upstate Farmers, Agricultural Industry**

New threats have emerged for farmers in upstate New York, where the COVID-19 pandemic has caused a series of ripple effects for the state's agriculture industry, [New York NOW's Dan Clark reports](#).

### **"Housing Is The linchpin Of The Economy:" Builders Eager To Resume Construction**

The governor's regional phased reopening strategy will allow construction projects to resume in some areas of New York State starting on May 1, but the New York State Builders Association says that could be too late for many housing projects.

<https://spectrumlocalnews.com/nys/buffalo/politics/2020/05/05/-housing-is-the-linchpin-of-the-economy---builders-eager-to-resume-construction->

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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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