

To: New York Community Banks

From ICBA

Weighing In On Loan Forgiveness -- Join ICBA's Call For PPP Answers

ICBA is calling on community bankers to **urge policymakers** to provide guidance on obtaining forgiveness of Paycheck Protection Program loans. <https://icba.quorum.us/campaign/26178/>

Community bankers can use ICBA's **Be Heard grassroots action center** to advance ICBA's push https://www.icba.org/news/icba-in-the-news/press-releases/2020/05/06/icba-seeks-clarity-on-paycheck-protection-program-loan-forgiveness?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=4jQgU&zl=wdm52

for the Treasury Department and SBA to:

- Reconsider the SBA's non-statutory requirement that 75 percent of PPP loan proceeds must be spent on retaining payroll.
- Provide a straightforward, easy-to-apply approach to loan forgiveness, such as developing a PPP loan-forgiveness calculator.
- Establish a presumption of compliance for all loans with an original balance of \$1 million or less based on the borrower's certification.
 - Address the many questions that have arisen related to PPP loan forgiveness.

New PPP Guidance On Employee Retention Credit

The Small Business Administration and Treasury Department released additional guidance and information on the Paycheck Protection Program.

New **frequently asked questions** (1) clarify that employers that repay PPP loans by the safe harbor deadline of May 14 are eligible for the Employee Retention Credit, and (2) address how affiliation rules affect employees of U.S. and foreign affiliates.

Additionally, a new **interim final rule** provides guidance on nondiscrimination obligations and additional eligibility requirements related to student workers and work-study students.

Finally, the **SBA reported** that more than \$183 billion in loans have been approved during the PPP's second round as of 5 p.m. (Eastern time) Wednesday. Lenders with less than \$10 billion in assets have made more than \$58 billion in loans, while those with between \$10 billion and \$50 billion in assets account for more than \$28 billion.

ICBA worked to ensure at least \$60 billion of the PPP funds were set aside for community financial institutions. 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.

Additional guidance and resources are available on **Treasury's PPP webpage** and **ICBA's COVID-19 resource center**.

CFPB Issues Guidance On PPP Application Timelines

The **Consumer Financial Protection Bureau** clarified that Paycheck Protection Program loan applications are only a "completed application" under the Equal Credit Opportunity Act and Regulation B once the creditor has received a loan number from the Small Business Administration or a response about the availability of funds.

In new frequently asked questions, the CFPB said this clarification will ensure the time awaiting this information from the SBA does not count toward the 30-day time period under Reg B in which creditors

are required to notify applicants of the creditor's approval, counteroffer, denial or other adverse notice regarding the application.

The FAQs clarify that:

- If the creditor denies an application without ever sending the application to the SBA, the creditor must give notice of this adverse action within 30 days.
- A creditor cannot deny a loan application based on incompleteness where the creditor has enough information for a credit decision but has yet to receive a loan number or response about the availability of funds from the SBA.

Private-Sector Job Losses Top 20M In April: ADP

Private-sector employment declined by 20.2 million jobs in April, according to [ADP](#). Small businesses lost 6 million jobs, while mid-sized and large businesses lost nearly 5.3 million and 9 million, respectively. The goods-producing sector lost 4.2 million jobs, and the services sector lost 16 million.

From The White House

IBANYS received the following information from the White House late last night:

The U.S. Department of the Treasury and Small Business Administration released additional guidance regarding the Paycheck Protection Program:

- [Interim Final Rule on Nondiscrimination and Additional Eligibility Criteria](#)
- [Frequently Asked Questions](#) (Questions 44-45)
- [Summary of Round 2 Data](#) (Updated at 5:00 p.m. EDT on May 6, 2020)
 - *Please note: PPP Round 2 loan data will be posted at the above link EOD going forward.*

Report to the Secretary of the Treasury from the Treasury Borrowing Advisory Committee of the Securities Industry and Financial Markets Association (HERE)

- The ongoing coronavirus outbreak has weighed heavily on the US economy, with activity expected to fall sharply further in the second quarter of the year. Going forward, the coronavirus and weak global growth will be significant headwinds, while a large fiscal boost in response to the virus will provide some offset for the remainder of the year.

Minutes of the Meeting of the Treasury Borrowing Advisory Committee of the Securities Industry and Financial Markets Association May 5, 2020 (HERE)

- Given the abrupt changes in the fiscal outlook posed by the COVID-19 outbreak, nearly all sources of revenue are expected to be lower over the next two quarters due to the reduction in size and shift in timing of receipts, while outlays are expected to be significantly higher as well.

CARES Act Forbearance Fact Sheet for Mortgagees and Servicers of FHA, VA, or USDA Loans (HERE)

- *The CARES Act provides a mortgage payment forbearance option for all borrowers who, either directly or indirectly, suffer a financial hardship due to the novel coronavirus (COVID-19) national emergency.*

From SBA

From SBA (Upstate New York Office)

As of 5 p.m. Tuesday, the PPP program still had nearly \$130 billion in available funding. The tremendous backlog of applications at many lenders from round 1 appears to be mostly resolved, and SBA is strongly encouraging businesses to get their applications now if they have not yet. SBA and Treasury have clarified a significant number of common questions and concerns about the program via Interim Final Rule and FAQ's (though the forgiveness procedures are still pending).

Our office is available to answer questions and discuss the program with your constituents if your organization would like to schedule a conference call or webinar on Covid-19 relief for small businesses. Please reach out if you would like to schedule something in the coming days.

Regards,
Dan Rickman, Deputy District Director
Upstate New York U.S. Small Business Administration
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From OCC

Liquidity Coverage Ratio : Interim Final Rule Addressing Treatment of Certain Emergency Facilities

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, and the Federal Deposit Insurance Corporation (collectively, the agencies) issued on May 5, 2020, an interim final rule to amend the liquidity coverage ratio rule to neutralize the impact of banks' using two of the liquidity facilities recently created by the Federal Reserve to stabilize the financial system. In addition, the interim final rule makes changes, effective immediately, to the Federal Reserve's current information collection. <https://www.occ.gov/news-issuances/bulletins/2020/bulletin-2020-48.html>

Highlights

The interim final rule

- facilitates participation in the Money Market Mutual Fund Liquidity Facility and the Paycheck Protection Program Lending Facility by neutralizing the impact associated with the non-recourse funding provided by these facilities and the assets securing such facilities.
- does not otherwise alter the liquidity coverage rule.

Comments on the interim final rule are due June 5, 2020.

Further Information

Please contact Christopher McBride, Director; or James Weinberger, Technical Expert, Treasury and Market Risk Policy, at (202) 649-6360. Also contact, Henry Barkhausen, Counsel; or Daniel Perez, Senior Attorney, Chief Counsel's Office, at (202) 649-5490.

...Received from Jonathan V. Gould, Senior Deputy Comptroller and Chief Counsel; Rafael (Ralph) E. DeLeon, Director for Banking Relations/National Bank Examiner (202) 649-6736 office; (202) 359-0096 cell; ralph.deleon@occ.treas.gov

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How Some Community Banks Are Viewing Reopening Branches & Lobbies

As the industry begins to think about the process of reopening bank branches and lobbies, we thought it would be useful to share with you information we received from other state associations reflecting the views of some peer community banks in other areas. We received the following information from Texas:

Survey Related To PPP & Community Banks

The link below provides information from IBANYS' sister association, Independent Bankers Association of Texas (IBAT), regarding their member banks' views on re-opening their branches and lobbies.

<https://www.ibat.org/files/PDFs/Lobby-Reopening-Survey-Results.pdf>

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Small Businesses Counting On Loan Forgiveness "Could Be Stuck With Debt"

A "New York Times" article says the embattled small business lending program at the center of the Trump administration's economic rescue is running into a new set of challenges, one that threatens to

saddle borrowers with huge debt loads, as banks begin the tricky task of proving the loans they extended actually met the government's strict and shifting terms. With thousands of businesses preparing to ask for their eight-week loans to be forgiven, banks and borrowers are just now beginning to realize how complicated the program may turn out to be. https://www.nytimes.com/2020/05/06/business/small-businesses-loans-ppp-coronavirus.html?mkt_tok=eyJpIjoiTnpVMU5EZG1NelkxWWpoiIsInQiOiJPM0FaXC9XMnhYMGU1MWRxU2xxajZPbXlzelE4aVRzTWYxeIFEdk1abWFLYUd4SkJaaUJVU1NobXE0SXdNdmc3MTdsZ1MzR3huSFhjMDh5Q0k0ejdFS2dQTFQ1ZkhcLzllWndSd2NuaWh2QTNhV3VSaVVVKcGxESW9haE51aINvNk5rIn0%3D

New Polling Finds Tti-State Residents Think It's Too Soon To Reopen Their States

A new Quinnipiac University poll found that the majority of New York, New Jersey and Connecticut residents think it is too soon to reopen their states and that officials should instead prioritize curbing the spread of the coronavirus, [The Wall Street Journal reports](#).

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

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