

Thursday, April 30, 2020 – (Update #2)

To: New York Community Banks

This afternoon's update includes information from ICBA, the Federal Reserve, Governor Cuomo and other sources including press coverage.

FROM ICBA

Treasury: Lender Compliance Safeguards PPP Guarantees

The Treasury Department just confirmed that while the SBA plans to review individual Paycheck Protection Program loans, the reviews will not affect SBA's guarantee of loans for which lenders complied with their PPP obligations.

In the latest update to <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf> on the program, the department reiterated its announcement earlier this week that it will review all loans over \$2 million, in addition to other loans as appropriate, after lenders submit borrower loan-forgiveness applications. Additional guidance on that is still to come.

The key point is that the reviews will not affect loan guarantees for lenders that follow the obligations set forth in paragraphs III.3.b(i)-(iii) of the April 2 Paycheck Protection Program Rule. These obligations are further explained in the first FAQ in the Treasury document.

In other words, lenders that meet their obligations will not be penalized if borrowers do not meet theirs. The guarantee will remain.

Treasury also released a new interim final rule <https://home.treasury.gov/system/files/136/IFR--Corporate-Groups-and-Non-Bank-and-Non-Insured-Depository-Institution-Lenders.pdf> on corporate groups and nonbank lenders. Under the rule, businesses that are part of a single corporate group may not receive more than \$20 million in aggregate PPP loans.

The rule also provides that nonbank lenders and non-insured depository institutions may be eligible to be PPP lenders if they have originated, maintained, and serviced more than \$50 million in business loans or other commercial financial receivables during a 12-month period in the past 36 months, among other requirements.

Also today, the Federal Reserve Board said it is expanding the scope and eligibility of its Main Street Lending Program, reflecting some of ICBA's recommendations for the

program. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm>.

The Fed said it is lowering the minimum loan size for certain loans to \$500,000, creating a third loan option with increased risk sharing by lenders for borrowers with greater leverage, expanding the pool of businesses eligible to borrow, and using LIBOR instead of SOFR to benchmark the loan interest rate.

In a letter to the Fed earlier this month, https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/letter-to-fed-regarding-main-street-loan-facility.pdf?utm_source=informz&utm_medium=email&utm_campaign=informz&zs=njOgU&zl=LQB52.

ICBA said the program is too complicated, excludes small businesses because it has a minimum loan amount of \$1 million, and should have a minimum loan size no higher than \$100,000.

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](#). Further, ICBA's [next complimentary briefing](#) on the COVID-19 response is scheduled for 11 a.m. (Eastern time) tomorrow, May 1.

ICBA will continue to keep you informed of the latest updates on the resumption of the program. Thank you for all you are doing to meet the needs of your customers and communities during this challenging time.

Rebeca Romero Rainey, President and CEO, Independent Community Bankers of America

#

Federal Reserve To Expand Its \$600 Billion Main Street Lending Program

The Federal Reserve said it would expand its \$600 billion Main Street Lending Program to include companies with up to 15,000 employees and \$5 billion in annual revenue last year, instead of limiting it to companies with up to 10,000 employees and \$2.5 billion in revenue. The Fed also lowered the minimum loan size to \$500,000, from \$1 million.

#

3.8 Million More File For Unemployment

The U.S. Department of Labor announced today that 3.8 million more people filed for unemployment last week, bringing the number of workers who have lost their jobs in recent weeks to more than 30 million. With many state labor departments reporting they are still overwhelmed by the rush of people seeking unemployment benefits, economists warn that some jobless workers have been unable to apply for benefits, meaning the number of unemployed could be even higher than the weekly figures suggest. **Nearly 220,000 New Yorkers filed unemployment claims in the week ending April 25**, the fourth-highest among states. Florida leads the way with more than 432,000 claims.

NYS Legislators Also Urge Congressional Leaders To Provide Federal Aid

Like Governor Cuomo, **state legislators and local officials have also called for congressional leaders to approve more aid in the upcoming weeks to avoid significant state budget cuts** to health care, education, public safety and transportation. "To be blunt, we are struggling to find a path forward," Assembly Democrats told congressional leaders in a Wednesday letter. "Our taxpayers are among the highest contributors to the federal government, while the state ranks dead last in distribution of federal aid."

https://nyassembly.gov/write/upload/postings/2020/pdfs/20200429_0092171.pdf?utm_source=First+Read+Newsletters&utm_campaign=3c97842da0-EMAIL_CAMPAIGN_2020_04_30_05_10&utm_medium=email&utm_term=0_252d27c7d1-3c97842da0-34718972&mc_cid=3c97842da0&mc_eid=e55c2af3e3

To view Governor Cuomo's Thursday, April 30, 2020 briefing, use the link provided below.

https://www.scribd.com/document/459195415/NYS-Gov-Andrew-Cuomo-April-30-Coronavirus-Briefing?utm_source=First+Read+Newsletters&utm_campaign=3c97842da0-EMAIL_CAMPAIGN_2020_04_30_05_10&utm_medium=email&utm_term=0_252d27c7d1-3c97842da0-34718972&mc_cid=3c97842da0&mc_eid=e55c2af3e3

#

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)