

Thursday, May 21, 2020 (Update # 3)

To: New York Community Banks

This update includes information from ICBA on the SBA's new guidance issued today on guidance on processing fees & Form 1502.

We also are sharing news regarding today's announcement that Comptroller of the Currency Joseph Otting plans to step down from OCC effective May 29 and will be succeeded by First Deputy and Chief Operating Officer Brian P. Brooks, who will serve as Acting Comptroller. Mr. Brooks is currently scheduled to join our IBANYS Executive Discussion conference call to provide a regulatory overview call next Thursday morning, May 28 -- with the caveat that things may change based on the new information. *(If you are not yet participating in these weekly calls, and would like to, contact Linda Gregware at Lindag@ibanys.net.)*

FROM ICBA

SBA Issues Needed Guidance on Processing Fees, Form 1502

The Small Business Administration just released long-sought guidance on submitting the initial SBA Form 1502 for Paycheck Protection Program loans. Lenders are required to submit the form to report on PPP loans and collect the processing fees on fully disbursed loans.

In a new [Procedural Notice](#), the SBA lays out how to create an account with the Fiscal Transfer Agent and use the portal to submit loan information. Lenders must use separate 1502 reports for PPP loans as opposed to regular 7(a) loans.

Under an [interim final rule](#) approved earlier this week, the deadline to submit the initial SBA Form 1502 for PPP loans is now the later of: (1) May 29, 2020, or (2) 10 calendar days after disbursement or cancellation of the PPP loan.

That interim final rule also extends the repayment date for the PPP certification safe harbor regarding the borrower's need for the loan. Under that 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.

ICBA and community bankers have repeatedly called on the agencies to provide needed PPP guidance.

Also today, ICBA provided its [comprehensive recommendations](#) for Congress to include in the next legislative package responding to the coronavirus pandemic, including PPP reforms that would support more flexible spending by small-business borrowers and a straightforward approach to loan forgiveness.

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 will continue to keep you informed of the latest updates on the PPP. 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

ICBA Recommends Initiatives For Inclusion In Next Legislative Package To Address Pandemic G+Fallout On Small Businesses, Jobs

Today, ICBA sent the attached letter (see above) to Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi, and Minority Leader McCarthy. The letter urges Congress to take the recommendations outlined in the letter into consideration for inclusion in the next legislative package to address the fallout from the current pandemic on small businesses and jobs. These recommendations were developed in consultation with community bankers from across the country representing rural, suburban, and urban markets. As you know, community bankers have a critical stake in finding solutions that will help their communities survive the crisis and rebound strongly once restrictions are lifted.

#

FROM THE OCC

Comptroller of the Currency Joseph Otting to Step Down, Brian P. Brooks to Become Acting Comptroller of the Currency on May 29, 2020

WASHINGTON—Comptroller of the Currency Joseph M. Otting today announced he will step down from office on May 29, 2020, and pursuant to 12 USC 4 as designated by Secretary of the Treasury Steven T. Mnuchin, First Deputy and Chief Operating Officer Brian P. Brooks will become Acting Comptroller of the Currency.

"It has been my distinct honor to serve the United States and this Administration as the 31st Comptroller of the Currency," Comptroller Otting said. "I am extremely proud of what the women and men of the agency have accomplished to promote economic opportunity, eliminate unnecessary regulatory burden, and operate the agency in a more effective and efficient manner."

During his tenure, the Office of the Comptroller of the Currency (OCC) rationalized capital and liquidity rules to allow the banks to better serve their customers while remaining safe and sound. The OCC also strengthened and modernized rules implementing the Community Reinvestment Act, encouraged banks to offer responsible short-term small-dollar credit as an alternative to predatory lenders who provide that service today, and made banks safer from criminal manipulation by improving how they fight money laundering and comply with the Bank Secrecy Act. In addition, the OCC revised rules implementing the Dodd-Frank Act to promote greater comprehension, accountability, and compliance that preserve important safeguards against risky activities that contributed to the Great Recession while enabling banks to meet the needs of the communities they serve. As the nation responded to the COVID-19 national emergency, the agency acted quickly and decisively to ensure the banking system continued to function in an orderly manner and remained a source of strength for our communities and our economy.

The OCC also took steps under Comptroller Otting to improve how it operated by streamlining decision making, empowering examiners and staff, and investing in the future of the agency's employees and infrastructure by increasing funding for recognition and training, and modernizing the tools and technology that support the supervision of the federal banking system. At the same time, the agency reduced operating costs by more than \$156 million from the agency's 2018 budget and passed on those savings to banks and savings associations by reducing assessments the agency charges by 20 percent over two years.

"The agency and the nation are fortunate that the OCC has a deep bench," the Comptroller said. "Brian and the Executive Committee are extremely well suited to continue the agency's important work and succeed in its mission of ensuring banks operate in a safe, sound, and fair manner. Most importantly these leaders can depend on the 3,600 dedicated OCC professionals who thanklessly and tirelessly serve this nation by ensuring our federal banking system remains the world's envy and capable of meeting the

financial needs of Americans everywhere from Main Street to Wall Street, just as the agency has for 157 years."

Mr. Brooks joined the OCC from Coinbase, Inc., where he served as Chief Legal Officer since 2018. He also served on the board of Fannie Mae since March 2019 and the board of Avant, Inc. Prior to Coinbase, Mr. Brooks served as Executive Vice President, General Counsel, and Corporate Secretary of Fannie Mae. He was a member of the senior executive management team at OneWest Bank, N.A., as Vice Chairman and Chief Legal Officer. Before OneWest, Mr. Brooks served as financial services practice group leader and managing partner of the Washington, D.C., office of O'Melveny & Myers LLP. He holds a bachelor's degree from Harvard in government and a law degree from the University of Chicago.

Media Contact

Bryan Hubbard
(202) 649-6870

[U.S. Treasury Press Release](#)

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

Latest On Unemployment

Nearly 200,000 more New Yorkers have filed for unemployment, with [2.4 million more Americans filing overall](#), according to the [latest federal data](#), as the future of unemployment benefits remains uncertain. President Donald and congressional Republicans are suggesting the \$600 boost to unemployment benefits, approved in March in response to the pandemic, [should be allowed to expire this summer](#).

Updates On Extending Sales Tax Deadline, State Budget, Next Week's Legislative Session

- Governor Cuomo is [delaying a state deadline for sales taxes](#) until June 22, a move that will affect the state revenue projections in the short term.
- The Governor appears to be holding out on releasing details on state budget cuts to public schools, health care and local governments as long as he can, but declined to say whether an updated budget plan would be released within the week. "We have to see what Washington does," Cuomo said of negotiations on a new round of federal stimulus funding. "Otherwise, you know the equation ... 20% budget cuts." Some legislators want to raise taxes on the wealthy to help make up a drop in state revenues, but Cuomo is resisting the idea. The governor [declined to say](#) whether he has any legislative priorities for when they reconvene, likely next week. While Assembly Speaker Heastie and state Senate Majority Leader Stewart-Cousins are reportedly negotiating a package of bills to confront the pandemic, the governor [hardly seemed anxious](#) to reengage in legislative wheeling and dealing: "The range of what you could do is almost limitless. It depends on what you want to do and what you can do."

#

FROM PURSUIT

May 21, 2020

As regions across our lending footprint begin to re-open, it's important to ensure your business clients are prepared for what's to come. We're sharing resources to help them prepare.

If your clients need support developing their re-opening strategy, share our recent webinar on [what to consider as you re-open](#) to help them get ready. You can also direct them to our [Small Business Recovery Kit](#), which is updated weekly with new resources to help businesses move forward.

Stay safe and healthy, and contact us if you need support.

- The Pursuit Team

(Pursuit provides businesses with [affordable loans and resources](#) so that they can transform and grow. We're a [community-focused lender](#) that is 100% invested in the success of our clients. Work with us when growth is on the horizon.)

#

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)**