

Thursday, June 11, 2020

To: New York Community Banks

FROM ICBA

Mnuchin Testifies On PPP As ICBA Grassroots Continue

Treasury Secretary Steven Mnuchin told Congress that Treasury and the SBA are developing new guidance and forms to simplify Paycheck Protection Program loan forgiveness. [Testifying](#) before the Senate Small Business Committee, Mnuchin also said the PPP reform law enacted last week will improve the process.

ICBA worked with committee senators to press Mnuchin on the forgiveness process and continues calling on [community bankers](#) and [small-business owners](#) to urge Treasury and SBA to make the process less complex.

The custom grassroots messages echo this week's ICBA [statement](#) for the Senate hearing and [letter](#) to the agencies advocating a simpler application form, online PPP loan-forgiveness calculator, forgiveness presumption of compliance, and more.

ICBA's Next PPP Briefing Set For Monday

ICBA's next Community Bank Briefing on the Paycheck Protection Program is scheduled for 2 p.m. (Eastern time) this Monday, June 15. The complimentary webinar will focus on the latest regulations from SBA, ICBA's continued advocacy on loan forgiveness, and more. [Register online.](#)

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OTHER SOURCES

From Our Sister Community Bank Association In Texas:

Overnight the Treasury department issued several new documents to support the Paycheck Protection Program. These documents implement changes to the PPP following the passage of the Paycheck Protection Program Flexibility Act signed by the President on June 5, 2020. Click below to download:

- [Borrower Application Form](#) (updated June 11)
- [Lender Application Form](#) (updated June 11)
- [Interim Final Rule on Revisions to the First Interim Final Rule](#)

Changes made by the Interim Final Rule on Revisions to the Interim Final Rule are consistent with the Paycheck Protection Flexibility Act but also clarify a few outstanding items. They are:

- Extension of the loan maturity from two to five years for loans made on or after June 5, 2020.
- Extension of the deferral period for principal and interest payments until the date on which SBA remits the loan forgiveness amount on a loan to the lender (or notifies the lender that no loan forgiveness is allowed), if the borrower applies for forgiveness within ten months after the end the loan forgiveness covered period.
- Implementation of the reduction of expenses required to be spent on payroll from 75% to 60% and interpretation that borrowers who fail to hit the 60% threshold remain eligible for partial forgiveness.
- Adds “refinancing an SBA EIDL loan made between January 31 and April 3” to the list of allowable expenses for PPP loan proceeds and clarifies that, “If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any

advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan.”

- Provides borrowers receiving loans before June 5, 2020 the flexibility to elect whether to use the 8-week or 24-week covered period for loan forgiveness.

The last day on which lenders can receive a SBA loan number for a PPP loan is June 30, 2020.

Mnuchin Testifies About Next Economic Aid Package

Treasury Secretary Steven Mnuchin said in a Senate Small Business Committee hearing that **Trump administration officials want to work on another economic aid package, which could include tax credits and changes to the Paycheck Protection Program, but that it should be narrowly tailored** to small businesses and certain hard-hit industries, such as the travel, leisure and restaurant industries. Mnuchin also said officials are considering whether to issue additional direct payments to boost the economy. ([Politico](#))

Fed Officials Expect Rates Of Near Zero Next Year -- And Perhaps Through 2020

After the Federal Reserve held its two-day policy meeting, all 17 officials participating in the interest rate-setting meetings said they expect to keep rates near zero next year and 15 of them predicted that rates would stay near zero through 2022. Most officials expect the unemployment rate to hit averages of 9 percent to 10 percent in the last three months of the year and projected that the economy could shrink between 4 percent and 10 percent this year. ([The Wall Street Journal](#))

Latest Unemployment Figures -- Lower, Bust Still Historically High

Another 1.5 million Americans filed jobless claims last week, according to [data released](#) by the Labor Department on Thursday. **Unemployment applications have tapered off from their peak at the start of the coronavirus pandemic, but remain at historically high rates** even as states take steps to reopen and businesses start to bring workers back. Twelve weeks after the crisis began, new unemployment applications are still more than double the previous record number of weekly filings set in 1982. The number of Americans continuing to receive unemployment benefits after initially applying dipped slightly to 20.9 million from 21.2 million. An additional 705,000 Americans filed for "Pandemic Unemployment Assistance," which extends unemployment benefits to the self-employed and gig workers under the federal stimulus bill. A total of 9.7 million people are still receiving unemployment benefits under this program after initially applying — roughly 1 million fewer from the previous week. (Morning Consult)

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FROM NEW YORK/OTHER SOURCES

- **Five regions of upstate New York are expected to move to phase three of reopening** as soon as Friday – [reopening restaurants, nail salons and tattoo parlors in those areas](#). The state released new guidance Tuesday on businesses set to open their doors in phase three, which is expected in the Mohawk Valley and North Country this week and the Capital Region as soon as next Wednesday. Under the new safety guidelines, restaurants will open at half-capacity and limit parties to 10 people or less. Personal care services are encouraged to operate by appointment only and frequently clean shared tools. All regions of upstate New York are in phase two of reopening, which permitted hair salons, barbershops, professional offices and outdoor dining to resume services. Friday will mark two weeks since the five upstate regions to first reopen had entered phase two. Gov. Andrew M. Cuomo is expected to give them the authority to move forward this week, as confirmed COVID-19 cases, hospitalizations and deaths have remained low.
- **After nearly three months in lockdown, Long Island businesses cautiously began to open their doors Wednesday as [the region entered Phase 2](#)** — the most critical stage to date in its long-awaited economic recovery. It was hardly business as usual for businesses allowed to reopen after the state lifted restrictions intended to slow the spread of COVID-19. Masks, gloves and social distancing guidelines remain and occupancy is generally capped at 50%. But for businesses

allowed to resume in-person operations — outdoor dining, in-store retail, barbershops, hair salons, offices, vehicle sales, leases and rentals and real estate — Wednesday was the next stage in a resumption to normalcy.

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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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