

Monday, June 15, 2020

To: New York Community Banks

Here's the latest information on PPP, news from the White House and the Fed, and updates from New York State.

FROM ICBA

Senators Join Call For PPP Simplification

Senators called on the Treasury Department and SBA to make the Paycheck Protection Program loan-forgiveness process less complex. A [bipartisan group](#) of 44 senators led by Sen. Mike Rounds (R-S.D.) urged the agencies to cut the loan-forgiveness application to no longer than one page for loans under \$250,000.

In a [separate letter](#), all 47 Senate Democrats advocated streamlined forgiveness for smaller loan amounts, a lender safe harbor for these loans, a reporting calculator and other online tools, and a help line for borrowers and lenders. It also called for collection of demographic data within any new forgiveness application, which ICBA does not support.

ICBA continues calling on [community bankers](#) and [small-business owners](#) to urge Treasury and SBA to enact additional reforms to simplify the PPP process, including a simpler form and presumption of compliance for loans of \$1 million or less.

While the PPP reforms [signed into law](#) June 5 increase flexibility for borrowers, ICBA continues to strongly advocate reduced complexity, particularly related to loan forgiveness.

SBA Updates PPP Forms With New Felony Guidelines

The [SBA](#) updated its recently released Paycheck Protection Program application forms to incorporate new eligibility guidelines for borrowers with past felony convictions. A new [interim final rule](#) reduces from five years to one year the look-back period for applicants with non-financial felonies. The period remains five years for financial felonies. The new [borrower](#) and [lender](#) application forms reflect the changes.

Questions on submitting 1502 reports can be directed to SBA's Fiscal and Transfer Agent, Colson Services Corp., at info@colsonservices.com or 877-245-6159. Additional guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

Banking Consolidation Impeding Small-Biz Aid: Study

More Paycheck Protection Program loans were made in states where local community banks constitute a larger share of the market, the Institute for Local Self-Reliance [reported](#). By contrast, businesses located in places where the banking sector is dominated by big banks were much less likely to get relief. These results should prompt policymakers to reconsider federal policies that foster banking industry consolidation, the group said.

ICBA PPP Briefing Set For Today

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

Report Summarizes Fed Listens Events

The Federal Reserve Board released a [report](#) summarizing the 15 Fed Listens events held since the beginning of 2019. The report summarizes the events, in which Fed officials met with representatives from financial institutions, small businesses, unions, low- and moderate-income communities, and other groups.

FROM THE WHITE HOUSE

- **Resources available to all PPP lenders:**
 - Submitting 1502 reports: contact the FTA at info@colsonservices.com or at 877-245-6159
 - Setting up CAFS account: contact CLS@sba.gov
 - For other questions: please send an email to 7aQuestions@sba.gov
 - Lender Assistance Hotline: (833) 572-0502

OTHER SOURCES

U.S. Treasury Department Office of Public Affairs

Press Release: June 12, 2020

Contact: Treasury Public Affairs, (202) 622-2960

SBA and Treasury Announce New and Revised Guidance Regarding the Paycheck Protection Program

Washington—The U.S. Small Business Administration (SBA), in consultation with the U.S. Department of the Treasury, issued new and revised guidance for the Paycheck Protection Program (PPP). This guidance implements the Paycheck Protection Program Flexibility Act (PPPFA), signed into law by President Trump on June 5, 2020, and expands eligibility for businesses with owners who have past felony convictions.

To implement the PPPFA, SBA revised its first PPP interim final rule, which was posted on April 2, 2020. As described in detail in [our announcement on June 8, 2020](#), the new rule updates provisions relating to loan maturity, deferral of loan payments, and forgiveness provisions.

In addition, as an exercise of SBA's policy discretion in furtherance of President Trump's leadership and bipartisan support on criminal justice reform, the eligibility threshold for those with felony criminal histories has been changed. The look-back period has been reduced from 5 years to 1 year to determine eligibility for applicants, or owners of applicants, who, for non-financial felonies, have (1) been convicted, (2) pleaded guilty, (3) pleaded no contendere, or (4) been placed on any form of parole or probation (including probation before judgment). The period remains 5 years for felonies involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance. The application also eliminates pretrial diversion status as a criterion affecting eligibility.

SBA issued revised PPP application forms to conform to these changes. The guidance and revised application forms are available on SBA's and Treasury's websites. SBA will issue additional guidance regarding loan forgiveness and a revised forgiveness application to implement the PPPFA in the near future.

[Click here to view the new Interim Final Rules.](#)

[Click here to view the new Borrower Application.](#)

[Click here to view the new Lender Application.](#)

Kudlow: \$600 Weekly Unemployment Benefit Ends In July

National Economic Council Director Larry Kudlow said the additional \$600 benefit in unemployment checks that was authorized by coronavirus relief legislation will end in late July. The House has passed legislation that would extend the \$600 benefit through the end of January 2021. Kudlow said that the White House is considering an incentive to return to work, but that it "will not be as large." ([Politico](#))

Fed Discusses GDP, Financial Sector Vulnerability

The Federal Reserve in its semiannual monetary policy report to Congress said that the country's gross domestic product will likely fall "at a rapid pace" in the second quarter after it tumbled in the first quarter of the year amid the coronavirus pandemic. The Fed also highlighted vulnerability in the financial sector, with "strains on household and business balance sheets from the economic and financial shocks since March will likely create persistent fragilities." ([The New York Times](#))

Fed To Expand Main Street Lending Program

The Fed said it is [expanding its Main Street Lending Program](#), lowering the minimum loan amount to \$250,000, half the previous amount, and raising the maximum to up to \$300 million from the previous \$200 million, depending on the facility. The central bank is also extending the repayment period to five years from four years and will allow businesses to defer principal payments for the loan's first two years instead of one year.

Mnuchin Criticized For Refusing To Disclose Recipients Of PPP Loans

Treasury Secretary Mnuchin is facing criticism from members of congress and watchdog groups after refusing to disclose the businesses that received more than \$500 billion in government-backed emergency loans. Mnuchin said the Trump administration will not reveal the names of companies and nonprofits that got the Paycheck Protection Program loans, which are guaranteed by the taxpayer and can be forgiven in full if borrowers maintain their payrolls.

FROM NEW YORK

DiNapoli: State Sales Tax Revenue For Local Governments Down 32.3 Percent

Sales tax revenue for [local governments](#) in May fell 32.3 percent compared to the same period last year, according to State Comptroller Thomas P. DiNapoli. Sales tax collections for counties and cities in May totaled \$918 million, or \$437 million less than 2019. The sharp decline was widespread around the state. To read his full report by regions, use the link provided. <https://www.osc.state.ny.us/press/releases/2020/06/dinapoli-local-sales-tax-collections-drop-over-32-percent-may>

Statewide Eviction Moratorium Ends June 20

A wave of evictions could sweep the state next week once a statewide moratorium ends on June 20, but some elected officials say that Gov. Andrew Cuomo should delay the reopening of housing courts because of lingering hygienic issues, [according to Curbed New York](#). "Careful planning must take place to make certain that social distancing protocols can truly be followed in cramped Housing Court facilities where the majority of tenants are unrepresented," Democratic lawmakers said in [a June 12 letter](#) to Chief Judge Janet DiFiore. The State Legislature passed a bill last month establishing a new emergency rent relief program, but [Cuomo has not signed the legislation](#) into law. Others want to pass legislation to cancel rent and leave the financial institutions with the bill, but that idea also faces opposition from the Governor, who has yet to offer alternative solutions to the problem.

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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)