

Tuesday, June 23, 2020

To: New York Community Banks

FROM ICBA

ICBA PPP Briefing Today

ICBA's next [Community Bank Briefing](#) on the Paycheck Protection Program is scheduled for 3 p.m. (Eastern time) today. The briefing will provide a regulatory update with a focus on PPP loan review and forgiveness. Meanwhile, ICBA continues calling on [community bankers](#) and [small-business owners](#) to urge the Treasury Department and SBA to enact additional PPP simplifications, including a loan-forgiveness calculator and presumption of compliance for certain loans.

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](#).

FDIC Offsets PPP Impact On Deposit Insurance Assessments

The FDIC [approved a final rule](#) to ensure banks will not be subject to significantly higher deposit insurance assessments for participating in the Paycheck Protection Program, PPP Liquidity Facility, and Money Market Mutual Fund Liquidity Facility. The final rule generally removes PPP loans from the assessment rate and provides an offset for increases in the assessment base attributable to participation in these programs. The final rule will take effect immediately with an application date of April 1, 2020, and changes will apply to assessments starting in the second quarter of 2020.

OCC Reduces Assessments Due To COVID-19

The [OCC approved](#) an interim final rule that will reduce assessments due to the OCC on Sept. 30, 2020, because of the COVID-19 emergency. Under the rule, assessments will be based on Dec. 31, 2019, call reports, which will result in lower assessments for most OCC-supervised banks. If a bank's assets as reported on the June 30, 2020, call report are lower, the OCC will base its assessment on that data.

SBA Details Using PPP To Refinance EIDLs

The SBA issued a [procedural notice](#) on how Paycheck Protection Program loan proceeds must be used to refinance SBA Economic Injury Disaster Loans. PPP loans must be used to refinance the full amount of EIDL loans when borrowers received EIDL funds from Jan. 31-April 3, 2020, and used them to pay payroll costs. SBA Procedural Notice 5000-20032 also provides the procedure for remitting to the SBA any PPP loan proceeds designated for the refinance of an EIDL.

PPP Data: Smaller Lenders Remain On Top

Lenders under \$10 billion in assets have made some 2.35 million Paycheck Protection Program loans worth more than \$226 billion through both rounds of funding, the [SBA reported](#). According to an SBA summary of loan approvals through June 20, lenders from \$10 billion to \$50 billion in assets made more than 720,000 loans worth more than \$100 billion. Combined, the two asset classes account for nearly 66 percent of approved loans and more than 63 percent of the approved dollar amount.

FROM THE WHITE HOUSE

Paycheck Protection Program (PPP): The Paycheck Protection Program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. On June 6, the President signed legislation providing more flexibility and relief for small businesses including extending the covered period for loan forgiveness from 8 weeks after the date of loan disbursement to 24 weeks and lowering the requirements that 75% of a borrower's loan proceeds must be used for payroll costs to 60%.

- Deadline for Support: Small businesses must apply with a lender to be eligible for funding by June 30, 2020. SBA has approximately \$100 billion available for relief.
- State-by-State Data can be found [here](#).

Program Overview

- [Top-line Overview of PPP](#)
- [SBA Paycheck Protection Program Loan Report](#)
- [SBA Paycheck Protection Program Loan Report Round 2](#) – Updated 6/22
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 6/19

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

FROM THE OCC

OCC Interim Final Rule Reduces Assessments In Response To COVID-19

WASHINGTON—The Office of the Comptroller of the Currency (OCC) today approved an interim final rule (IFR) that will reduce assessments due to be paid to the OCC on September 30, 2020.

OCC Interim Final Rule Reduces Assessments in Response to COVID-19

The OCC is providing this relief in response to the impact of the national emergency related to coronavirus (COVID-19).

"Banks have played an important role in the national response to COVID-19," Acting Comptroller of the Currency Brian P. Brooks said. "As a result, many banks took on significant volumes of additional assets while providing relief to their customers as part of these federal programs. Banks should not be penalized by these efforts to support our national recovery. This interim final rule provides temporary relief against the adverse impact of COVID-19 on our nation's banks that continue to be critical to our economic strength and recovery."

Under the IFR, assessments due on September 30, 2020, for national banks, federal savings associations, and federal branches and agencies of foreign banks (collectively, banks) will be calculated using the December 31, 2019, "Consolidated Reports of Condition and Income" (call report) for each institution, rather than the June 30, 2020, call report. This change will result in lower assessments for most OCC-supervised banks. However, if a bank's assets as reported on the June 30, 2020, call report are lower than on its December 31, 2019, report, the OCC will calculate the assessment due on September 30 for the bank using the June 30 call report. This ensures all banks pay the lower of the two options.

This one-time change in calculating assessments follows the [10-percent reduction](#) in the General Assessment Fee Schedule implemented in the 2019 assessment year and the [additional 10-percent reduction](#) in the schedule for 2020.

Related Link

- [Federal Register Notice](#) (PDF)

Rafael (Ralph) E. DeLeon Director for Banking Relations National Bank Examiner
Office of the Comptroller of the Currency
(202) 649-6736 office; ralph.deleon@occ.treas.gov

OTHER SOURCES

- **This came out last night:** <https://home.treasury.gov/system/files/136/PPP--IFR--Revisions-to-Loan-Forgiveness-Interim-Final-Rule-and-SBA-Loan-Review-Procedures-Interim-Final-Rule.pdf>

Yesterday, President Trump indicated he's open to a second round of stimulus payments as the U.S. economy continues to reel from the coronavirus pandemic.

https://www.nbcnews.com/politics/donald-trump/trump-opens-door-another-round-stimulus-checks-direct-deposits-n1231780?mkt_tok=eyJpIjoiWkRFME16TXdPREpsWldGbClIsInQiOiIrR3RWWFRvVVJpVlhjVHFDRXBSdWpSWWpMZ05ROWloelVVR311dWwxUjRlVWmxtRE96RXNDT1g4Q0tIcjlI4aFBubGRpOXJhRnIxeHpKT0ZcL0tORXRbdWtZbEJtb1JkSXMycjlrOFNWQUY5QmhncVM2ZjVQNVhpQzQ0SVpROHRGNGUifQ%3D%3D

FROM NEW YORK

- A moratorium on evictions that New York state imposed during the coronavirus pandemic expired over the weekend, raising fears that tens of thousands of struggling residents will be called into housing courts, which reopened on Monday, [The New York Times reports](#).
- With the pandemic [slamming more than two dozen states](#) with increasing strength, Governor Cuomo is not ruling out imposing quarantine restrictions on visitors from the worst hotspots. “We are seriously considering it – and I’m talking to my neighboring states,” the governor said. “I’m getting calls all day long, people from Florida, Texas, saying we want to be in New York because we’re afraid. That could actually increase our transmission rate so I’m talking to my neighbors, Governor Murphy in New Jersey, Governor Lamont in Connecticut, about what we do about it.”

#

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)