

Tuesday, June 9, 2020

To: Community Banks

FROM ICBA

New PPP Payroll Threshold Not A Cliff

The Treasury Department and Small Business Administration clarified that Paycheck Protection Program borrowers will remain eligible for partial loan forgiveness under the 60 percent payroll requirement contained in the new PPP reform law.

The Paycheck Protection Program Flexibility Act of 2020 lowers the amount that must be spent on payroll costs from 75 percent to 60 percent. While the legislative language suggested that there would be no forgiveness if payroll is less than 60 percent, a [joint statement](#) from Treasury and SBA issued Monday clarified that partial forgiveness will remain available.

The agencies noted that 60 percent of the forgiveness amount—not the total loan amount—must be devoted to payroll.

ICBA has [updated its summary](#) of the PPP reform law for community banks to share with their small-business borrowers. Among its other provisions, the law extends from eight to 24 weeks the amount of time borrowers have to spend PPP funds while remaining eligible for forgiveness.

ICBA strongly advocated additional reforms, such as allowing a forgiveness presumption of compliance for loans of \$1 million or less, and will continue working with policymakers on PPP flexibilities.

ICBA Seeks Streamlined Paycheck Protection Program Process

ICBA called on the Treasury Department and SBA to make the Paycheck Protection Program loan-forgiveness process less complex and onerous for borrowers and lenders.

In a [letter to the agencies](#), ICBA called for:

- A shorter and simpler application form akin to the IRS Form 1040EZ.
- An online PPP loan-forgiveness calculator for borrowers and lenders.
- A forgiveness presumption of compliance for borrower-certified loans of \$1 million or less.
- SBA to purchase residual PPP loans at par to support additional lending.
- Preserving the tax deduction for business expenses for PPP borrowers.

Smaller Lenders Lead Both PPP Rounds: Data

Lenders under \$10 billion in assets have made more than 2.26 million Paycheck Protection Program loans worth more than \$224 billion through both rounds of funding, the Small Business Administration reported. According to an [SBA summary](#) of loan approvals through June 6, lenders from \$10 billion to \$50 billion in assets made more than 704,000 loans worth nearly \$100 billion. Combined, the two asset classes account for more than 65 percent of approved loans and more than 63 percent of the approved dollar amount.

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 Backs Bill Easing PPP Access For Ag Producers

ICBA [expressed support](#) for legislation that would allow more farmers and ranchers to qualify for the Paycheck Protection Program. The Paycheck Protection for Producers Act, slated to be introduced today by Sens. John Thune (R-S.D.) and Tammy Baldwin (D-Wis.), would include gross income in lieu of net income from their Schedule F tax return. ICBA said the change is needed because many producers are unable to show positive income.

Fed Expands Main Street Lending Program

The [Federal Reserve Board](#) expanded its Main Street Lending Program to expand access to small and midsized businesses. Among its changes, the Fed lowered the minimum loan amount from \$500,000 to \$250,000, adjusted the principal repayment schedule to begin after two years, and extended the term to five years. The Fed encouraged lenders to register for the program, which is designed to purchase 95 percent of each eligible submitted loan.

TOMORROW (Wednesday, June 10): Watch Cutting-Edge Fintechs Demo PPP Technologies: PPP Tech: Loan Forgiveness Solutions Sprint June 10 | Noon-2 p.m. (Eastern)

Join ICBA, the Alliance for Innovative Regulation, and The Venture Center as we showcase numerous fintech providers helping community banks navigate the Small Business Administration's Paycheck Protection Program (PPP) loan forgiveness process at [Round Two | PPP Tech Loan Forgiveness Solution Sprint](#). A new assortment of hand-picked fintechs will demo cutting-edge technologies addressing PPP requirements for reporting, managing, and calculating these loans prior to a rapid-fire Q&A with community bank leaders. **To register, use the link provided below.**

https://us02web.zoom.us/webinar/register/WN_ASdMoJ4OROeZ2_y6Wa-CPQ?utm_campaign=2020%20PPP%20Loan&utm_medium=email&_hsmt=89203910&_hsenc=p2ANqtz--wTMwbfFqezJ6oBzWj8bhapK1DHSN3q_ciyGGbWEvqsFjopoxufHsPOBwF0_h_5Y-mga96g7CbIwkoUQACxiFRq_iE9g&utm_content=89203910&utm_source=hs_email

OTHER SOURCES

Rep. Carolyn Maloney Awaiting Results Of COVID-19 test

Rep. Carolyn Maloney (D-Manhattan/Brooklyn/Queens), a member of the House Financial Services Committee, announced she is self-quarantining after feeling unwell. "Over the past 24 hours I have found myself feeling unwell," the Democratic lawmaker tweeted. "Out of an abundance of caution and after consultation with medical professionals, today I was given a COVID test & am self quarantining as I await the results."

New York Fed Survey Finds Consumers "More Optimistic" About Future Of Economy

The Wall Street Journal reports a May survey by the Federal Reserve Bank of New York found consumers became more optimistic about the future economy. The survey found a "significant decline" in the expectation that unemployment will rise a year from now and a lower expectation of losing a job, although key measures remained "far below" their pre-coronavirus figures. Household projections of where inflation will be a year from now reached 3 percent last month compared to 2.6 percent in April.

Mortgages In Forbearance Drop For First Time Since March

"Marketplace" reports that, for the first time since the COVID-19 crisis began, the number of homeowners seeking relief from their mortgage payments is falling. According to mortgage technology and data provider Black Knight, 4.7 million home loans were in forbearance as of June 2, down about 34,000 from a week prior.

https://www.marketplace.org/2020/06/08/mortgages-in-forbearance-drop-for-first-time-since-march/?mkt_tok=eyJpIjoiWTJReVkyRXpaREZoTlRrMCIsInQiOiJoeGVNa3N6cWIWXXhqWUYrRFluRTVDNGtXV1c1Sm1GVkdMWXRzd1dneG1ZRTVrZUo5M2QxYTNSQXZ5Y311MVkrQXNuNkR0VkN5NHFGMUR6QUtERzlcL0tNTkk0d1F0NDNhUGw2c0lKTGtLXC9ZdlgzY2pCenVFTG15aTUzV0JteTZ0In0%3D

Still No Timetable For Phase Four Relief Legislation

“The Senate GOP remains noncommittal on both the timing and substance of the next piece of relief legislation -- *Phase Four*. Bipartisan talks reportedly still haven't begun in earnest, and the White House and senior Republican senators say they won't start until July. Senate Majority Leader McConnell said in a floor speech that the economy has bottomed out, touted improving jobs numbers and has declined to comment about timing for new aid. If the Senate waits until next month to act, the window gets narrower. After July 3, the Senate is scheduled to go on a two-week recess, return for three weeks and then depart again until September.” [POLITICO](#)

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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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