

Friday, May 29, 2020

To: New York Community Banks

FROM ICBA

House Passes PPP Reform Bill

The House voted 417-1 to pass legislation to ease restrictions on the Small Business Administration's Paycheck Protection Program, as advocated for by ICBA. [H.R. 7010: Paycheck Protection Program Flexibility Act of 2020](#), sponsored by Reps. Dean Phillips (D-Minn.) and Chip Roy (R-Texas), extends the time for businesses to spend the money from eight to 24 weeks and lowers the amount that must be spent on payroll costs from 75 to 60 percent.

In its [letter to Congress Wednesday](#), ICBA argued that the PPP loan forgiveness restrictions were "far too onerous and complex," and hindered community banks' ability to distribute critical funds to companies in need. "We've got basically a two-week window here to make any reasonable reforms to the forgiveness side," ICBA's Paul Merski told [Politico](#).

ICBA encourages community banks to use its [Be Heard grassroots action center](#) and tell lawmakers to make these necessary changes to ensure the program reaches as many small businesses and employees as possible. Note: Internet Explorer users who experience problems accessing the ICBA Action Center can try using an alternative web browser, such as Chrome, Firefox, or Safari.

ICBA, State Groups (*Including IBANYS*) Call For PPP Reform

ICBA and 43 state banking associations (including IBANYS) [wrote](#) to Congress seeking more workable forgiveness loan terms under the Small Business Administration's Paycheck Protection Program. In a [separate letter](#) to congressional leaders Wednesday, ICBA called the program's forgiveness rules and procedures "far too complex and onerous," and said the U.S. Treasury's long-awaited guidance was "a source of disappointment and frustration" that presented "a new source of liability risk for community bankers who have acted in good faith."

Among its recommendations, the banking coalition requested:

- **More flexible spending to preserve small business viability and employment**, authorizing borrowers to spend up to 50 percent of loan proceeds on allowable, non-payroll expenses and extending the current 8-week period for spending PPP funds.
- **Easy-to-use forms and procedures for PPP forgiveness**, including a presumption of compliance for loans of \$1 million or less, and a PPP loan forgiveness calculator to help determine forgiven debt.
- **Preserving business operating expense deductions** for PPP borrowers that obtain loan forgiveness.

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SBA And Treasury Set Aside \$10B In PPP Funding For CDFIs

The Small Business Administration and the Treasury Department announced plans to set aside \$10 billion of round two of Paycheck Protection Program funding for Community Development Financial Institutions. "We have received bipartisan support for dedicating these funds for CDFIs to ensure that traditionally underserved communities have every opportunity to emerge from the pandemic stronger than before," Treasury Secretary Steven Mnuchin said in a [statement](#). As of May 23, 2020, CDFIs have approved more than \$7 billion (\$3.2 billion in round 2) in PPP loans, according to the SBA. More than 4.4 million loans have been approved for over \$510 billion for small businesses across America, the SBA noted.

Fed Provides Update On Main Street Lending Program

The Federal Reserve Bank of Boston has provided [additional guidance](#) related to the Fed's Main Street Lending Program for potential borrowers and lenders. The new information includes a form loan participation agreement, lender certifications and covenants, borrower certifications and covenants, updated frequently asked questions, and other legal documents. Additional details, including the launch date for the program, will be announced as they become available.

OCC Issues Interim Final Rule Permitting Remote Meetings

The OCC issued an [interim final rule](#) permitting telephone and electronic participation at all board of directors, shareholder and member meetings. Banks practicing remote meeting participation must have procedures in place in accordance with elected state corporate governance procedures, the Delaware General Corporation Law, or the Model Business Corporation Act. The interim final rule is effective May 28, 2020. Comments are due July 13, 2020.

ICYMI: Recording Available Featuring PPP Loan-Forgiveness Solutions

If you missed last Thursday's fintech showcase hosted by ICBA in partnership with AIR, the Alliance for Innovation Regulation, and the Venture Center, a [recording of the event](#) is now available. The showcase highlighted cutting edge-technologies designed to address reporting, managing and servicing Paycheck Protection Program requirements. The event featured product demos from 12 ICBA-invited fintechs and had more than 350 registrants.

Pending Home Sales Down 21.8% In April

Pending home sales declined sharply for the second straight month in April due to the COVID-19 outbreak, according to the [National Association of Realtors](#). NAR's index based on contract signings decreased 21.8 percent and was down 33.8 percent from a year ago. NAR said it expects listings and buying activity to resume as states reopen and more consumers feel comfortable about home buying amid social distancing measures.

FROM THE OCC

Brian P. Brooks Statement on Becoming Acting Comptroller

WASHINGTON — Brian P. Brooks today released the following statement on becoming Acting Comptroller of the Currency.

"I am deeply honored to serve my country as Acting Comptroller of the Currency and lead this important and prestigious agency during this challenging time.

Over the past several months, the federal banking system has been integral to the nation's response to COVID-19. It has been a central means to deliver relief to businesses and consumers and has continued to function admirably under significant stress. Banks and savings associations entered this crisis well positioned to play this important role. They remain a source of strength for the economy and an engine of opportunity.

The nation can rely on the federal banking system due in large part to the 3,600 men and women of the Office of the Comptroller of the Currency who have maintained a flexible regulatory framework in which banks can evolve to meet the needs of their communities; rigorously examined banks to ensure their safe, sound, and fair operation; and when necessary exercised our authority to enforce corrective action.

An agency with a 157-year history understands COVID-19's seemingly long shadow is temporary. While managing through its effects will take significant focus and effort, we must not lose sight that we aim toward a longer, brighter purpose. We should approach our work not just with an eye to the next year, but to ensure the federal banking system adapts to the changing needs of consumers, markets, and the nation for the next 50 or 100 years.

The agency can take both the long view and meet the challenges facing banks today by focusing on four priorities: 1) build upon responsible innovation to help the banking system keep up with changes in the way American consumers and businesses manage their finances; 2) enhance the strength of the federal banking system by enhancing the scope and relevance of the national charter; 3) ensure banks serve their entire community through fair access to credit, capital, and financial services; and 4) provide OCC employees engaging, rewarding, and challenging career opportunities.

Build upon responsible innovation to help the banking system keep up with changes in the way American consumers and businesses manage their finances

Innovation is a personal passion of mine, and the OCC can build on its foundation of innovation to provide banks and thrifts the regulatory certainty, the flexible framework, and oversight that allows them to evolve and capitalize on technology and innovation to deliver better products and services, to operate more efficiently, and to reduce risk in the system. Some of that work includes defending our authority to issue bank charters that support companies' ability to engage in the business of banking on a national scale, including taking deposits, lending money, *or* paying checks. We should support banks' use of new technology, products, and models that safely and fairly accelerate the velocity of money, create greater financial inclusion, and empower consumers and businesses with more control over their financial affairs.

Enhance the strength of the federal banking system by enhancing the scope and relevance of the national charter

COVID-19 reminded us that challenges facing a nation often rely on a national strategy, response, and capability for our collective good. Lincoln understood this when he created a system of national banks in 1863 to unify our republic, provide for interstate commerce, and solidify a national currency with the country's full faith and credit behind it. Hamilton understood this, too, although Lin-Manuel Miranda gave it a better melody and educated a generation about the centrality of national banks to the collective prosperity of a nation. Maintaining that system requires vigilance and care, but we also have to remember that we are not curating a history museum—we're overseeing a system that has to be responsive to the needs of Americans in this generation and the next. As the administrator of the federal banking system we have a responsibility to defend the authority and the powers Congress granted that enable the federal banking system to evolve, to harness the power of rapidly changing technologies and financial markets, to support a nationwide economy, and to serve local needs. We will work to clarify what true lender means, to underscore that the terms of a lawfully made contract remain valid for the duration of that contract even if it is sold by a bank to another investor, and to specify what the parameters of the "fintech charter" and other special purpose charters should be.

Ensure banks serve their entire community through fair access to credit, capital, and financial services

If the first two priorities provide the bedrock on which a federal banking system can thrive, the third priority focuses on why they exist at all—to serve their entire community. Last week, the OCC acted to strengthen Community Reinvestment Act rules which will encourage banks to lend and invest more and to make assessing how well banks serve their entire community more disciplined and consistent.

But there is more to it than that. Section 324 of the Dodd-Frank Act clarifies that the OCC mission includes ensuring "fair access to financial services, and fair treatment of customers by, the institutions and other persons subject to its jurisdiction." Fair access has come under attack. Whether under the disreputable practice of "Choke Point" or under the guise of reputation risk, we should not tolerate lawful entities being denied access to our *federal* banking system based on their popularity among a powerful few. That is a dangerous and untenable practice that we will work to correct.

Provide OCC employees engaging, rewarding, and challenging career opportunities

Our success in ensuring banks operate in a safe, sound, and fair manner relies entirely on the men and women who serve the nation examining banks every day to assess their health, promote their compliance with laws and regulations, and provide sage counsel and insight that only the nation's preeminent prudential supervisor can. It is service at its finest, and I am proud to work alongside such dedicated and professional people. The OCC Executive Committee and I will do everything in our

power to provide a world-class place for OCC employees to work that delivers the resources and support necessary to successfully oversee the world's most respected banking system.

These priorities will guide our effort over the months ahead and will ensure a safe, sound, and fair federal banking system; will help banks better serve the consumers, businesses, and communities that rely upon them, and will promote growth and economic opportunity, particularly for Main Street America.

I congratulate Joseph Otting, the 31st Comptroller of the Currency and my friend, on a successful tour and on the many accomplishments the agency achieved under his stewardship. I am also grateful to Secretary of the Treasury Steven Mnuchin for his leadership and his confidence in giving me this rare and august responsibility.

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FROM THE WHITE HOUSE

Today, the U.S. Small Business Administration and the U.S. Treasury Department announced that \$10 billion of Round 2 funding for the Paycheck Protection Program (PPP) will be lent exclusively by Community Development Financial Institutions (CDFIs) to expand economic opportunity in low-income communities. To learn more, click [here](#).

Assistance for Small Businesses

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.

[Summary of Paycheck Protection Program Round 2 Data](#) – Updated 5/28

FROM NEW YORK

- **The State Legislature approved** a controversial measure meant to provide **rent relief** to tenants impacted by the coronavirus pandemic that relies on \$100 million in federal stimulus funds to be used for rental vouchers for a limited pool of renters, [the Daily News reports](#).

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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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