

Thursday, July 16, 2020

To: New York Community Banks

FROM ICBA

Fed Extends Rule Allowing PPP Loans To Directors

The Federal Reserve Board [extended](#) a rule change allowing certain bank directors and shareholders to apply to their banks for Paycheck Protection Program loans for their small businesses. The SBA clarified in April that PPP lenders may make PPP loans to businesses owned by their directors and certain shareholders. The Fed's rule change allows those individuals to apply for PPP loans while the PPP is active, consistent with SBA's rules and restrictions.

Separately, the SBA on Monday said PPP lenders must submit the first monthly PPP 1502 report this week. With a two-day grace period, this month's report is due tomorrow, July 17, according to SBA's [procedural notice](#).

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](#).

ICBA Continues Stimulus Grassroots Push

With the debate over the next economic stimulus package set to pick up steam next week, ICBA is calling on community bankers to use its [Be Heard grassroots action center](#) to weigh in with recommendations. ICBA's custom message encourages lawmakers to advance a more straightforward approach to Paycheck Protection Program loan forgiveness as well as capital, accounting, and tax relief.

Fed: Loan Demand Flat Outside PPP

Economic activity increased in recent weeks but remained well below where it was prior to the COVID-19 pandemic, according to the Federal Reserve's [Beige Book](#). The Fed said loan demand was flat outside of Paycheck Protection Program activity, while the PPP and loan deferrals reportedly provided many firms with sufficient liquidity for the near term.

FROM THE WHITE HOUSE

- State-by-State PPP Data can be found [here](#).
- [Top-line Overview of PPP](#)
- [SBA Paycheck Protection Program Loan Report](#)
- [SBA Paycheck Protection Program Loan Report Round 2](#) – Updated 7/10
- [Summary of Paycheck Protection Program Round 2 Data](#) – Updated 7/14

OTHER SOURCES

PPP Loans Listed In Wrong Congressional Districts

According to Bloomberg News, at least a quarter-million coronavirus relief loans may be listed in the wrong U.S. congressional district in data the Trump administration released for the Paycheck Protection Program, hampering efforts to determine how effective the initiative to help small businesses is. Bloomberg checked the roughly 4.9 million PPP loans against a HUD database that tracks changes in ZIP codes and congressional districts quarterly.

https://www.washingtonpost.com/business/2020/07/14/ppp-job-claims-sba/?hpid=hp_hp-top-table-high_pppjobs-506pm%3Ahomepage%2Fstory-ans&mkt_tok=eyJpIjoiTWpaaE56TmtaamRtTXpBMiIsInQiOiIrdDY4V0lSdlRjcmRaSmRreDRFRjhMa2

Get Ready For The Toughest Round Of Coronavirus Negotiations Yet

Speaker Pelosi and Senate Majority Leader McConnell haven't even started privately talking about the next relief bill, and are pretty far apart. Republicans want to shield businesses from being sued and make school funding contingent upon reopening — two ideas Dems are against. Democrats are calling for as much as \$1 trillion in state and local aid and want to renew the expiring unemployment benefits — two priorities opposed by the GOP.

<https://politi.co/3fCzet9>

Another Fed President Warns Of Slow Economic Recovery

The resurgence of coronavirus cases are adding uncertainty to what is likely to be a slow recovery for the U.S. economy, said Federal Reserve Bank of Philadelphia President Patrick Harker. "The state of the economy really begins and ends right now with the virus and how the virus is being contained and controlled, or not," Mr. Harker said in an interview with The Wall Street Journal.

FROM NEW YORK

- The [Infection rates remain relatively low](#) in New York state – albeit with a notable bump overall in recent days – but the economic toll of the pandemic is not easy to ignore in New York despite [another bullish day](#) on Wall Street. The White House is signaling a willingness to support an [extension of pandemic unemployment benefits](#), but it looks like the recession is here to stay, regardless of what happens with any new round of federal stimulus funding. “The wide-open, full-employment economy of the recent past is fast disappearing in the rearview mirror,” reads a [Tax Day analysis](#) from the Empire Center for Public Policy. “Looking ahead, state and local governments in New York face an especially rough uphill climb back to even a semblance of normalcy.”
- Rep. Alexandria Ocasio-Cortez will spearhead a new campaign to push Governor Cuomo to tax billionaires who live in New York State and use the money to assist people hurt by the pandemic-fueled economic crisis. Similar measures targeting the wealthy have stalled in Albany, opposed by Republicans who long controlled the State Senate or by Gov. Cuomo, who has made his tax-cutting ways a central platform. But the environment has changed: Democrats gained control of both houses of the Legislature in 2018, and the effects of the coronavirus-forced shutdown have created a \$13 billion state budget shortfall. <https://www.nytimes.com/2020/07/16/nyregion/aoc-billionaires-tax.html>
- New York City small businesses [got disproportionately fewer](#) loans from the federal government's Paycheck Protection Program than parts of the country that weren't as hard hit by the coronavirus pandemic, according to a city comptroller report. Only 12% of the roughly 1.1 million employee-based and non-employer businesses in New York City received a PPP loan, according to the report set to be released Wednesday. By comparison, more than 20% of businesses in states that were less economically affected by the pandemic — like North Dakota, South Dakota and Nebraska — got federal aid, the report says, based on roughly three months of federal data on the program through June 30. Small businesses in Montana, Kansas, Iowa and Wyoming also received a higher share of PPP loans than businesses in New York City, the report says.
- As coronavirus cases surge across the country, New York [met a grim benchmark Wednesday](#) as the state reported more than 25,000 people have died from the respiratory illness since the pandemic began. The State Health Department numbers lag behind those reported by John Hopkins University, which currently estimates New York's death toll to be above 32,400. Discrepancies in totals can be attributed to the state only counting confirmed coronavirus deaths,

meaning a patient died after a positive test result. John Hopkins takes “probable” COVID-19 deaths into account.”

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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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