

Wednesday, August 12, 2020

To: New York Community Banks

FROM ICBA

SBA issues interim final rule on loan review, updates FAQs

The SBA released an [interim final rule](#) on appeals of SBA loan review decisions under the Paycheck Protection Program that outlines the process for borrowers to appeal adverse SBA decisions regarding borrower eligibility, the loan amount received, improper use of the PPP loan proceeds, and/or the PPP loan forgiveness amount claimed by the borrower. The SBA also updated its [frequently asked questions](#) on the Paycheck Protection Program with guidance that payment or nonpayment of agent fees do not affect the SBA guarantee, and that vision and dental insurance costs are eligible payroll costs. The loan forgiveness FAQs are also updated to cover the [deduction of Economic Injury Disaster Loans](#) advances from forgiveness amounts. Additional guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

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HUD sets aside funding to help low-income households amid COVID-19

The Department of Housing and Urban Development [announced](#) \$472 million in CARES Act funding to help low-income families during the coronavirus pandemic. HUD made the funding available to Public Housing Authorities to help families utilizing the Housing Choice Vouchers and Mainstream vouchers.

Smaller lenders lead on PPP: SBA data

Lenders under \$10 billion in assets have made some 2.74 million Paycheck Protection Program loans worth more than \$233 billion through both rounds of funding, the SBA reported. According to an [SBA summary](#) of loan approvals through Aug 8, lenders from \$10 billion to \$50 billion in assets made nearly 770,000 loans worth more than \$100 billion. A total of 5.2 million PPP loans have been made, aggregating \$525 billion.

ICBA sent a letter (see attached) to Treasury Secretary Mnuchin and SBA Administrator Carranza late last week to urge additional clarification regarding the need to enter into a formal agreement to set the responsibilities and compensation of the agent. The lack of current clarity has caused third parties to demand fees from PPP lenders with no formal agreement in place sometimes causing lawsuits to be filed, something that is happening increasingly across the country. ICBA is asking Treasury/SBA to issue an interim final rule clarifying that the agency relationship, while permitted under the PPP, should follow a formal agreement executed between the agent and the lender that specifies who each party represents, what their respective duties are, and the amount of the agent's fee, thereby protecting the legitimate agent/lender/borrower relationships and striking a blow to those who are unjustly trying to take advantage of the situation. Please let IBANYS and ICBA know if you have any questions or comments.

FROM OTHER SOURCES

- Funding for a \$300 weekly boost to federal unemployment benefits under President Trump's recent executive action could run dry in five to six weeks, according to a U.S. Labor Department official. The \$44 billion in funds available will also take time to trickle down to recipients, as states will have to update their systems, and states are not required to send another \$100 a week to beneficiaries as prescribed by Trump's action to replace the expired \$600 weekly benefits. ([The Wall Street Journal](#))
- Senior Trump administration aides acknowledged that they are providing less financial assistance for the unemployed than the president initially advertised amid mounting blowback from state officials of both parties, [The Washington Post reports](#).

- The Federal Reserve said it will lower the rate it charges cities and states to borrow short-term funds from its emergency lending program, a move that must be agreed to by the Treasury Department. So far, the program has seen little use, with the Fed purchasing only one note from the state of Illinois, which sold \$1.2 billion in debt to the central bank in June, as critics claim that cities and states are turning to layoffs and service cutbacks that wouldn't be necessary if borrowing was cheaper. ([The Wall Street Journal](#))
- Talks for a new coronavirus economic relief package remain at "a bit of a stalemate," Senate Majority Leader Mitch McConnell (R-Ky.) said during a television interview. An official familiar with the matter said there has been no direct communication between House Speaker Nancy Pelosi (D-Calif.) and Treasury Secretary Steven Mnuchin since talks stalled last week, while congressional staff on both sides of the aisle said there hasn't been any contact between Pelosi and McConnell, although some were hopeful that talks could resume this week. ([Bloomberg](#))
- Spending cuts by state and local governments grappling with the coronavirus pandemic pose a headwind to the U.S. economic recovery as lawmakers consider how much federal aid to provide. State and local governments reduced spending at a 5.6% annual rate in the second quarter as they laid off workers and pulled back on services to offset plunging tax revenues. https://www.wsj.com/articles/coronavirus-hit-state-budgets-create-a-drag-on-u-s-recovery-11597224600?mkt_tok=eyJpIjoiWIRWaE1XRmpOREF4TVdWaCIsInQiOiJrOTRnalFGYXpvcUtlRmlBQkFqTkJja29zSjBJNXprc1Irb016UU9hZVBaNThtWGkrdG9QYk5Oa2hpbm1jUHhCcWVob2ZJMUo1TVlVRFlxZ2FheXdvQzZsd2ZOQWh0UXljNTFITnZnVkI0UUVVmnN01CRW1Ea2VMVzNRQ2tSMWlySyJ9

FROM NEW YORK

- Hawaii, South Dakota and the Virgin Islands have been added to New York's list of states and territories for a 14-day travel quarantine, Gov. Andrew Cuomo on Tuesday announced. The list now includes 31 states as well as the U.S. territories of the Virgin Islands and Puerto Rico. [Read More](#)
- Even as New York City has contained the coronavirus and slowly reopens, there are ominous signs that some national brands are starting to abandon the city as many stores are still closed, some permanently, while those that are open have very little foot traffic, [the Times reports](#).
- On Tuesday, New York reported 25,211 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 6 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#). The overall COVID-19 case numbers in New York state are [holding steady at their lowest levels](#) since mid-March. However, the 667 new cases identified in the state – out of 77,059 tests total – shows that the pandemic still remains very much present in the state (here are positive cases by [county](#) and [region](#)) with the majority of cases coming from in-state community spread rather than from out-of-state visitors.

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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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