

Thursday, August 20, 2020

To: New York Community Banks

## FROM ICBA

### **ICBA urges emergency loan program fix**

ICBA urged the SBA to address the confusing interaction between the Economic Injury Disaster Loan Program and Paycheck Protection Program loan forgiveness, which is imposing unexpected debts on small-business borrowers.

In a [letter to the agency](#), ICBA noted that borrowers may receive up to a \$10,000 advance payment under the EIDL program—but those funds can be deducted from the forgiveness received for a PPP loan. As a result, PPP borrowers that use their loans entirely on covered expenses might still be left with a substantial unforgiven balance that must be repaid. This unexpected debt burden could prove fatal for many small businesses while requiring community banks to expend additional resources to collect on their loan guarantees from the SBA, ICBA President and CEO Rebeca Romero Rainey wrote. Further, the reduction is proving to be a surprise for many PPP borrowers given SBA guidance that has consistently indicated that EIDL advances do not have to be repaid. "As a matter of public policy, it does not make sense to saddle small business with additional debt in the middle of a once-in-a-century health and economic crisis," Romero Rainey wrote. ICBA urged the SBA not to deduct EIDL advances from PPP loan-forgiveness amounts. At minimum, the agency should not deduct EIDL advances when they are not used for the same purposes as PPP loans or are used outside the PPP covered period, ICBA said. ICBA recently posted a [guide on SBA lien requirements](#) related to EIDLs. The guide notes that EIDL loans over \$25,000 require a blanket Universal Commercial Code lien allowing the SBA to take an interest in the assets of the business. Additional information on the federal pandemic response are available in ICBA's [frequently asked questions](#) on COVID-19.

### **READ ICBA LETTER**

### **Bowman: Community bank Fed seat strengthens pandemic response**

The Federal Reserve's response to the COVID-19 pandemic has benefitted from having a board seat dedicated to someone with community banking experience, Fed Governor Michelle "Miki"

Bowman [said](#). Bowman—the first person to fill the Fed's ICBA-advocated community banking seat—said diversity on the Fed board is a strength that benefits the broader economic and financial system. "Our actions in response to the recent pandemic have clearly benefited from this perspective, as we understand how the varying state and local approaches have affected economic conditions across the nation," she said. The Fed position exists because of ICBA's successful advocacy for Congress to require community bank representation on the board.

### **ICBA push on GSE fee continues**

ICBA continues urging community bankers to [call on policymakers](#) to overturn Fannie Mae and Freddie Mac's decision to charge a 0.5 percent fee on refinance mortgages. Community bankers can use ICBA's [Be Heard grassroots action center](#) to tell Congress to insist that the enterprises and the Federal Housing Finance Agency reverse the policy, which would cost the average homeowner \$1,400 amid the COVID-19 pandemic. [Contact Congress now](#).

## FROM OTHER SOURCES

- The Federal Reserve said the economic recovery will need more help from Congress, according to minutes from the central bank's policy meeting in late July as coronavirus cases grew again and economic support programs from lawmakers neared their expiration. Fed officials also noted the impact on low-income and minority households, saying that low-wage jobs are disproportionately held by Black and Hispanic people, along with women, and that these groups are "bearing a disproportionate share of the economic hardship caused by the pandemic." ([The New York Times](#))

- The Wall Street Journal reports that new applications for unemployment benefits have eased in recent weeks but remain at historically high levels, indicating that the labor market is healing but still far from recovered from the economic shock caused by the continuing coronavirus pandemic. Weekly initial claims for jobless benefits eased in recent weeks but have remained above the highest level recorded before this year. [Unemployment Benefit Claims Declining, Still at Historical Highs](#)

### FROM NEW YORK

- State Comptroller DiNapoli reported New York City lost 944,000 jobs from February to April and recovered 12.9 percent (122,000) of those in May and June. February-to-April declines elsewhere in the State (and jobs regained in the following two months) were: *Long Island* - 296,000 jobs lost, with 29.4 percent (87,000) recovered through June; *Hudson Valley region* - 185,000 lost, with 24.6 percent (45,500) recovered; *Upstate* - 519,000 lost, and 27.9 percent (145,000) recovered. Initial unemployment claims have declined sharply in New York in recent weeks. For the week ending August 8, initial claims totaled just over 52,000, compared to a peak of more than 394,000 for the week ending April 11. [https://www.osc.state.ny.us/reports/covid-19-august-19-2020?utm\\_source=comptroller+message&utm\\_medium=email&utm\\_term=visit+web+page&utm\\_content=20200819&utm\\_campaign=fiscal+oversight](https://www.osc.state.ny.us/reports/covid-19-august-19-2020?utm_source=comptroller+message&utm_medium=email&utm_term=visit+web+page&utm_content=20200819&utm_campaign=fiscal+oversight)
- New York reported 25,270 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](#).
- Despite an extension of the state's eviction moratorium until October 1, advocates say eviction cases filed prior to the beginning of the pandemic [will continue in court proceedings](#). The New York State Office of Court Administration issued guidance for housing court proceedings on Aug. 13. Governor Cuomo said he would extend the eviction moratorium until Sept. 5, but in a court memorandum, Chief Administrative Judge of the Courts Lawrence Marks further extended it until Oct. 1 for cases filed on or after March 17.
- Governor Cuomo said that he would tweak his coronavirus response if he could go back in time: "I should've done masks earlier. That would've made a dramatic difference," [he told WAMC's Alan Chartock](#) Wednesday.
- The city of Buffalo's finances are so bad that there are two efforts currently underway to borrow money. [Read More](#)
- Fruit growers in Onondaga County and retail workers in New York City share one commonality: They're working potentially hazardous jobs during the coronavirus pandemic. State lawmakers on Wednesday unveiled legislation aimed at affording broad safety and worker protection rules in New York during the COVID-19 pandemic. [Read More](#)

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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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