

Friday, August 21, 2020

To: New York Community Banks

## FROM ICBA

### **Banks win first court decision on PPP agent fees**

Banks won the first legal battle over Paycheck Protection Program agent fees, with a court ruling against plaintiffs who argued they are entitled to payments from lenders that the banks haven't authorized. As reported by [American Banker](#), a U.S. district judge ruled in the first of many lawsuits that banks are not required to pay fees to accountants and consultants that "helped" small businesses with PPP applications, unless they have reached upfront agreements to do so. Any agent fees must be paid out of the funds provided by the SBA to PPP lenders, the judge ruled, as indicated by PPP rules and guidance. The plaintiffs can appeal, and many similar cases have been filed in other jurisdictions. ICBA recently called on the Treasury Department and SBA to clarify rules on PPP agent fees. In a [letter earlier this month](#), ICBA asked the agencies to confirm that contractual relationships are required to form agency relationships, as Treasury Secretary Steven Mnuchin has suggested in congressional testimony.

### **'Skinny' stimulus proposal retains ICBA priorities**

The scaled-back coronavirus relief package circulated this week by Senate Republicans retains ICBA-advocated provisions contained in previous drafts. The "skinny" draft proposal—narrowed to help restart stimulus negotiations—includes provisions forgiving Paycheck Protection Program loans under \$150,000, providing a lender safe harbor, expanding forgivable expenses, and more. As Congress and the Trump administration work to resume negotiations over the next stimulus package, ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge needed reforms.

### **Webinar next week on PPP forgiveness platform**

Federal and state regulators [scheduled a webinar](#) for next week on the SBA's Paycheck Protection Program loan-forgiveness platform. Scheduled for 11 a.m. (Eastern time) Thursday, Aug. 27, and open to all PPP lenders, the webinar will cover PPP loan-forgiveness policies and using the platform. Participants may submit questions in advance. The [platform](#) on Aug. 10 began accepting loan-forgiveness applications and decisions. An SBA [user guide](#) released earlier this month provides details on the timeline, decision process, account management, and more. [Register for the webinar](#).

### **ICBA op-ed: new refi fee will hurt borrowers most**

Fannie Mae and Freddie Mac's surprise 0.5 percent price hike on refinance mortgages will raise the cost of mortgage credit and hamper the economic recovery, ICBA wrote in a new op-ed. In [American Banker](#), ICBA's Ron Haynie wrote that the new "adverse market" fee comes at a significant cost to homeowners at precisely the wrong time. The fee increase will cost borrowers an average of \$1,400 amid a global pandemic while imposing losses on lenders already struggling to comply with government-mandated forbearance, he said. "This will directly affect families' monthly budgets, especially with many dealing with job losses and reduced hours at work," Haynie wrote. "For many Americans, \$1,400 means a lot." Haynie also discussed the fee hike in a separate [American Banker report](#), noting that it will lead to slightly higher interest rates for borrowers that will noticeably increase payments. "There is a cost and borrowers will notice it," he said. ICBA is urging community bankers to [tell Congress](#) to insist that the enterprises and the Federal Housing Finance Agency reverse the policy.

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## FROM OTHER SOURCES

- The first week of claims data after the PPP stopped accepting applications shows the need for renewed stimulus for small businesses and consumers, advocates and business owners say. The unexpected jump in weekly initial jobless numbers to more than 1 million is a red flag about the stability of small business in the United States.  
<https://www.nbcnews.com/business/economy/spike-jobless-claims-comes-after-ppp-other->

[pandemic-benefits-expired-n1237493?mkt\\_tok=eyJpIjoiWVdNek1qWTFOamxqTnpCayIsInQiOiJNZZhFOEdGcVdxbTdWVWloemkwZmFkbFVLeEY4WGFXOTg0YnBUNXZCa1g4a09USFNINDBrZzZieDRcL0hOTFY3U0V1RWMwQnpDxc9TWkpMbHBvTXJUUKFaSVYxWkY4OWxlcuVYMFVEajZhYnBBeEVRbDJOdE5FOGVQcGlua09DSHM3In0%3D](https://www.bloombergmkt_tok=eyJpIjoiWVdNek1qWTFOamxqTnpCayIsInQiOiJNZZhFOEdGcVdxbTdWVWloemkwZmFkbFVLeEY4WGFXOTg0YnBUNXZCa1g4a09USFNINDBrZzZieDRcL0hOTFY3U0V1RWMwQnpDxc9TWkpMbHBvTXJUUKFaSVYxWkY4OWxlcuVYMFVEajZhYnBBeEVRbDJOdE5FOGVQcGlua09DSHM3In0%3D)

- U.S. credit-card lenders are beginning to pull back on the business even as consumers keep up with their bills during the coronavirus pandemic. Total credit on new accounts slumped 8.3% in the second quarter from a year earlier, to \$78 billion, the first decline in more than two years. [https://www.bloombergmkt\\_tok=eyJpIjoiTUdVMVl6SmtPR0ZqTWpJeSIsInQiOiJHQVhuOFRzOTZGWWJpc0JiZDZlZnpoQkktFFMS0txb1hrXC9pWGNhY29lVWxoUFpsY01lUW10dUs5N0N0eWRyZVwvYnlyUktzOUhBZXlzZktabDJSXC85aGpRanRkbTZFSzV6SGllQjNHMXpOdIzieFU5WXQweHlQY0luR2VJZk1WNCJ9](https://www.bloombergmkt_tok=eyJpIjoiTUdVMVl6SmtPR0ZqTWpJeSIsInQiOiJHQVhuOFRzOTZGWWJpc0JiZDZlZnpoQkktFFMS0txb1hrXC9pWGNhY29lVWxoUFpsY01lUW10dUs5N0N0eWRyZVwvYnlyUktzOUhBZXlzZktabDJSXC85aGpRanRkbTZFSzV6SGllQjNHMXpOdIzieFU5WXQweHlQY0luR2VJZk1WNCJ9)
- The IRS projects that lower levels of employment in the U.S. could persist for years, showcasing the economic fallout of the coronavirus pandemic. The IRS forecasts there will be about 229.4 million employee-classified jobs in 2021 - about 37.2 million fewer than it had estimated last year, before the virus hit. [https://www.bloombergmkt\\_tok=eyJpIjoiTUdVMVl6SmtPR0ZqTWpJeSIsInQiOiJHQVhuOFRzOTZGWWJpc0JiZDZlZnpoQkktFFMS0txb1hrXC9pWGNhY29lVWxoUFpsY01lUW10dUs5N0N0eWRyZVwvYnlyUktzOUhBZXlzZktabDJSXC85aGpRanRkbTZFSzV6SGllQjNHMXpOdIzieFU5WXQweHlQY0luR2VJZk1WNCJ9](https://www.bloombergmkt_tok=eyJpIjoiTUdVMVl6SmtPR0ZqTWpJeSIsInQiOiJHQVhuOFRzOTZGWWJpc0JiZDZlZnpoQkktFFMS0txb1hrXC9pWGNhY29lVWxoUFpsY01lUW10dUs5N0N0eWRyZVwvYnlyUktzOUhBZXlzZktabDJSXC85aGpRanRkbTZFSzV6SGllQjNHMXpOdIzieFU5WXQweHlQY0luR2VJZk1WNCJ9)

#### FROM NEW YORK

- The State Department of Labor reported that New York's unemployment rate continued to climb, reaching 15.9% in July even as the private sector added jobs last month as the coronavirus pandemic-induced recession lingers across the economy, [State of Politics reports](#).
- Cuomo signed an executive order extending a coronavirus-related emergency moratorium on evictions and foreclosures of commercial properties until Sept. 20, [the New York Post reports](#). [Read More](#)
- Syracuse University is reportedly on the brink of shutting down campus due to COVID after a video surfaced on social media [showing students secretly gathered on the campus Quad Wednesday night](#), college officials said.

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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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