

Tuesday, August 4, 2020

To: New York Community Banks

From ICBA

ICBA posts guide on Economic Injury Disaster Loan liens

ICBA [posted a new guide](#) to Small Business Administration lien requirements on Economic Injury Disaster Loans after seeking SBA input on its treatment of 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. It also says the SBA does not prohibit lenders with a superior lien position to the UCC-1 lien to continue advancing additional funds under existing borrowing arrangements. The guide also provides SBA contact information for borrowers and lenders seeking consent for subordination, and it links to additional EIDL resources from SBA. Additional information on the federal pandemic response are available in ICBA's [frequently asked questions](#) on COVID-19. [View the EIDL guide.](#)

Small biz switching to community banks: WSJ

Many small businesses have switched from large banks to community banks amid the COVID-19 pandemic because of their successful implementation of the Paycheck Protection Program, [The Wall Street Journal](#) reported. The article notes that community banks punched above their weight when it came to the PPP, with banks under \$10 billion in assets accounting for 14 percent of banking industry assets but 52 percent of PPP loans and 44 percent of approved funds. In a recent [Main Street Matters post](#), ICBA's Noah Yosif broke down PPP loan data confirming that community banks have led the way in supporting the economic recovery in local communities. With Congress debating the next stimulus package, ICBA continues calling on community bankers to use its [Be Heard grassroots action center](#) to urge Congress to advance PPP reforms as well as capital, accounting, and tax relief.

Agencies issue principles as loan-accommodation periods end

Federal regulators released risk management and consumer protection [principles for financial institutions](#) to consider while working with borrowers as initial coronavirus-related loan accommodation periods come to an end. The Federal Financial Institutions Examination Council statement encourages financial institutions to consider prudent options for additional accommodations that can ease cash flow pressures on affected borrowers, improve their capacity to service debt, and facilitate prudent loan management.

From Other Sources

Troubled Debt Restructurings: Joint Statement on Additional Loan Accommodations Related to COVID-19

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Summary

The Federal Financial Institutions Examination Council on behalf of its members¹ today issued a joint statement to provide prudent risk management principles for financial institutions to consider while working with borrowers as loans near the end of initial loan accommodation periods applicable during the coronavirus disease 2019 (COVID-19) outbreak.

Note for Community Banks

The joint statement applies to community banks.²

Highlights

The joint statement addresses

- prudent risk management practices that include identifying, measuring, and monitoring the credit risks of loans that receive accommodations.
- well-structured and sustainable accommodations.
- consumer protection considerations.
- accounting and regulatory reporting treatment.

- the role of internal control systems.

Further Information

Please contact John Court, National Bank Examiner for Retail Credit Risk Policy, at (202) 649-6670.

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Senior Deputy Comptroller for Bank Supervision Policy

Related Link

- "[Joint Statement on Additional Loan Accommodations Related to COVID-19](#)" (PDF)

¹ The Federal Financial Institutions Examination Council comprises the principals of Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and State Liaison Committee.

² "Banks" refers collectively to national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

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- House Speaker Pelosi reportedly suggested talks over a next round of coronavirus relief spending may drag into next week, when neither the House or Senate are set to be in session. Talks between Democratic leaders and the Trump administration have yielded "some progress," according to Senate Minority Leader Schumer, but the two sides remain divided over how to renew an expanded unemployment benefit and they're also roughly \$2.5 trillion apart on the overall price tag of the legislation. ([Roll Call](#))
- A top GOP lawmaker urged regulators to extend relief for renters, banks. "In a letter to housing and bank regulators that was obtained by POLITICO, Senate Banking Chair Mike Crapo (R-Idaho) urged the officials to use their existing authority to continue eviction protections and looser lending rules — in effect doing an end run around Congress." [POLITICO; Top GOP lawmaker urges regulators to extend relief for renters, banks](#)
- Not only have the extra \$600 per week in unemployment benefits expired, but the Paycheck Protection Program will also stop giving out loans this weekend if Congress doesn't pass an extension. Meanwhile, the August recess has been put on hold even amid new safety concerns for lawmakers and staff following Rep. Louie Gohmert's positive Covid-19 diagnosis last week. <https://politi.co/39SKwaw>
- With congressional negotiations over another coronavirus relief package at a stalemate, President Trump said he'd consider using executive orders to halt tenant evictions and lower payroll taxes, actions that would come after unemployment benefits for nearly 30 million workers expired last week, as did a federal pause on evictions. ([The Washington Post](#))
- A bipartisan coalition of senators and top CEOs are demanding that the economic relief bill being debated by Congress include more generous aid to businesses, setting up a potential clash over spending and benefits for big corporations. [Rubio pressed by CEOs to think bigger on small business aid](#)
- The top executives of more than 100 companies - including Starbucks, Microsoft and Mastercard - and trade groups are calling on Congress to backstop small businesses facing economic calamity. [CEOs to Congress: A lot more small businesses will fail without new aid](#)

From New York

- Gov. Andrew Cuomo lambasted Trump’s handling of the coronavirus pandemic by calling it “the worst government blunder in modern history,” and comparing the situation to the Vietnam War, [the Times Union reports](#).
- New York reported 25,172 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 3 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#).
- According to a new survey [released Monday](#) by the NYC Hospitality Alliance, 83 percent of restaurants and bars were unable to pay their full rent for July, while 37 percent could not pay any rent at all. With most landlords so far unwilling to cut deals, and indoor dining [banned indefinitely](#) because of the risk of spreading Covid-19, the wave of closures is sure to continue.
- Most tenant attorneys, and even some landlord lawyers, believe that it would be unsafe to start in-person eviction trials until the pandemic is under control, while many lawyers on the landlord side of the business believe that their clients have waited long enough, [the Commercial Observer 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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