

Wednesday, September 23, 2020

To: New York Community Banks

FROM ICBA

PPP complexity could limit effectiveness: GAO

The complexity and lack of guidance surrounding Paycheck Protection Program loan forgiveness could limit the effectiveness of future rounds of the program, the Government Accountability Office reported. In its latest [report](#) on CARES Act programs, the GAO said lender associations have warned of lender fatigue over the application and forgiveness processes. It notes that complex forgiveness applications could take up to 15 hours for borrowers to complete and 75 hours for lenders to review. In a [statement](#), Senate Banking Committee member Kevin Cramer (R-N.D.) said the GAO report demonstrates the need to pass his ICBA-advocated bill to forgive PPP loans of \$150,000 or less. ICBA initiated the effort to simplify PPP loan forgiveness, advocating a presumption of compliance for loans under \$1 million since May. ICBA continues calling on community bankers to [urge lawmakers](#) to include this and other common-sense policies in the next economic relief package.

CONTACT CONGRESS

Treasury, IRS lack info on EIP non-filers: GAO

The Treasury Department and IRS lack updated information on how many eligible Economic Impact Payment recipients have yet to receive their funds, the GAO said in its latest CARES Act [report](#). The GAO encouraged Treasury and the IRS to refine their estimate of roughly 9 million individuals to help reach those who have yet to file for an EIP. The IRS recently [said](#) it will begin mailing letters this month encouraging eligible Americans to register on the IRS website by Oct. 15 so they can receive their payment by the end of the year.

House passes ICBA-backed minority bank bill

The House passed ICBA-supported legislation that would modify regulatory processes to support Minority Depository Institutions. The Ensuring Diversity in Community Banking Act of 2019 (H.R. 5322) would streamline Community Development Financial Institution application and recertification processes for community banks. Introduced by Rep. Gregory Meeks (D-N.Y.), the bill also would establish a new "Impact Bank" designation for qualifying banks serving low-income borrowers. The House earlier this year approved a separate ICBA-backed bill (H.R. 5315) to create a Treasury Department program for larger banks to mentor minority depository institutions and community banks under \$2 billion. The bills advanced following congressional testimony in June from ICBA Minority Bank Council Vice Chairman [James Sills](#) and last fall from Council Chair [Jill Sung](#).

FROM OTHER SOURCES

- **7 Easy Ways To Find Fraud in Your PPP Loan Portfolio Based Off the Data.** "Chances are, even if you limited your Paycheck Protection Program (PPP) origination to just customers, you still have some fraud. If you took on new customers, you likely have between 5% and 10% fraud, even with a medium level of screening. According to an Aite Group survey done in June, <https://csbcorrespondent.com/blog/7-easy-ways-find-fraud-your-ppp-loan-portfolio-based-data> financial institutions are only catching 1% of their total applications with fraud. This difference matters as the SBA will likely want to see you conducted some level of due diligence to prevent fraud. In this article, we explore some areas that you could be at risk." [READ MORE](#)
- In a 359-57 vote, the House passed legislation to fund the government through Dec. 11 that includes funding sought by Republicans to help farmers hurt by President Donald Trump's trade policies and a Democratic-backed boost to nutrition programs. The Senate is expected to clear the measure by early next week, and Trump is expected to sign it to avoid a government shutdown. ([Roll Call](#)); ([Politico](#))

- Treasury Secretary Mnuchin told a House Financial Services Committee hearing he believes there's "not more we can do" to enhance existing Treasury programs to help buoy the economy, and he and Federal Reserve Chairman Powell reiterated the economic benefit that another economic stimulus package would do. Congress remains stalled on the matter. Powell said the Fed's Main Street Lending Program isn't experiencing much demand for loans under \$1 million and that the Paycheck Protection Program would be a better fit for loans of that size. ([The Washington Post](#))
- Congress has basically abandoned Covid relief talks: No back and forth between the White House. No shuttle negotiations. Mostly a recognition that it probably won't get done.
- Larry Kudlow, President Donald Trump's top economic advisor, said Tuesday afternoon that the broad economic recovery from Covid-19 doesn't necessarily require additional fiscal stimulus even if select industries or businesses could benefit from more aid. "I don't think the V-shaped recovery depends on the package, but I do think a targeted package could be a great help," Kudlow said.

FROM NEW YORK

- Policymakers in New York are debating whether to raise state taxes on wealthy residents to address fiscal challenges caused by the coronavirus pandemic. State lawmakers and outside groups argue that raising taxes on the rich would help to minimize cuts to spending on valuable services. https://thehill.com/policy/finance/517705-new-york-considers-hiking-taxes-for-the-rich-to-fill-covid-19-hole?mkt_tok=eyJpIjoiTkRjeU9HSmhZVFV3WldZeiIsInQiOiJUWkZQdmIXThO3ek52T1FCMk45eFwvK0xHclJTTEJidlprZVJySHo0ZVB0YktsRVlVvV3S2pMd1hXUU5RSUVqR2VrMEFjNHhmbGRWMk50WmZLN0lwcFFmcThCM0VaelA1WXorbUhHXC9uMHJxSjlYeTdFdVI4c0ZUT3RkaU4wXC9IbiJ9
- The odds of Congress passing a pre-election stimulus bill dropped significantly with the passing of Justice Ruth Bader Ginsberg, raising questions about the budget strategy Gov. Andrew Cuomo appears to be employing, [State of Politics writes](#).
- Statewide, New York's unemployment picture is this: Declining from Depression-era unemployment earlier this year due to the pandemic-induced shutdown, the state's unemployment rate fell from 15.9% in July to 12.4% in August. Across the state, the joblessness picture is less clear. It's not a tale of two states; it's a tale of four or five states. [Read More](#)
- Travelers from Arizona, Minnesota, Nevada, Rhode Island and Wyoming [will now have to self-quarantine](#) for 14 days after arriving in New York. Those five states were added to New York's [coronavirus](#) quarantine list today. Since no locations were removed this week, the full quarantine list now includes 35 states and territories.
- **U.S. District Judge Jed S. Rakoffin Manhattan has ruled that banks were not required to pay agent fees to accountants who helped borrowers apply for Paycheck Protection Program (PPP) loans.** <https://www.law360.com/articles/1312210/banks-win-cares-act-referral-fees-fight>. He dismissed the suits, stating: "Absent an agreement between agent and lender, defendant banks are not required to pay agent fees under the text of the CARES Act or its implementing regulations." The judge noted similar suits against banks are pending in courts around the country, and only one has been decided: A Florida federal judge decided in August that [the CARES Act doesn't guarantee fees](#) to agents who had no agreement with banks to provide application services..

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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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