

Thursday, October 22, 2020

To: New York Community Banks

FROM ICBA

ICBA backs repeal of EIDL advance deduction

ICBA expressed support for provisions in a new Senate bill that would repeal a requirement that the SBA deduct Economic Injury Disaster Loan Advance amounts from borrowers' PPP forgiveness amounts. In a [letter](#) to Sen. Ben Cardin (D-Md.), ICBA said more than 1 million PPP borrowers are beginning to realize that their EIDL advance grants are converting to as much as \$10,000 in unexpected debt during the PPP forgiveness process. ICBA has repeatedly raised this issue with Congress and the SBA, noting that the EIDL-PPP conflict also has left community banks with loans on their books that they didn't make. The Cardin bill—which is separate from Senate coronavirus relief legislation that failed to advance Wednesday—also includes provisions to simplify PPP forgiveness, expand eligible expenses, and improve covered loan period flexibility. With policymakers continuing to discuss a stimulus package, ICBA is calling on community bankers to direct borrowers to ICBA's [small-business alert](#) addressing the EIDL issue. A separate alert on ICBA's Be Heard grassroots action center is available for [community bankers](#). Meanwhile, [community bankers](#) and [small-business owners](#) can continue calling their members of Congress in support of bipartisan legislation to simplify PPP forgiveness.

[Community bank EIDL alert](#)

[Small-business EIDL alert](#)

FHFA extends forbearance purchases

The Federal Housing Finance Agency [extended](#) from Oct. 31 to Nov. 30 the deadline on Fannie Mae and Freddie Mac purchases of single-family mortgages in forbearance that meet specific eligibility criteria. Normally, mortgage loans in forbearance or delinquency are ineligible for delivery under the enterprise's requirements, but the FHFA's temporary policy has been in place since April due to the coronavirus pandemic. The FHFA [earlier this week](#) extended several loan origination flexibilities, including alternative appraisals on purchase and rate term refinance loans, alternative methods for documenting income and verifying employment before loan closing, and expanded use of power of attorney to assist with loan closings. ICBA is updating its [frequently asked questions](#) on the federal coronavirus response.

Small-biz video series promotes PPP leadership

With community banks' Paycheck Protection Program leadership raising the industry's profile, ICBA is urging community bankers to retweet and share on social media its ongoing series of videos featuring PPP borrowers. The videos of small-business owners who had positive PPP experiences with community banks are available on ICBA's updated [banklocally.org](#), which encourages small businesses and consumers to bank with a community bank and helps them find one with ICBA's Community Bank Locator. ICBA is featuring the videos on its social media channels with the #BankLocally hashtag and encourages community banks and small businesses to submit their own positive stories to [banklocally.org](#).

Brainard: Uneven growth threatens recovery

While the economy is showing improvement, depressed employment and income in some groups and sectors could hold back the economic recovery, Federal Reserve Governor Lael Brainard [said](#). Brainard said consumer spending on services has recovered only about 60 percent of its spring decline, while minority small businesses have been particularly hard hit and labor market disparities have been exacerbated.

Housing, consumer spending lead modest growth: Beige Book

Economic activity continued to experience slight to modest growth in recent weeks, with residential housing, consumer spending, and manufacturing showing growth, according to the Fed's latest [Beige Book](#). Conversely, commercial real estate conditions continued to deteriorate, low automobile inventories

constrained sales, restaurateurs expressed concern with cooler weather, and banks anticipated rising delinquency rates.

FROM OTHER SOURCES

- Treasury Secretary Mnuchin and House Speaker Pelosi will continue stimulus talks today, although Pelosi has acknowledged that a stimulus package could come after Election Day, saying she is optimistic that there will be a deal either "in time to pay the November rent, which is my goal," or shortly afterward and retroactive. White House economic adviser Kudlow said that negotiators are "running out of time, at least between now and the election," and that working on a deal during a potential lame-duck session "could be a possibility." ([The Wall Street Journal](#))
- The Federal Reserve Beige Book survey, which took the temperature of the economy through Oct. 9, described "slight to modest" growth in most districts, although it portrayed an uneven picture of the economy overall, and the word "uncertainty" appeared 20 times in the report. While the picture was healthy for manufacturing activity and home sales, restaurants reported worry over cooling weather and outdoor dining, and banks were concerned about potential rising delinquencies in the months ahead. ([Bloomberg](#))
- Banks that facilitated the U.S. government's Paycheck Protection Program at first saw the effort as a small revenue booster with a patriotic bonus, shepherding \$525 billion in loans to businesses slammed by the fallout of the COVID-19 pandemic. Yet as taxpayers begin to take on the cost of forgiving those loans, lenders like JPMorgan Chase & Co, Wells Fargo & Co and Bank of America Corp, are girding for what may be years of regulatory scrutiny for their role in doling out the money. https://www.reuters.com/article/us-health-coronavirus-ppp-banks-focus/u-s-banks-sweat-regulatory-exposure-from-pandemic-loans-idUSKBN2761G4?mkt_tok=eyJpIjoiT0RRMlkyTmxaalV5TkdnDyIsInQiOiI0WHVNcm1rWTFpMW90RzBjSDIKOEExOTHE1T1Z1KzBNakxIUzNNK3YwaVdSTUhaRE1OcmdxaUIDYmZTTVVCVGpVRjNlbnRkUndEVDBkanpcL1BwbFpGa2FvT1Nvb0hjTHE5MWNuV3BzN2xcL0dTMHY3UEpHNjhRTzR0NWhNR0xWanU2In0%3D

FROM NEW YORK

- New York reported 25,679 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 7 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#).
- [Chemung and Steuben](#) counties in the Southern Tier are fighting clusters of new COVID cases.
- The hotspots in the borough where businesses and schools were ordered to shut down because of a spike in Covid-19 cases, [will see](#) most of those restrictions lifted after making solid progress in reducing their infection rates. However, in Brooklyn, red zone shutdowns will stay in place for now, keeping nonessential businesses and schools closed and houses of worship under tight limits as the positive test rate [is still around](#) 5.5 percent. There and in Rockland and Orange counties, the most stringent shutdowns will continue.
- More than 500,000 people in New York City – one in seven residents – are still unemployed, [according to a new report](#) from the State Department of Labor. That's down from the pandemic high in June, when over 800,000 residents were unemployed, but represents a major segment of the population still suffering the severe economic consequences of the pandemic. Moreover, in June unemployed New Yorkers had access to an extra \$600 weekly in federal unemployment assistance. That program expired in July.
- Governor Cuomo has insisted that New York is not experiencing a "second wave" of COVID-19, [arguing](#) a second wave means a virus has mutated, and that upticks in COVID-19 cases now are a result of a "failure to deal with the first wave." Still, [The New York Times reports](#) that some New Yorkers are now bracing for the possibility of more widespread lockdown orders, with 72% of respondents to a September survey saying they expected another wave of COVID-19 cases resembling the initial surge in April.

- The state of New York is studying whether the current policy of requiring certain out-of-state travelers to quarantine for two weeks could be replaced with a different approach, Governor Cuomo said Wednesday.

<https://webcache.googleusercontent.com/search?q=cache:oPnmNfDdgyJ:https://www.timesunion.com/news/article/Cuomo-New-York-considering-ditching-state-travel-15664144.php+&cd=2&hl=en&ct=clnk&gl=us>

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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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