

Wednesday, October 28, 2020

To New York Community Banks

FROM ICBA

Senate bill responds to ICBA asset-threshold push

New legislation introduced by Sen. Mike Lee (R-Utah) is designed to protect borrowers and lenders from regulatory penalties associated with the Paycheck Protection Program after ICBA raised the issue with policymakers. The Protections for Good Faith PPP Borrowers and Lenders Act ([S. 4875](#)) would remove PPP loans from asset calculations to prevent lenders from crossing asset-size thresholds and incurring additional regulatory burdens. It also would protect lenders from various penalties and enforcement actions and remove PPP loans from the CFPB's purview. The Senate bill follows the release of ICBA-advocated [House legislation](#) directing regulators to exclude PPP loan balances from bank and bank holding company regulatory thresholds within 30 days. That bill—the Preventing Regulatory Penalties for PPP Lenders Act (H.R. 8675) from Reps. Barry Loudermilk (R-Ga.) and David Scott (D-Ga.)—applies to community banks with \$15 billion or less in total assets. Additionally, the FDIC last week released an [interim final rule](#) that allows community banks to use their 2019 asset sizes for 2021 auditing and reporting requirements under Part 363, which will help up to 290 community banks avoid new regulatory costs caused by PPP lending. In a [letter](#) to Loudermilk responding to calls for agencies to act on the issue, Comptroller of the Currency Brian Brooks cited his support for the FDIC rule as a member of the board and said the agencies are working to address other regulatory thresholds not covered by the Part 363 rule. ICBA has repeatedly told Congress and federal regulators that the surge of PPP loans has swelled the balance sheets of community banks, inadvertently subjecting them to additional supervision, regulations, and costs.

Romero Rainey: Grassroots needed on EIDL-PPP

ICBA President and CEO Rebeca Romero Rainey called on community bankers to [contact Congress](#) and engage [small-business customers](#) on the growing conflict between PPP loans and Economic Injury Disaster Loan advances. ICBA's Be Heard grassroots page features action alerts for [community bankers](#) and [small-business owners](#) to help them contact lawmakers on the issue, which is leaving borrowers with unexpected debt and community banks with loan balances for EIDL advances originated by the SBA. "If you haven't bumped into this yet, more than 1 million PPP borrowers are beginning to realize that SBA-originated EIDL advances are not the grants they expected," Romero Rainey wrote. "Rather, if EIDL advance recipients have also received a PPP loan, the advance amount is deducted from their loan forgiveness amount." While legislation to address the issue has been introduced in Congress, ICBA is urging [community bankers](#) and [small-business owners](#) to ensure this problem gets the attention it deserves in Washington.

FROM OTHER SOURCES

- The slim chance of a coronavirus stimulus measure before the general election ended Tuesday, as the U.S. Senate adjourned until November 9. [Read More](#). While a pre-election deal [appears unlikely](#), Democrats and Republican leaders say they are [still giving it a shot](#). "The Speaker remains optimistic that an agreement can be reached before the election," said a Pelosi spokesperson following a call between Pelosi and Treasury Secretary Mnuchin. Outstanding differences include the level of funding for state and local governments as well as legislative language that would prevent Trump from diverting billions of dollars away from test and tracing programs.
- President Trump predicted "the best stimulus package you've ever seen" for coronavirus economic relief would be passed after the election following the Senate's departure from Washington without passing a bill. House Speaker Pelosi (D-Calif.) has begun to suggest the possibility of passing a larger stimulus bill than she's discussed before with retroactive benefits, something that would seem more plausible if Democratic nominee Biden wins the presidency. ([The Washington Post](#))

- The winner of the race for the White House "will face a generation of low-to-middle income Americans struggling to get back to work because of a health crisis not seen in more than 100 years." Whether it's President Trump or former Vice President Biden, "the reality about half of the 22 million who lost their jobs during the pandemic are still out of work."
https://www.reuters.com/article/us-usa-election-unemployed/trump-or-bidens-big-economic-challenge-millions-of-struggling-americans-idUSKBN27D1C6?mkt_tok=eyJpIjoiTVRnMU56UmhabVEzTmprNSIsInQiOiJQbllpdzBaMHR CcmVEbkJ4OFIIUkRpb0JXZENubTIVVkhEZjNhYmtLVGtYM245bEtFQWNVZ2lvczN3S3pu NnoyaFdNNXFOaGhqDwK5NDdFbWIRXC9Sb0ZGaUhlaWNWVnVHwK1TS1wvNzBHaWdP cFNiUnRQU3Q4bDBOT3FBa3hzMnhQIn0%3D
- In the midst of a global pandemic fueled by government ineptitude and in-action, it might help to hold on to the one person in Washington who seems to be able to get something done. "New York Magazine" profiles Federal Reserve Chairman Powell, including his performance during the pandemic. https://nymag.com/intelligencer/article/jerome-powell-federal-reserve-profile.html?mkt_tok=eyJpIjoiTWpSbU1UTmpORFExTmhoaCIsInQiOiJWVWNxWXIXT3h0R01raE5XZlYzbzJlOGdJTDVEcnJlSEw0VkJ3SIM1UHcxNjQ0c24rZkFUKd3T3cxbXhCWEoxNWVwb0pPQnM5OVduS1VJUHQxZlFYUkdnbmg1NFc4ZGxRRmx2OUxkRGw5aW5ySWdYVjNEV1RnVEZCaHhNem8zRCJ9

FROM NEW YORK

- New York is performing better than almost every other state when it comes to its response to the pandemic, a remarkable turnaround – but how long that will last is a troubling question as the rest of the country spikes. [The Buffalo News writes.](#)
- Governor Cuomo's Tuesday COVID-19 update noted the statewide COVID-19 positivity rate for Monday was 1.78%. According to the New York State Department of Health, the Western New York region's daily percent positive rate doubled from Sunday to Monday, from 1.3% to 2.6% -- the highest for the region in five months, and the highest in the state. Erie County had had more than 100 positives in a single day for the first time since May. <https://www.wgrz.com/article/news/health/coronavirus/western-new-york-region-once-again-has-highest-covid-19-infection-rate-in-the-state/71-aaf3f1f8-f3ec-40d9-9478-34712c30d654>
- New York City is "ramping up" enforcement of quarantines for out-of-state travelers as part of an effort to contain the spread of the coronavirus during the holiday season, and Mayor Bill de Blasio is urging New Yorkers to avoid traveling, [The Wall Street Journal reports.](#)
- California has been added to New York's 14-day travel quarantine advisory, one of 41 states and territories on the list, and nonessential travel to New Jersey, Pennsylvania and Connecticut is also being discouraged, [State of Politics reports.](#)
- The federal government this week touted a plan to send more than 5.8 million point-of-care rapid tests to New York as COVID-19 cases begin to rise once again across the country. [Read More](#)
- New York reported 25,742 total statewide deaths of New Yorkers who tested positive for COVID-19, as of Oct. 26. For more numbers, including the latest statewide and citywide statistics, [click here.](#)

#####

IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Steve@ibanys.net)**