

Thursday, October 29, 2020

To: New York Community Banks

As mentioned in yesterday's newsletter, we are providing for your information an industry letter from the New York State Department of Financial Services (DFS) on climate change and the impact on financial institutions, as well as a press release issued by DFS.

We are also attaching a copy of an article on this subject from *Politico*.

While this falls outside the parameters of information on the pandemic, we wanted to share it with you this morning.

**Here are links to the DFS press release and industry letter for your review:**

[https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr202010291](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202010291) ; [https://www.dfs.ny.gov/industry\\_guidance/industry\\_letters/il20201029\\_climate\\_change\\_financial\\_risks](https://www.dfs.ny.gov/industry_guidance/industry_letters/il20201029_climate_change_financial_risks)

The Politico article is provided as an attachment.

### FROM ICBA

#### **SBA developing questionnaires for PPP loan reviews**

The [SBA said](#) it is developing loan-necessity questionnaires for Paycheck Protection Program borrowers that received loans of at least \$2 million, consistent with its reviews for economic necessity previously noted in [FAQs 39 and 46](#). In an email, the SBA said lenders who have submitted loan-forgiveness decisions for these borrowers will in the coming days receive notifications through SBA's Forgiveness Platform requesting that borrowers complete the appropriate questionnaire. Lenders are not required to verify or validate any of the borrower's responses or supporting documents to these questionnaires, the SBA said. Lenders with questions should email [PPPForgivenessRequests@sba.gov](mailto:PPPForgivenessRequests@sba.gov) with the subject line "Loan Necessity Questionnaire." Notifications regarding loan reviews of other PPP loans will continue to be sent electronically through the forgiveness platform with general instructions on documents to provide to SBA.

Additional PPP guidance and resources are available on [Treasury's PPP webpage](#) and ICBA's [COVID-19 resource center](#).

#### **READ MORE**

#### **Romero Rainey urges grassroots on EIDL-PPP**

ICBA President and CEO Rebeca Romero Rainey this week 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. 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.

#### **SBA fiscal 2020 loans total \$750B**

The SBA [said](#) it guaranteed 9 million loans worth roughly \$750 billion during fiscal 2020. According to summary loan data, the SBA guaranteed \$28 billion in loans through its traditional lending programs, \$525 billion in PPP loans, \$191 billion in Economic Injury Disaster Loans, and \$20 billion in EIDL advances.

### FROM OTHER SOURCES

- SBA Inspector General Hannibal Ware reported the agency's \$212 billion Economic Injury Disaster Loan (EIDL) program has seen \$450 million in doubtful payments seized by law enforcement and that tens of billions more will need further investigation. Jovita Carranza, the

SBA administrator, said in a letter alongside the report that Ware's findings don't "fully and accurately portray SBA's highly successful delivery of an unprecedented volume of disaster assistance" and that it "grossly overstates the risk of fraud, waste and abuse" in the program. ([Bloomberg](#))

- A rise in coronavirus infections is threatening to further slow the U.S. jobs recovery, which has lost momentum in recent months. The number of Americans who filed initial jobless claims, a proxy for layoffs, fell earlier this month to the lowest level since March, when the pandemic shut down much of the country's business activity. [https://www.wsj.com/articles/weekly-jobless-claims-coronavirus-10-29-2020-11603921724?mkt\\_tok=eyJpIjoiT0RwVlqQTBPFRV5TldJdyIsInQiOiJ4WnVrUWZYekRzcXVJczE2QlhiTWNXU2dYd0NNU2dVQ0VVTitVXC9RUWhzSUhwenBXRdhYeXM4TXZsdHNNVEpLazdKVM5uSFVvZDFzcmRYNWxIOVJGNW1Gc3hXYU5wUEExCNGN6WCtWU1qWI10Q1wvMFZTV3hwZnRNempLRjAzMmIxIn0%3D](https://www.wsj.com/articles/weekly-jobless-claims-coronavirus-10-29-2020-11603921724?mkt_tok=eyJpIjoiT0RwVlqQTBPFRV5TldJdyIsInQiOiJ4WnVrUWZYekRzcXVJczE2QlhiTWNXU2dYd0NNU2dVQ0VVTitVXC9RUWhzSUhwenBXRdhYeXM4TXZsdHNNVEpLazdKVM5uSFVvZDFzcmRYNWxIOVJGNW1Gc3hXYU5wUEExCNGN6WCtWU1qWI10Q1wvMFZTV3hwZnRNempLRjAzMmIxIn0%3D)
- When data from the Commerce Department on Thursday reveals how much the economy grew between July and September, it is likely to show the sharpest rise in U.S. history. That figure will also take some explaining --economists remain wary, as the figures come just as the country is entering a period of rising coronavirus cases. [https://www.washingtonpost.com/business/2020/10/29/third-quarter-gdp-economy/mkt\\_tok=eyJpIjoiT0RwVlqQTBPFRV5TldJdyIsInQiOiJ4WnVrUWZYekRzcXVJczE2QlhiTWNXU2dYd0NNU2dVQ0VVTitVXC9RUWhzSUhwenBXRdhYeXM4TXZsdHNNVEpLazdKVM5uSFVvZDFzcmRYNWxIOVJGNW1Gc3hXYU5wUEExCNGN6WCtWU1qWII0Q1wvMFZTV3hwZnRNempLRjAzMmIxIn0%3D](https://www.washingtonpost.com/business/2020/10/29/third-quarter-gdp-economy/mkt_tok=eyJpIjoiT0RwVlqQTBPFRV5TldJdyIsInQiOiJ4WnVrUWZYekRzcXVJczE2QlhiTWNXU2dYd0NNU2dVQ0VVTitVXC9RUWhzSUhwenBXRdhYeXM4TXZsdHNNVEpLazdKVM5uSFVvZDFzcmRYNWxIOVJGNW1Gc3hXYU5wUEExCNGN6WCtWU1qWII0Q1wvMFZTV3hwZnRNempLRjAzMmIxIn0%3D)
- With Election Day 5 days away and the House and Senate back home, there's little reason to be hopeful for progress on a Covid relief deal. A new letter from House Speaker Pelosi to Treasury Secretary Mnuchin lists all the areas that remain unsolved in the negotiation -- they include state and local aid, reopening schools, childcare, tax credits, unemployment insurance and liability protections. [\*The new Pelosi letter to Mnuchin\*](#)
- According to a poll from Morning Consult, 45% of voters said President Donald Trump and Republicans in Congress bear the responsibility for the collapse in stimulus talks, while 40% who said Democrats in Congress are at fault.

#### FROM NEW YORK

- New York reported 25,773 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 15 more fatalities in New York yesterday. For more numbers, including the latest statewide and citywide statistics, [click here](#).
- A second wave of coronavirus infections, hospitalizations and deaths is well on its way in the Capital Region, but public health experts have expressed hope that the public's vigilance and expanded testing and tracing capabilities will help shield the region from the worst of what could come, [the Times Union reports](#).
- The state will now allow county and city governments to impose mask requirements of their own. This follows a request by Westchester County Executive Latimer, who wants to issue an order in schools. More than a third of school districts statewide do not currently have mask requirements in place, [according to Spectrum News](#).
- County leaders in New York State say they have billions to lose in a federal stimulus-free future. Revenue losses for 62 counties across the state could range from \$2 billion to \$3 billion this year, according to the New York State Association of Counties. This includes \$600 million in state reimbursements and "significant reductions in hotel occupancy tax collections, lower gaming revenues and uncollected fees for services," according to the [latest edition](#) of the NYSAC monthly magazine. Local officials would have to raise property taxes by something like 55% to make up for a potentially 11% total cut in county revenues.
- New York State Comptroller DiNapoli reported that the state's unemployment rate dropped to 9.7% in September, marking the first time the rate has been below 10% since the beginning of the COVID-19 pandemic. The 2.8 percentage point improvement in the unemployment rate was the

second largest among all states; New Jersey led the nation with a 4.4 percentage point decline. However, data reveals New York State's workforce declined by nearly 363,000 last month, down 2.3% point from August, and the number of those officially considered unemployed declined by 302,000. In short, the unemployment rate went down in large part because of the decline in New Yorkers counted as working or seeking employment. [https://www.osc.state.ny.us/reports/covid-19-october-28-2020?utm\\_source=comptroller+message&utm\\_medium=email&utm\\_term=visit+web+page&utm\\_content=20201028&utm\\_campaign=fiscal+oversight](https://www.osc.state.ny.us/reports/covid-19-october-28-2020?utm_source=comptroller+message&utm_medium=email&utm_term=visit+web+page&utm_content=20201028&utm_campaign=fiscal+oversight)

- More than half a million New Yorkers are still out of work, and though many of the initial problems with filing unemployment claims at the height of the pandemic have been sorted out, the process can still be confusing, [The City reports](#).
- In a new study from the Partnership for New York, city employers are growing more skittish about bringing their workforce back into the office as the threat of a second wave of the coronavirus pandemic looms, [the Post reports](#).
- Governor Andrew Cuomo on Wednesday urged New Yorkers to celebrate Thanksgiving with their loved ones virtually over concerns family trips could spread the coronavirus. [Read More](#)
- Hospitals in New York say the next wave of COVID-19 cases [is upon us](#) as health care officials brace for an influx of coronavirus patients Statewide, more than 1,000 people are hospitalized due to the virus. But this time, officials add they feel better prepared. The rise in cases as the weather turned colder was expected, while medical staff also have more experience in how to treat the virus.

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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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