

Friday, October 9, 2020

To: New York Community Banks

FROM ICBA

SBA streamlines forgiveness for some PPP loans

The SBA and Treasury Department [released](#) a simpler loan forgiveness application for Paycheck Protection Program loans of \$50,000 or less to provide needed relief to lenders and borrowers. The agencies released a two-page Form 3508S application, a three-page instruction sheet, and an interim final rule on the streamlined forgiveness process, which they said will allow lenders to process forgiveness applications more swiftly. Under the simplified process, borrowers with loans of less than \$50,000 are exempt from reductions in the forgiveness amount based on reductions in full-time equivalent employees, salary, or wages. While these borrowers need not make those calculations or show they qualify for a safe harbor, they still must submit documentation to lenders supporting the amounts they paid for payroll costs or other forgivable expenses. ICBA has led the effort to simplify PPP loan forgiveness and continues calling on [community bankers](#) and [small-business owners](#) to urge Congress to immediately pass legislation to simplify forgiveness for loans of \$150,000 or less. ICBA's Be Heard grassroots action center offers call alerts for [small-business owners](#) and [community bankers](#) that make it easy to call lawmakers and urge passage of the Paycheck Protection Small Business Forgiveness Act (H.R. 7777/S. 4117).

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FROM OTHER SOURCES

- The White House sent mixed signals Thursday about the direction of renewed stimulus talks, resulting in House Speaker Nancy Pelosi confronting Treasury Secretary Steven Mnuchin over who speaks for the president, [The Washington Post reports](#). Mnuchin reportedly said the President supports a comprehensive deal, while the White House communications director said the administration backs a "skinny package." Pelosi rejected the idea of a standalone bill to help airlines, saying that aid for the industry would only be considered if it was part of a broader deal. ([The Washington Post](#)) For more: <https://politi.co/3npHD7w>. . . and <https://nyti.ms/2SCNuID>.
- The number of new claims filed for unemployed remained at historically high levels, according to the Department of Labor. The number of initial claims inched down - from 849,000 to 840,000 last week. The number of jobless claims is down from the peak in the spring, but the rate has slowed in recent months. All told, about 25.5 million people are collecting some kind of unemployment insurance. https://www.washingtonpost.com/business/2020/10/08/jobless-claims-inched-downward-840000-last-week-pandemic-continues-weigh-labor-market/?mkt_tok=eyJpIjoiTnpoak4ySXdZemt5WIRZeCIsInQiOiI5Y1dqWmpHcUc2OGNsVTRLTdJm55RIExVnROZTRTM2psZ091WWdHN3gwRFNzcm1GMVNpM1RORkJPJ0dnaTJtVXk2bnp3VU4zVHVlekJFZWZZd0cwemV5Ym5sREIHQmJmdEVnNURrKzRhd1crOUhPTmVFcjR1MTZsRIBCZXVGYyJ9
- According to a new Wall Street Journal survey of economists, the U.S. labor market faces a protracted recovery amid the continued spread of the coronavirus and uncertainty over prospects for another stimulus package and the outcome of the presidential election. More than half of business and academic economists polled said they didn't expect the labor market to regain all the jobs lost as a result of coronavirus-related shutdowns until 2023 or later. https://www.wsj.com/articles/wsj-survey-43-of-economists-dont-see-u-s-gaining-back-lost-jobs-until-2023-11602165600?mkt_tok=eyJpIjoiTnpoak4ySXdZemt5WIRZeCIsInQiOiI5Y1dqWmpHcUc2OGNsVTRLTdJm55RIExVnROZTRTM2psZ091WWdHN3gwRFNzcm1GMVNpM1RORkJPJ0dnaTJtVXk2bnp3VU4zVHVlekJFZWZZd0cwemV5Ym5sREIHQmJmdEVnNURrKzRhd1crOUhPTmVFcjR1MTZsRIBCZXVGYyJ9

FROM THE OCC

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[Regulatory Capital Rule: Eligible Retained Income : Final Rule](#)

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

Summary

On October 8, 2020, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) jointly issued a final rule that revises the definition of eligible retained income in the agencies' regulatory capital rule.¹ The rule finalizes without changes an interim final rule that the agencies issued on March 20, 2020.² The final rule is effective for banks³ January 1, 2021.

Note for Community Banks

This final rule applies to community banks except for qualifying community banking organizations electing to use the community bank leverage ratio framework.

Highlights

Under the capital rule, if a bank's capital ratios fall within its buffer requirements, the maximum amount of capital distributions it can make is a function of its eligible retained income. The final rule revises the definition of eligible retained income to the greater of

- a banking organization's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, or
- the average of a banking organization's net income over the preceding four quarters.

Further Information

Please contact Benjamin Pegg, Risk Expert for Capital and Regulatory Policy, (202) 649-6370; or Kevin Korzeniewski, Counsel, or Marta Stewart-Bates, Counsel, Chief Counsel's Office, (202) 649-5490.

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Related Link

- [Regulatory Capital Rule and Total Loss-Absorbing Capacity Rule: Eligible Retained Income](#) (PDF)

¹ Refer to 12 CFR 3.11, "Capital conservation buffer and countercyclical capital buffer amount."

² Refer to 85 Fed. Reg. 15909. The interim final rule went into effect March 20, 2020.

³ "Banks" refers to national banks and federal savings associations.

FROM NEW YORK

- New York is facing the biggest coronavirus resurgence threat since the pandemic devastated the city last spring, sparking fears that an anticipated second wave of infections has begun, [The New York Times reports](#).
- The statewide rate of infection is much higher now than in past weeks, but Gov. Andrew Cuomo is now downplaying a statistic he touted for months in favor of separating how the state is doing in [so-called "hotspot" ZIP codes](#) compared to the rest of the state. A total of 5.8% of reported tests on Wednesday came back positive for the coronavirus in these areas compared to 1.01% in the rest of the state. The [latest state data](#) also shows that the number of people hospitalized also continues to rise.

- At least seven New York mayors — including the leaders of Albany and Syracuse — entered quarantine as a precaution after one of them tested positive for COVID-19 following a joint event the prior day, [The Democrat & Chronicle reports](#).
- New York reported 25,545 total statewide deaths of New Yorkers who tested positive for COVID-19. There were 10 more fatalities in New York yesterday. For more numbers, including the latest statewide and borough-by-borough statistics, [click here](#).

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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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