

Wednesday, November 18, 2020

To: New York Community Banks

FROM ICBA

ICBA pushes back on PPP 'loan necessity' questionnaire

ICBA raised questions about an SBA "loan necessity" questionnaire for Paycheck Protection Program loans of \$2 million or more that appears to go against the language of the CARES Act. In an [ICBA letter](#) to congressional leaders and separate joint letters to [lawmakers](#) and [agency heads](#), ICBA said the questionnaire has led many borrowers to justifiably fear that the SBA is altering PPP loan eligibility criteria after disbursement. The letters note that PPP applicants have already certified that they applied because economic uncertainty made the loan request necessary to support their operations. However, the SBA last month began distributing the questionnaire to evaluate the good-faith certification with questions about business conditions in the months after the loans were disbursed. The letters call on the SBA to temporarily suspend use of these questionnaires while they address these issues and work toward a better solution in line with the CARES Act and the PPP application.

ICBA guide details EIDL lien requirements

ICBA is reminding community bankers about the procedures for renewing or refinancing a line of credit for a borrower with an Economic Injury Disaster Loan. As detailed in [ICBA's guide](#) on SBA lien requirements on EIDLs, EIDL loans over \$25,000 require a blanket Universal Commercial Code lien allowing the SBA to take an interest in the assets of the business. The requirements apply to EIDL loans, not advances. The SBA does not prohibit lenders with a superior lien position to the UCC-1 lien to continue advancing additional funds under existing borrowing arrangements. The guide also provides links to SBA EIDL resources and SBA contact information for borrowers and lenders seeking consent for subordination. Further, [the SBA's FAQs](#) on the EIDL program and agricultural lending notes that the agency places the lien on business and trade equipment, not agricultural commodities, crops, livestock, or the proceeds of their sale in the ordinary course of business. [Access ICBA's guide.](#)

Lame-duck push focuses on stimulus measures

The 116th Congress is winding down in the coming weeks, but ICBA's efforts to pass much-needed economic stimulus measures continue unabated, ICBA's Paul Merski writes in a new [Main Street Matters post](#). In the blog post, Merski encourages community bankers to weigh in with Congress via ICBA's [Be Heard alert](#) and points to ICBA's [2020 election analysis](#) and latest [Community Bank Briefing](#).

FROM OTHER SOURCES

- House Speaker Pelosi and Senate Minority Leader Schumer (D-N.Y.) wrote to Senate Majority Leader McConnell to urge the renewal of economic stimulus talks, citing the rising number of coronavirus cases. McConnell has taken over from Treasury Secretary Mnuchin as the Republican lead on coronavirus stimulus talks. He said he hasn't spoken to Democrats about a relief package, which he says should be the smaller version that Senate Republicans support rather than the Democrats' \$2.4 trillion plan. ([The Wall Street Journal](#))
- Doctors on the White House Coronavirus Task Force yesterday stressed to Vice President Pence that the coronavirus pandemic situation is dire and only getting worse. The doctors fear the U.S. could see an average of 1,500 deaths a day next week, and up to 2,000 a day by Christmas without any changes to mitigation measures. https://www.cbsnews.com/news/coronavirus-task-force-offers-dire-warnings-recommends-restaurants-close-indoor-dining-and-bars/?mkt_tok=eyJpIjoiTjJRek16Z3dZV0prT1dKaiIsInQiOiJuTUthdjAyRmNrRmpZZHltZTdeYTNCkzROcHIBSm43VkRvSnlBckFYs0Nkb0V2b0NqR1FLZ1Z0VEVYXC93YTFvUmFZWnpJMXJoRlhxWUgyVXQwelZnc0pxaE1xcHY5bVJMN0hNM2xMV0JtZm03WXFUV0xaURPWFptKONlalnEMlgifQ%3D%3D

- Pfizer Inc. and BioNTech SE said they would seek the Food and Drug Administration's authorization for their experimental COVID-19 vaccine within days after reporting that the final results of a nearly 44,000-person trial found it to be 95% effective. It's another positive sign after Moderna Inc. reported similarly strong preliminary results. Amid a push to make sure Americans trust the vaccine, the FDA is expected to take some time to consider emergency distribution requests, including a review by an outside committee of vaccine experts. ([The Wall Street Journal](#))
- Vaccines Could Be Here by Spring, But Don't Put the Mask Away. There are now two vaccines in late-stage trials that are showing promise in protecting people against COVID-19. What sets these two vaccines apart, besides being the first of a kind, is the fact that proteins from the virus were not used in these vaccines. [Read More](#)
- The Food and Drug Administration has authorized the first prescription at-home coronavirus test – a long-awaited milestone – that can be used by people who are at least 14 years old when their health provider suspects they have COVID-19, [Politico reports](#).
- Federal Chairman Powell reiterated the economy as we know it is over: "We're not going back to the same economy, we're going back to a different economy." He previously warned the pandemic has accelerated ongoing trends (i.e., increased use of technology, automation and telework) and that while these will be beneficial for some, they will hurt certain groups in the short-term. Chairman Powell said people in lower-income jobs hadn't recovered as much as others, that workers in the services industry might need more help going forward and said: "The recovery is incomplete. . . We have a long way to go."
<https://www.cnn.com/2020/11/17/economy/powell-economy-recovery/index.html>
- Federal Reserve Chairman Jerome Powell also said the increased spread of the coronavirus posed an important risk to the economy in the months ahead and said it was too soon to say how a potential vaccine would change the outlook. "With the virus now spreading at a fast rate, the next few months may be very challenging."
https://www.wsj.com/articles/feds-powell-says-rising-coronavirus-cases-poses-threat-to-economy-11605637622?mkt_tok=eyJpIjoiWlROa1pqazRNVEk1TVdZMSIsInQiOiI0NVZlVlBSUkp3cjk3RDRTYkZwWFZ0NEExYSktzTVdOWStlc1pPbGQrUW1DVjArcEk5SVwvZmV6N1N0c0g5V3J0YzFDNnJlOWIyUms1bzNPbmRyWWpZnlpkcUhfXC9DbkpCNjM4RjBVejRlcm1wN1plXC9BNWlXS2xiejVcLzNETlJqWUsifQ%3D%3D
- The SBA asked a federal judge to delay release of records involving millions of small businesses that received PPP loans, saying that publicizing them would do "irreparable harm" to millions of businesses by exposing allegedly confidential information. On November 5, a federal judge ruled the SBA must release borrower and loan information about the PPP by Nov. 19.
https://www.washingtonpost.com/business/2020/11/17/sba-loan-records/?mkt_tok=eyJpIjoiWlROa1pqazRNVEk1TVdZMSIsInQiOiI0NVZlVlBSUkp3cjk3RDRTYkZwWFZ0NEExYSktzTVdOWStlc1pPbGQrUW1DVjArcEk5SVwvZmV6N1N0c0g5V3J0YzFDNnJlOWIyUms1bzNPbmRyWWpZnlpkcUhfXC9DbkpCNjM4RjBVejRlcm1wN1plXC9BNWlXS2xiejVcLzNETlJqWUsifQ%3D%3D
- This is about the time of year when businesses across the country start figuring out their taxes: How much money they made this year and how much they spent on business expenses. But this year, there's a new and thorny wrinkle in that process for businesses that received Paycheck Protection Program loans.
https://www.marketplace.org/2020/11/17/paycheck-protection-program-loan-recipients-face-a-new-challenge-taxes/?mkt_tok=eyJpIjoiWlROa1pqazRNVEk1TVdZMSIsInQiOiI0NVZlVlBSUkp3cjk3RDRTYkZwWFZ0NEExYSktzTVdOWStlc1pPbGQrUW1DVjArcEk5SVwvZmV6N1N0c0g5V3J0YzFDNnJlOWIyUms1bzNPbmRyWWpZnlpkcUhfXC9DbkpCNjM4RjBVejRlcm1wN1plXC9BNWlXS2xiejVcLzNETlJqWUsifQ%3D%3D

FROM NEW YORK

- More than 2,000 people hospitalized in New York due to COVID-19 for the first time since the spring, [according to numbers released on Tuesday](#) by Governor Cuomo's office. Positive cases also continued to increase. There was a net increase of 156 patients to hospitals in the state in the last day, bringing total hospitalizations to 2,124 people. Twenty-nine people have died in the last 24 hours due to the virus.
- [With COVID-19 cases](#) rising in Western New York, it appears more and more local school districts are headed toward remote instruction. This is the latest hurdle for students in an already unprecedented school year.
- New York City's heavily touted coronavirus tracing program is [having trouble](#) tracking down sources of at least 80 percent of the COVID-19 infections in New York City, Mayor Bill de Blasio acknowledged Tuesday.

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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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