

Monday, November 2, 2020

To: New York Community Banks

FROM ICBA

Fed increases access to Main Street Lending Program

The Federal Reserve Board [reduced](#) the minimum loan size for its Main Street Lending Program from \$250,000 to \$100,000 and adjusted fees to encourage the provision of smaller loans. The Fed and Treasury Department also [issued an FAQ](#) clarifying that Paycheck Protection Program loans of up to \$2 million may be excluded for purposes of determining the maximum loan size under the MSLP if certain requirements are met. The program is designed to purchase 95 percent of each eligible submitted loan, with lenders retaining a 5 percent interest. The Fed said the program, which has \$75 billion in equity authorized under the CARES Act, has made less than 400 loans worth \$3.7 billion. ICBA has [since April](#) called on the Fed to lower the minimum loan threshold to \$100,000 to ensure it serves Main Street businesses. The program initially had a threshold of \$1 million, which was previously lowered to \$500,000 and \$250,000. ICBA has also expressed concerns that the program is too complicated and recommended dropping the requirement that lenders retain a 5 percent interest in the loans they originate.

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Senator ups pressure to address EIDL-PPP conflict

Sen. Steve Daines (R-Mont.) called on Senate Small Business Committee leaders to resolve the conflict between Economic Injury Disaster Loan advances and the Paycheck Protection Program that ICBA has repeatedly spotlighted. In a [letter](#) to committee Chairman Marco Rubio (R-Fla.) and Ranking Member Ben Cardin (D-Md.), Daines said the issue is particularly burdensome for community banks and the small businesses they serve. ICBA is working with policymakers on legislation to strike the CARES Act provision requiring EIDL advances to be deducted from PPP forgiveness amounts. The policy is converting the SBA-originated advances into as much as \$10,000 in unexpected debt for borrowers while leaving community banks with the balances on their books. ICBA is urging community bankers to direct borrowers to ICBA's [small-business alert](#) addressing the EIDL deductions. ICBA also offers a separate alert for [community bankers](#) on its Be Heard grassroots site.

FROM OTHER SOURCES

Speaker Pelosi said last week she is aiming for a coronavirus relief deal in the lame-duck session of Congress, but Senate Majority Leader McConnell is now throwing cold water on that idea, indicating that they'll tackle a stimulus package next year. "We probably need to do another package, certainly more modest than the \$3 trillion Nancy Pelosi package. I think that'll be something we'll need to do right at the beginning of the year," McConnell [told Hugh Hewitt](#) on Friday.

House Republicans introduced their own targeted relief plan last week that carries a price tag of around \$47 billion, per [The Daily Caller's Henry Rodgers](#). Democrats are pushing for more than \$2 trillion in coronavirus aid.

In an effort to expand the use of its Main Street lending program as a deal on a stimulus package appears indefinitely delayed, the Fed lowered the loans that businesses can apply for in its lending program to \$100,000 from \$250,000, and changed rules about how much prior federal government loan help can be considered in a company's application for the loans. The new rules clarify that companies applying for the program shouldn't have up to \$2 million in Paycheck Protection Program loans held against them. ([The Washington Post](#))

America's economy faces severe new strains in the two months between the election and January, when Washington could be consumed by political paralysis and gridlock. Several large economic sectors are bracing to be hit by both an increase in coronavirus cases and the arrival of winter weather. https://www.washingtonpost.com/us-policy/2020/11/02/economy-coronavirus-lame-duck/?mkt_tok=eyJpIjoiWkRnM05qUXdZV1ZrTVRkayIsInQiOiJjVXZnNHdieHRaWjN5V2U3QWVN

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President Trump suggested he plans to fire National Institute of Allergy and Infectious Diseases Director Dr. Anthony Fauci after Tuesday's election. Fauci warned last week that the United States "could not possibly be positioned more poorly" to slow the spread of COVID-19. https://www.apnews.com/article/election-2020-donald-trump-pandemics-virus-outbreak-anthony-fauci-57c804db048aa7f1c99f227b495f52e6?mkt_tok=eyJpIjoiTTJJMU16SXhPVFV5TIRFMCIIsInQiOiJYTTNUMzEzUkRrRzh3UzJFcE5DMEI1TU5hbXBCMU10YXhpcGtpbllhdFFEU3JTS1dZTkW2UIBNR3JmYlpFV1NZcDNVdXVvMnljMkVhdUpMRkp1TlhVd29iYkw0XC9PMTdoUVFhSVU3bkJud3gwbTlcl1wvTDIwM3NUVWR2bys3WGhZSJ9

The Small Business Administration began to circulate "loan necessity" questionnaires among PPP borrowers, aiming at companies and nonprofits who took loans worth \$2 million or more. The forms, obtained by a news outlet, say that the businesses must complete them within 10 business days of receiving it, and that failure to complete the form may mean that the agency could seek repayment "or pursue other available remedies." ([Politico](#))

FROM NEW YORK

Grim news was laid out in a report released Friday afternoon by Gov. Andrew Cuomo's budget office: The pandemic will cost New York \$63 billion in revenue through 2024 and the state will need federal assistance, [State of Politics reports](#).

Cuomo is pushing off tough financial decisions until after the election and has not released blueprints for a Plan B in the event federal funding doesn't come through to help New York recover from the pandemic-fueled fiscal crisis, [the New York Post reports](#).

Sales tax revenue for local governments in New York state dropped 9.5 percent in the third quarter compared to the same period last year, according to State Comptroller Thomas P. DiNapoli. [Sales tax collections](#) from July to September totaled \$4.3 billion, or \$452 million less than last year.

New York will now require people coming to the state to test negative. Governor Cuomo stated: "There will be no quarantine list, there will be no metrics. If you are coming into New York within three days you must have tested negative. Once you arrive in New York, you must quarantine for three days and can take a test on the fourth day." The new policy does away with the current [Tri-State Travel Advisory list](#), and instead mandate anyone visiting the state must test negative or quarantine for 14 days (with the exception of residents from contiguous states New Jersey, Connecticut and Pennsylvania.)

Governor Cuomo and State Attorney General Letitia James on Sunday [raised concerns](#) the federal government's vaccination distribution plan would disproportionately harm communities of color.

The Buffalo News opines it is "at a loss as to why Erie County's Health Department is clinging to its policy of keeping outbreaks of COVID-19 cloaked in secrecy, but if the county wants to encourage responsible conduct by residents, it needs to lead the way. . . [The Buffalo News writes](#).

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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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