

Monday, November 30, 2020

To: New York Community Banks

**FROM ICBA**

**SBA issues instructions on "loan necessity" questionnaires**

The SBA issued to lenders a letter and instructions on the agency's "loan necessity" questionnaire for Paycheck Protection Program loans of \$2 million or more.

The [instruction guide](#) details how lenders receive notice of a questionnaire, what to do after being notified, what to do with borrower responses, and how to submit the questionnaires. The [SBA letter](#) says requests to complete the questionnaire do not mean the SBA is challenging a borrower's certification. Lenders are required to upload the completed form and supporting documents via the SBA's lender platform and to separately input borrower responses to each question, though they aren't required to re-enter narrative comments from the questionnaire. Further, lenders are not required to verify or validate borrower responses, though they should confirm that all required responses, supporting documents, signatures, and certifications have been received. ICBA has raised questions about the questionnaire among policymakers. In a recent [ICBA letter](#) to congressional leaders and separate joint letters to [lawmakers](#) and [agency heads](#), ICBA called on the SBA to suspend the questionnaires while the agency addresses lender and borrower concerns. The letters note that the questionnaire has led many borrowers to justifiably fear that the SBA is altering PPP loan eligibility criteria after funds have already been disbursed.

**ACCESS USER GUIDE**

**ICBA calling for lame-duck grassroots**

ICBA is calling on community bankers to [urge Congress](#) to pass much-needed economic stimulus measures during the lame-duck session. In a recent [Main Street Matters post](#), ICBA's Paul Merski said ICBA's efforts to pass Paycheck Protection Program and Economic Injury Disaster Loan Advance reforms continue unabated. Community bankers can use ICBA's [Be Heard grassroots action center](#) to send a customizable message to their lawmakers.

**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, 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.

**CFPB updates website**

The Consumer Financial Protection Bureau [updated](#) its website to include a new interactive enforcement database to help track information on the bureau's enforcement actions. The site also features petitions for rulemaking and archives content older than two years old.

**Fed Payments profiles Romero Rainey**

A recent profile of ICBA President and CEO Rebeca Romero Rainey on the Federal Reserve's Fed Payments Improvement site focuses on ICBA advocacy and innovation initiatives. The article notes that ICBA is seeking Paycheck Protection Program forgiveness simplification while it supports community bank digitization through ICBA Bancard's Digital Payments Strategy Guide and other resources [.Read the profile.](#)

## **ICBA launches 2021 Business Continuity Plan**

ICBA and the Financial Services Information Sharing and Analysis Center recently launched a guide to help community banks revise their business continuity plans given the COVID-19 environment. The [2021 Business Continuity Plan](#) includes best practices for the annual update, pandemic-related activities, and links to helpful resources. [Access the plan.](#)

### **Economic indicators show mixed results**

- Personal income [decreased](#) 7 percent in October while consumer spending rose 0.5 percent.
- Sales of new single-family homes [declined](#) 3 percent in October but were up 41.5 percent from a year ago.
- Durable-goods orders [rose](#) 3 percent in October on increased orders for transportation equipment.
- The University of Michigan's index of consumer sentiment [fell](#) 6 percent in November to 76.9 and was down 20.6 percent from the same time a year ago.
- GDP [increased](#) at an annual rate of 33.1 percent in the third quarter, according to the Commerce Department's second estimate.

### **FROM OTHER SOURCES**

- The coronavirus continues to rage: 13.3 million Americans have tested positive for the coronavirus; 266,875 Americans have died.
- Congress is slated to return to Washington for two or three weeks in which a COVID-19 relief bill, a \$1.4 trillion spending package, the massive National Defense Authorization Act and a slate of Trump judicial nominees are all on the docket. Lawmakers face a Dec. 11 deadline to fund the government and avoid a shutdown. ([The Associated Press](#))
- There is increased pressure from lawmakers in both parties to include economic stimulus measures like the Paycheck Protection Program in the spending bill -- even if a broader consensus over state and local funding can't be reached. [AP's Andy Taylor on Congress' to-do list](#)
- Nearly a year into a pandemic that has ravaged the global economy like no time since the Great Depression, the only clear pathway forward toward containing the virus itself. With the United States suffering its most rampant transmission yet and major nations in Europe again under lockdown, prospects remain grim for a meaningful worldwide recovery before the middle of next year, and far longer in some economies. [https://www.nytimes.com/2020/11/27/business/coronavirus-global-economic-outlook.html?mkt\\_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRD0UU3amxnRytMymY1R3R1Y2lLbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZHBINmhZMFhcLzRlbEILIn0%3D](https://www.nytimes.com/2020/11/27/business/coronavirus-global-economic-outlook.html?mkt_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRD0UU3amxnRytMymY1R3R1Y2lLbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZHBINmhZMFhcLzRlbEILIn0%3D)
- Dr. Anthony Fauci said the U.S. may see "surge upon a surge" of the coronavirus in the weeks after Thanksgiving, and does not expect current recommendations around social distancing to be relaxed before Christmas. [https://apnews.com/article/travel-anthony-fauci-thanksgiving-coronavirus-pandemic-infectious-diseases-ae1e116aa6e236692d99b6c9ecc773eb?mkt\\_tok=eyJpIjoiTTJNd056TmxNVFU0WkRReiIsInQiOijot1IzeXdVanJ5XC8yWmFrWXZZbk8xNU84ZTFQd2VDUVwvM3FrRTVwXC90NmMxNkFGcWxwQmJsSlhWKzZtZGI5OUtGQzFHVVwvT0IyeVZvTjFSN1ZnZEJUWGM0eUhrRkNCa05HUEM1amZOb3BPZmxLeEUxTStGemNuK1VKM0R2amtYc1UifQ%3D%3D](https://apnews.com/article/travel-anthony-fauci-thanksgiving-coronavirus-pandemic-infectious-diseases-ae1e116aa6e236692d99b6c9ecc773eb?mkt_tok=eyJpIjoiTTJNd056TmxNVFU0WkRReiIsInQiOijot1IzeXdVanJ5XC8yWmFrWXZZbk8xNU84ZTFQd2VDUVwvM3FrRTVwXC90NmMxNkFGcWxwQmJsSlhWKzZtZGI5OUtGQzFHVVwvT0IyeVZvTjFSN1ZnZEJUWGM0eUhrRkNCa05HUEM1amZOb3BPZmxLeEUxTStGemNuK1VKM0R2amtYc1UifQ%3D%3D)
- Moderna will apply for FDA authorization to distribute its COVID-19 vaccine, becoming the second company to seek emergency approval. The FDA is set to meet with an advisory committee in December to review the applications from Moderna and Pfizer, setting up the possibility that the first vaccinations would be distributed "towards the latter part of December," according to National Institute of Allergy and Infectious Diseases Director Anthony Fauci. ([CNN](#))

President-elect Joe Biden will reportedly announce more top members of his economic team this week. They are expected to include:

- Princeton labor economist Cecilia Rouse as head of the Council of Economic Advisers (she would be the first Black woman in the position);
- Jared Bernstein and Heather Boushey as members of the CEA;
- Neera Tanden (CEO of the Center for American Progress) as the first South Asian woman to lead the Office of Management and Budget;
- former Obama-era senior economic adviser Adewale Adeyemo as Deputy Treasury Secretary,
- and former Obama senior aide Brian Deese (currently an executive at BlackRock) as Director of the National Economic Council.
- Janet Yellen is expected to be formally introduced as the first woman Treasury Secretary. ([The Wall Street Journal;https://www.washingtonpost.com/business/2020/11/27/first-female-treasury-secretary-janet-yellen-nomination/?mkt\\_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRDOUU3amxnRytMYmY1R3R1Y2ILbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZBINmhZMFhcLzRlbEILIn0%3D](https://www.washingtonpost.com/business/2020/11/27/first-female-treasury-secretary-janet-yellen-nomination/?mkt_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRDOUU3amxnRytMYmY1R3R1Y2ILbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZBINmhZMFhcLzRlbEILIn0%3D))
- Janet Yellen, expected to be the next Treasury secretary, will have a number of tax issues on her plate if confirmed by the Senate, with some requiring immediate attention. Coronavirus relief will be a top priority for Biden's economic team early next year, and tax provisions are likely to be a component of any stimulus package.[https://thehill.com/policy/finance/527629-bidens-treasury-pick-will-have-lengthy-to-do-list-on-taxes?mkt\\_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRDOUU3amxnRytMYmY1R3R1Y2ILbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZBINmhZMFhcLzRlbEILIn0%3D](https://thehill.com/policy/finance/527629-bidens-treasury-pick-will-have-lengthy-to-do-list-on-taxes?mkt_tok=eyJpIjoiT1daa05UZzRaall4WVdRMiIsInQiOiI2dHk5ejJtcFlcL0ZIUWZqek9yM2tHdTVTNINBUW56a01zaHBrdGIZWXRDOUU3amxnRytMYmY1R3R1Y2ILbjROd3BRS3F2ZGw4ZUIzWWhRSW5yekRPYkZheFh3V2VBMWpOYXZHQTNkcHE5S3VCcDh5ZGNVZBINmhZMFhcLzRlbEILIn0%3D)

#### FROM NEW YORK

- Sunday saw the [highest statewide infection rate](#) since May: 4.27% of 157,000 tests conducted. Governor Cuomo conceded that New York is now facing a challenge of general “sustained COVID-19 spread” statewide, [the Daily News reports](#).
- As cases continue to steadily rise in New York, Governor Cuomo said the number of patients in hospitals are becoming the most pressing challenge in battling the [coronavirus](#). The number of people in hospitals each day has tripled this month, state data shows: On Nov. 1, 1,151 patients were hospitalized related to Covid-19. Four weeks later, that number had jumped to 3,372.
- New York City health officials are ramping up COVID-19 testing to prepare for an expected surge in coronavirus cases as New Yorkers return from traveling over the Thanksgiving weekend and the holiday season begins, [The Wall Street Journal reports](#).
- Over the past month, the number of coronavirus cases has increased tenfold in Buffalo and its surrounding suburbs, hospitalizations already have surpassed the levels seen in the spring and the Covid-19 hotline for Erie County is getting ‘annihilated’ with 1,500 calls in one 24-hour period this week. [The second wave is here, and it is here with a vengeance](#), said Erie County Executive Mark Poloncarz. He urged residents to take the surge seriously. Western New York has emerged as the biggest trouble spot of the state’s second coronavirus wave.
- New York City's painfully slow economic recovery [has left](#) the Bronx with the highest unemployment rate of any county in the state, and more than 60% of its residents on Medicaid amid a growing resurgence of COVID-19. The NYS Labor Department [reported](#) last week that the Bronx's unemployment rate was 17.5% in October (down from 18.6% in September.) The rate in Brooklyn and Queens is just over 13%, while Manhattan and Staten Island have fallen below 11%. The highest rate for a non-city county in the state is Westchester with 7%.

- In a major reversal, New York City Mayor Bill DeBlasio said the nation's largest school system will reopen to in-person learning and increase the number of days a week many children attend class. The city's elementary schools will reopen next Monday, weeks after Mayor Bill de Blasio shut them down due to rising Covid-19 infections in the city—though many students will remain at home because their families have opted for all-remote classes. There is no plan to reopen middle or high schools.

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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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