

Monday, February 1, 2021

To: New York Community Banks

FROM ICBA

SBA updates PPP FAQs with BSA/AML guidance

The SBA updated its [frequently asked questions](#) on the Paycheck Protection Program with guidance on the Financial Crimes Enforcement Network and BSA/AML compliance. The updates note that FinCEN's April 2020 FAQs on the PPP apply to second-draw loans. Further, lenders can use borrowers' first-draw PPP loan information for a second-draw loan application for purposes of BSA/AML compliance, if the borrower is an existing customer. The updated FAQs also clarify how PPP employee limits apply to public broadcasting stations affiliated with a college or university. Additionally, the SBA issued a [new set of FAQs](#) on the Shuttered Venue Operators Grant program established by the Economic Aid Act to support performance venues and movie theater operators. Additional PPP information and resources are available on the [SBA](#) and [Treasury](#) sites, ICBA's [PPP and EIP News](#) page, the Independent Bankers Association of Texas's [matrix of PPP updates](#) in the stimulus law, and [ICBA's summary](#) of the stimulus package's community banking provisions.

SBA issues tax guidance on relief payments

The SBA issued several notices on its loan programs, including updated guidance on the tax implications of the six months of 7(a), 504, and Microloan payments it is making for borrowers under Section 1112 of the CARES Act. The guidance says 7(a) lenders and microloan intermediaries are no longer required to file Form 1099-MISC, Miscellaneous Income, with the IRS or furnish this form to the small businesses for whom the SBA made Section 1112 payments. The notices include:

- [5000-20087](#) – Updated Section 1112 Tax Implication Reporting Requirements.
- [5000-20088](#) – Extend Microloan Closings through 4-30-21.
- [5000-20089](#) – Extend 7(a) and 504 Electronic Signatures through 4-30-21.
- [5000-20090](#) – Extend Microloan Electronic Signatures through 4-30-21.

IRS concluding stimulus payments

The IRS on Friday reissued 1.2 million Economic Impact Payments through the ACH network with an effective date of this Wednesday, Feb. 3. Another 2.3 million reissued EIP2 checks are scheduled to be printed and mailed by Friday, Feb. 5. These payments conclude the second round of EIPs. Henceforth, recipients will need to file for the Recovery Rebate Credit for any missing or returned EIPs from either round of payments. ICBA offers updated [frequently asked questions](#) on the second round of EIPs. Additional information is available on the IRS's [EIP webpage](#) and the [EIP Card page](#).

OCC issues CRA bank type determinations

The OCC [released](#) the 2021 list of bank type determinations under its Community Reinvestment Act rule, including how the agency identifies small banks, intermediate banks, and more. The OCC release also includes its list of distressed and underserved areas as well as the banking industry median hourly compensation value.

ICBA outlines 2021 agenda in congressional letter

ICBA this week is outlining its 2021 community bank policy agenda in an [open letter to Congress](#). The letter, which ICBA is featuring in Politico's "Huddle" newsletter following a run last month in "Morning Money," advocates a pragmatic agenda of regulatory relief and a more competitive landscape to promote a dynamic economy. "The new Congress will be closely divided, but it need not be gridlocked," ICBA President and CEO Rebeca Romero Rainey wrote. "ICBA's track record of working with both parties and crafting bipartisan solutions is well suited to this occasion."

[READ ICBA RELEASE](#)

FROM OTHER SOURCES

- The U.S. reported 2,972 Covid-19 deaths and **147,000** new coronavirus cases Saturday.
- The U.S. and the world are in a race to control the virus before these variants can gain a bigger foothold. Many experts say they already expect things to get worse before they get better. There's light at the end of the tunnel for the first epidemic, as cases and hospitalizations are down from their peak and vaccinations are increasing -- but a more transmissible virus means a greater share of the population — maybe as much as 85% — would have to get vaccinated to reach herd immunity. https://www.axios.com/coronavirus-variants-pandemic-longer-contagious-deadly-88cdee57-a640-484e-860f-2cec9f950a94.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosam&stream=top
- Nearly a year into the coronavirus pandemic, as thousands of patients are dying every day in the United States and widespread vaccination is still months away, doctors have precious few drugs to fight the virus, [the Times reports](#).
- Dr. Michael Osterholm, an infectious disease expert at the University of Minnesota and a Biden transition adviser, said he thinks the deadlier U.K. variant of COVID will become "the dominant strain" in the U.S. "The surge that is likely to occur with this new variant from England is going to happen in the next six to 14 weeks...and if we see that happen, ... we are going to see something like we have not seen yet in this country. ... I see that hurricane Category 5 ... 450 miles offshore."
- President Biden reportedly plans to meet today with 10 Republican senators who are proposing a \$600 billion alternative plan to Biden's \$1.9 trillion coronavirus relief package. The GOP proposal includes a new round of stimulus checks of \$1,000 instead of Biden's proposed \$1,400 figure, and drops the plan to increase the federal minimum wage to \$15 an hour. It will be formally unveiled later today but seems unlikely to garner much Democratic support and, ([The Washington Post](#)), <http://politi.co/2NRDtIq>. The group, led by Sen. Susan Collins (R-ME) "informed the president they are working on a counterproposal focusing on spending \$160 billion on vaccines, testing, treatment and personal protective equipment." (Read the [letter](#))
- Brian Deese, director of the National Economic Council, had this to say about the GOP letter: "The president has said repeatedly he is open to ideas, wherever they may come, that we could improve upon the approach to actually tackling this crisis. What he's uncompromising about is the need to move with speed on a comprehensive approach here." Asked if the White House was willing to compromise with the GOP, and *if that meant Biden is open to smaller checks, he responded*: "We're open to that idea. We're open to ideas across the board."
- House Democrats are preparing to [introduce a budget resolution this week](#) that would pave the way for an eventual simple-majority Senate vote on Biden's coronavirus relief package. According to sources, the measure will likely be introduced on Monday, with the goal of reaching the House floor on Wednesday, and Schumer said the Senate would follow suit.
- Democrats and Republicans provided widespread support for the PPP. Senate Republican leader McConnell called it "a [bipartisan slam dunk](#)". . . House Democrats extended and expanded it included in aid packages in the summer and the fall and Treasury said [the program might have saved nearly 19 million jobs](#). Yet some academic economists say PPP has saved relatively few jobs, and at a cost of more than half a trillion dollars has been far less efficient than other government efforts to help the economy. https://www.nytimes.com/2021/02/01/business/economy/ppp-jobs-small-business.html?mkt_tok=eyJpIjoiTmPgaFpUazVOVFprTWpJeCIsInQiOiJLWEdzSFEyWHZHZHdyRjFabUtERIVKQ1hVOXpjNXRFditvbUEzdW0yamhIRndVQ1hYTZWZFUyYwQjRGbE5ldFBYelVSR3A2OWIESzZFFVmlsV0NkSkFkQkxVZXFXTzJ5OXBRTmhKbjY2aVdWbHdtdlg3VCtvbVnkTCTuQWNqKzdIMiJ9
- The U.S. Commerce Department reported that U.S. household income rose for the first time in three months in December as a new round of government-aid efforts kicked in, priming the economy for stronger growth this year once the pandemic recedes and businesses fully reopen. Household income (what families received from wages, investment returns and government-aid programs)

climbed 0.6% from the prior month, the Commerce Department said Friday.

https://www.wsj.com/articles/consumer-spending-personal-income-coronavirus-december-2020-11611873351?mkt_tok=eyJpIjoiTmpGaFpUazVOVFprTWpJeClIsInQiOiJLWEdzSFEyWHZHdyRjFabUtERIVKQ1hVOXpjNXRFditvbUEzdW0yamhIRndVQ1hYTWZFUlYwQjRGbE5ldFBYe1VSR3A2OWIESzZFVmlsV0NkSkFkQkxVZXFXZTJ5OXBRtmhKbjY2aVdWbHdtdlg3VCtVbVnktCtuQWNqKzdIMiJ9

FROM NEW YORK

- In his daily update on COVID-19 in New York State, Governor Cuomo yesterday reported that there were 7,976 patient hospitalizations statewide; 1,534 patients in the ICU; 1,008 were intubated; the statewide positivity rate was 4.44%, and there were 138 COVID-19 deaths in New York State. For a comprehensive breakout of the data by region: <https://empirereportnewyork.com/governor-cuomo-announces-new-yorks-covid-19-positivity-rate-has-declined-for-23-straight-days/>
- **From Dan Rickman, Deputy District Director, Upstate New York, U.S. Small Business Administration (SBA):** SBA has published an FAQ document for the Shuttered Venue Operators Grant program. You can find more information on the SVOG page on our website here: [Shuttered Venue Operators Grant \(sba.gov\)](#). And here's a direct link to the new FAQ download page: [Shuttered Venue Operators Grants - FAQ \(sba.gov\)](#).
- Housing advocates and a top Senate Democrat have a \$2.2 billion plan to help struggling tenants and small landlords. State Senator Gianaris (D-Queens) and tenant groups [are calling on Gov. Cuomo to set aside the hefty sum](#) in the state budget to clear back rent that has built up during the COVID crisis.
- Even as the pandemic continues to rage and New York struggles to vaccinate a large and anxious population, Gov. Andrew Cuomo has all but declared war on his own public health bureaucracy, and nine high-ranking health officials have resigned in recent months, [The New York Times reports](#).
- New York is lagging behind at least 17 other states in releasing the race and ethnicity of those who have received the COVID-19 vaccine. [Read More](#). Meanwhile, [New data released](#) by the city shows white New Yorkers have received far more COVID-19 vaccines than any other racial group, a situation Mayor Bill de Blasio called a "profound disparity" Sunday.
- The Health Department's [drumbeat of high-level departures in the middle of the pandemic](#) came as morale plunged in the Health Department and senior health officials expressed alarm to one another over being sidelined and treated disrespectfully.

#####

IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**