

Monday, March 15, 2021  
To: New York Community Banks

*IBANYS received the following three documents providing important information from the SBA, and we wanted to share it with you (see below and attached):*

**I. Below please find web links to the recently updated PPP documents:**

**Frequently Asked Questions - Click here: [PPP-FAQs-3.12.21.pdf](#)**

**How to Calculate First Draw Loans – Click here: [How to Calculate First Draw PPP Loan Amounts](#)**

**How to Calculate Second Draw Loans – Click here: [HowtoCalculateSecondDrawFAQs-3.12.21.pdf](#)**

**II. Please find attached SBA Procedural Notice 5000-806780 “Guidance on 7(a) and 504 Loans with Monthly Installments in Excess of \$9,000.”**

The purpose of this Notice to provide supplemental guidance to Lenders with 7(a) loans sold into SBA pools in the Secondary Market and to CDCs with 504 loans in debenture pools.

**Valerie Shoudy**, Lender Relations Specialist  
[Valerie.Shoudy@sba.gov](mailto:Valerie.Shoudy@sba.gov)

**Grace Connors**, Lender Relations Specialist  
[Grace.Connors@sba.gov](mailto:Grace.Connors@sba.gov)

U.S. Small Business Administration  
224 Harrison St., Suite 506 | Syracuse, NY 13202

**II. WASHINGTON** – The [U.S. Small Business Administration](#) announced extended deferment periods for all disaster loans, including the COVID-19 Economic Injury Disaster Loan (EIDL) program, until 2022.

- All SBA disaster loans made in calendar year 2020, including COVID-19 EIDL, will have a first payment due date extended from 12-months to 24-months from the date of the note.
- All SBA disaster loans made in calendar year 2021, including COVID-19 EIDL, will have a first payment due date extended from 12-months to 18-months from the date of the note.

**Existing SBA disaster loans approved prior to 2020** in regular servicing status as of March 1, 2020, received an automatic deferment of principal and interest payments through December 31, 2020. This initial deferment period was subsequently extended through March 31, 2021. An additional 12-month deferment of principal and interest payments will be automatically granted to these borrowers. Borrowers will resume their regular payment schedule with the payment immediately preceding March 31, 2022, unless the borrower voluntarily continues to make payments while on deferment. It is important to note that the interest will continue to accrue on the outstanding balance of the loan throughout the duration of the deferment.

“Small Businesses, private nonprofits and agricultural enterprises, including those self-employed individuals, contractors and gig workers, continue to navigate a very difficult economic environment due to the continued impacts of the Coronavirus COVID-19 pandemic, as well as historic Severe Winter Storms in 2020,” **SBA Acting Administrator Tami Perrillo** said.

“The COVID-19 EIDL program has assisted over 3.7 million of small businesses, including non-profit organizations, sole proprietors and independent contractors, from a wide array of industries and business sectors, through this challenging time,” continued Perrillo.

SBA continues to strive to make available all previously approved Coronavirus Pandemic stimulus funding and administer the new targeted programs related to provisions in the 2020 Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act) as quickly as possible.

“The American people and the nation’s Small Business owners need our tireless effort and dedication to get this essential funding to those in great need, and SBA will not rest until we implement President

Biden's "American Rescue Plan" and its additional targeted programs and funds allocated for America's small business and nonprofit communities," said **SBA Senior Advisor Michael Roth**.

COVID-19 EIDL loans are offered at very affordable terms, with a 3.75% interest rate for small businesses and 2.75% interest rate for nonprofit organizations, a 30-year maturity. Interest continues to accrue during the deferment period and borrowers may make full or partial payments if they choose.

In mid-February 2021, SBA reached a milestone in the success of the COVID-19 EIDL program, by approving **over \$200 billion** in emergency funding in low-interest loans, providing working capital funds to small businesses, non-profits and agricultural businesses to survive the severe impacts of this catastrophic and historic period within the entire United States of America and its territories. SBA continues to approve over \$500 million each week for the COVID-19 EIDL program.

Questions on SBA COVID-19 EIDL and disaster loan payments can be answered by email at [DisasterCustomerService@sba.gov](mailto:DisasterCustomerService@sba.gov) or by calling SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).

-- John

## FROM ICBA

### IRS Provides EIP Update

On Friday, the [IRS began distributing](#) the third round of Economic Impact Payments as part of the recently enacted \$1.9 trillion American Rescue Plan Act of 2021.

**Details:** Roughly 90 million ACH payments were sent in the first tranche amounting to \$242.2 billion with an effective pay date of March 17, 2021, and an additional 150,000 checks amounting to \$442 million were mailed with a pay date of March 19, 2021. Additional batches of payments will be sent in the coming weeks with the vast majority sent by direct deposit. Payments will also be sent through the mail as a check or debit card.

**What's New:** The third stimulus payment will be larger for most people. Most families will get \$1,400 per person, including all dependents claimed on their tax return (including those over 17). Income eligibility requirement levels to receive payments have also changed. And unlike previous EIPs, these payments are not exempt from garnishment, and will have a company entry description that reads (two blank spaces-TAXEIP3-space) to indicate that the payments may be garnished. Checks will be printed with a new check symbol, 40447, displayed in the MICR line.

**Garnishment:** While ICBA and other trade groups have urged [Congress](#) and the [Biden administration](#) to include the protection in the final version of the bill and as a standalone legislation, banks are legally required to act on any garnishment order, and should be prepared to address customer questions.

**Getting Prepared:** Community banks should evaluate their cash forecast for the next few weeks and review their records from the first two rounds of EIP to maintain sufficient cash on hand and for ATM replenishment. Banks should also plan for additional staffing needs in support functions and for increased website and mobile app traffic from consumers trying to access funds.

**Resources:** ICBA has updated its frequently asked questions to include [new information on the third round](#) of payments on the [PPP and EIP News page](#). The IRS also issued [FAQs for consumers](#) that cover EIP amounts, eligibility and payment status. The Bureau of Fiscal Service also offers a summary of the recent and expected actions around this new round of payments. The IRS' [Get My Payment tool](#), which lets consumers check the status of their EIPs, is expected to be active starting today.

**More:** ICBA also [offers a summary](#) of the American Rescue Plan Act, including provisions on the EIPs, supplemental unemployment insurance, aid to state and local governments, and more.

### ICBA: Two-tiered deadline will ensure SBA clears PPP loans on hold

[ICBA thanked policymakers](#) for introducing The PPP Extension Act of 2021, which pushes the application deadline until May 31 and creates a second deadline of June 30 for the Small Business Administration to clear the thousands of Paycheck Protection Program loan applications in process.

**Background:** Under current law, any application not approved by March 31—even if it was submitted prior to that date—cannot receive PPP funds.

**ICBA Position:** Congress should quickly move to advance this legislation before the March 31 deadline and use the additional time to address PPP issues related to first-draw increase eligibility, second draws, farm partnerships, Schedule C borrowers, and the Save Our Stages program.

### **SBA updates PPP guidance**

The Small Business Administration on Friday updated its [frequently asked questions](#) as well as its guidance concerning how to calculate revenue reduction and maximum loan amounts for first- and second-draw Paycheck Protection Program loans. Notably, FAQ 66 outlines how lenders can help Schedule C filers who had already submitted a loan application to use gross income instead to calculate their loan amount. Also, [FAQ 17 for first-draw PPP loans](#) and [FAQ 19 for second-draw PPP loans](#) clarifies that farm partnerships may not use gross income to determine loan amount. Qualified joint ventures as defined by the IRS (generally married couples that file jointly, both materially participate in the business and each elect not to be treated as a partnership) can apply as Schedule F borrowers using gross income. However, only one spouse in a qualified joint venture may submit a PPP loan application on behalf of the qualified joint venture.

### **Registration open for 2021 Capital Summit**

Registration is open for the 2021 virtual ICBA Capital Summit. Livestreaming April 27, the event will feature remarks from key policymakers and virtual Capitol Hill visits with members of Congress and staff on critical community banking advocacy priorities. [Learn more and register.](#)

### **ICBA releases new PPP videos**

ICBA last week released new videos detailing the important relationship between community banks and small businesses during the pandemic.

**Videos:** Available on [banklocally.org](#) and featuring representatives from Tioga State Bank, Bank of Idaho, and M&F Bank and their customers, the videos discuss the role of community banks in local economies with a focus on their Paycheck Protection Program leadership.

**Ongoing Series:** The new videos build upon ICBA's ongoing video series on [banklocally.org](#), which also features ICBA's Community Bank Locator and other resources.

## **FROM OTHER SOURCES**

- Gene Sperling, who was director of the National Economic Council during the Clinton and Obama administrations, has been selected by President Joe Biden to manage the implementation of the \$1.9 trillion American Rescue Plan. His appointment could be announced as soon as today when the president is scheduled to make remarks about the stimulus package, according to the people. ([The Washington Post](#))
- This week's seven-state swing by the first and second families is just the beginning: The White House is mapping a multi-week campaign - in red and blue states - to sell the COVID stimulus. President Biden's top advisers see the \$1.9 trillion relief bill, which Biden signed Thursday, as the key to solidifying his political fortunes. [Inside the Biden-Harris battleground blitz](#)
- To help pay for follow-up to the COVID-19 relief bill, the President is reportedly making plans to institute the country's first significant federal tax hike since 1993, with a suite of tax increases under consideration by the White House such as: raising the corporate tax rate to 28% percent from 21%; implementing a higher capital-gains tax on those earning at least \$1 million per year; scaling back tax preferences for pass-through businesses; enacting a higher income tax rate on those earning more than \$400,000 annually; and broadening the reach of the estate tax. ([Bloomberg](#))
- Treasury Secretary Yellen doesn't view inflation "as a significant risk" following the passage of the \$1.9 trillion economic stimulus bill, adding that the Fed has the "tools to address it" if high inflation does materialize. Yellen also said that the administration hasn't decided whether it will pursue a wealth tax supported by Senator Warren and others, but noted several policies President Biden has presented would result in comparable outcomes. ([CNN Business](#))

**Vaccine enthusiasm** has increased, but a large group is holding out, [Axios Vitals](#) author Caitlin Owens [reports](#).

- Nearly half of Republican men — 49% — said in an NPR/PBS NewsHour/Marist [survey](#), conducted March 3-8 they won't choose to be vaccinated when they're allowed.
- **41%** of all Republicans said the same.
- 6% of Democratic men said they wouldn't get the shot.
- 25% of Black respondents, 28% of white respondents and 37% of Latino respondents said the same.

#### FROM NEW YORK

- Governor Cuomo updated the state's progress on the pandemic. Hospitalizations dropped to 4,486 (the first day below 4,500 since December 5 and a 52% decrease from the mid-January peak); ICU patients dropped to 927 (a new low since December 7 and a 43 % decrease since the mid-January peak); Intubations dropped to 619 (a new low since December 21). The statewide positivity rate was 2.88%. 62 New Yorkers lost their lives to the virus.
- **The administration's vaccine czar** Larry Schwartz reportedly phoned county executives seeking to shore up political support for Governor Cuomo. One county executive filed notice of an impending ethics complaint with the state attorney general's office, according to [the Washington Post](#) and [The New York Times](#), fearing their county's vaccine supply could suffer if Schwartz wasn't satisfied.
- Democrats in the state Senate and Assembly over the weekend released budget proposals that would lead to billions of dollars in new taxes on wealthy New Yorkers in order to close a remaining gap in state spending and funding education and health care in the process. [Read More](#)
- With state budget season in full swing, The American Rescue Plan "provides some breathing room for New York to make some good, or bad, choices." [Read More](#) . . <https://nypost.com/2021/03/14/ny-legislature-proposes-nearly-7b-in-new-taxes-on-wealthy/>. . <https://assembly.state.ny.us/Press/?sec=story&story=95997>. . <https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2021/03/15/state-lawmakers-call-for-new-taxes-on-rich-new-yorkers>

**A new Siena Poll** <https://scri.siena.edu/2021/03/15/voters-say-cuomo-should-not-resign-50-35/> conducted March 8-12 and released today found that by a 50-35% margin, voters say Governor Cuomo should not immediately resign.

- By 48-34%, they say he can continue to effectively do his job as governor.
- One-third say he has committed sexual harassment, one-quarter say he has not, and a plurality are unsure.
- Voters are satisfied with the way Cuomo has addressed the allegations, 57-32%.
- Voters approve of Cuomo's handling of the pandemic, 60-33%, virtually unchanged from 61-34 percent last month.
- They gave Cuomo positive grades on four specifics related to the pandemic – communicating, providing accurate information, reopening plans, and managing the vaccine rollout.
- However, when it comes to making COVID-related nursing home death data public, they gave Cuomo a negative grade, 27-66%.
- President Biden said he wants to see what comes of an investigation into allegations of sexual harassment against Cuomo when asked if the Democratic governor should resign. [CNN reports](#).

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**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](mailto:Johnw@ibanys.net); 716.880.0518)
- **Stephen W. Rice, Director, Communications & Government Relations** ([Stever@ibanys.net](mailto:Stever@ibanys.net))