

Thursday, March 4, 2021

To: New York Community Banks

FROM ICBA

SBA issues new PPP rule, applications

The SBA released its new interim final rule and new application forms implementing Paycheck Protection Program changes for sole proprietors and other borrowers that file IRS Form 1040, Schedule C. An SBA webinar on the updates is scheduled for today.

Key Provisions:

- The new IFR includes a revised loan calculation formula for Form 1040, Schedule C sole proprietors, independent contractors, and self-employed individuals using gross income instead of net income, as advocated by ICBA.
- The rule spells out the calculation for these borrowers in two ways: those with no employees and those with employees.
- Schedule C filers using gross income to calculate loan amounts with more than \$150,000 in gross income will not automatically be deemed to have made the statutorily required certification concerning the necessity of the loan request in good faith. These borrowers may be subject to a review by SBA of their certifications.
- The rule also sets aside \$1 billion for PPP loans to businesses in this category that do not have employees and are located in low- or moderate-income areas.
- The higher loan amounts for Schedule C borrowers apply to applications filed after the rule's effective date. Loan amounts cannot be increased once the loan is disbursed to the borrower, so lenders and borrowers may wish to cancel loans that have not yet been disbursed and reapply using the new Schedule C application form.
- The rule also includes provisions on small-business owners delinquent on their federal student loans or with prior non-fraud felony convictions and non-citizen small-business owners who are lawful U.S. residents.

Resources from SBA:

- [The interim final rule](#)
- [Updated frequently asked questions](#)

For Lenders:

- [More Lender Information](#)
- [Updated Lender Application Form](#)
- [Updated Second Draw Lender Application Form](#)

For Borrowers:

- [More Borrower Information](#)
- [Updated Borrower Application Form](#)
- [Updated Second Draw Borrower Application Form](#)
- [Borrower Application Form for Schedule C Filers Using Gross Income](#)
- [Second Draw Borrower Application Form for Schedule C Filers Using Gross Income](#)

Webinar Today: The SBA is scheduled to hold a [Microsoft Teams webinar](#) on these updates at 4 p.m. (Eastern time) today, March 4.

More: Additional PPP information and resources are available on the [SBA](#) and [Treasury](#) sites and ICBA's [PPP and EIP News](#) page.

Romero Rainey: ICBA pressing PPP reforms

While Congress is fast-tracking the next stimulus package, problems with existing recovery programs remain unaddressed, ICBA President and CEO Rebeca Romero Rainey wrote in [an op-ed](#) this week.

Background: Due to the use of the budget reconciliation process to expeditiously pass the Biden administration's \$1.9 trillion stimulus plan unaltered, updates to the Paycheck Protection Program will need to be addressed separately.

ICBA Advocacy: In her [op-ed on Medium](#), Romero Rainey writes that Congress needs to address PPP issues related to first-draw increase eligibility, second-draw use of proceeds, farm partnerships, and the Save Our Stages Program.

Fed districts cite lower delinquency rates: Beige Book

Economic activity expanded modestly from January to mid-February for most Federal Reserve districts, according to the Fed's [Beige Book](#). Most districts cited lower delinquency rates and elevated deposit levels, mortgage lending remained robust, commercial real estate conditions deteriorated, manufacturing activity increased moderately, and agricultural conditions improved.

Private sector adds 117K jobs in February

Private-sector employment [increased](#) by 117,000 jobs in February on a seasonally adjusted basis, according to ADP. Small businesses added 32,000 jobs, while midsized and large businesses added 57,000 and 28,000, respectively.

Registration open for 2021 Capital Summit

Registration is now 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.](#)

FROM OTHER SOURCES

- Following negotiations with moderate Senate Democrats, it was agreed to tighten eligibility for some direct payments in President Biden's \$1.9 trillion economic stimulus plan, with the \$1,400 checks dipping to zero at a quicker pace for individuals earning more than \$75,000 annually and for married couples bringing in more than \$150,000. Democrats didn't change the size of weekly federal unemployment benefits in the bill. ([The Wall Street Journal](#))
- The Senate will likely vote on the economic stimulus bill this weekend after Majority Leader Schumer delayed beginning the final debate last night because he didn't have an official cost estimate on the latest version of the bill. Taking out the minimum wage increase to comply with the Senate parliamentarian's ruling and changing the direct payment eligibility will impact the final Congressional Budget Office estimate of the total price tag. ([Bloomberg](#))
- The House ended its work week early following a Capitol Police intelligence report about a possible militia group plot to breach the Capitol today, even as the Senate plans to remain in session. The reported threat appears to be connected to supporters of the conspiracy theory QAnon, who say former president Trump would retake the White House on March 4 - which was, up until 1933, presidential inauguration day. ([The Associated Press](#))
- Some Democratic congressional leaders including House Speaker Pelosi are backing Shalanda Young, a former congressional budget aide already nominated as Deputy Director, to lead the Office of Management and Budget following the White House's withdrawal of Neera Tanden's nomination. Others with support include Gene Sperling, a former top economic adviser to President Clinton, and Ann O'Leary, who worked for California Gov. Gavin Newsom. ([The Washington Post](#))
- The White House is weighing whether to engage in talks with Republicans on a minimum wage hike once Congress passes its Covid relief bill, two sources with knowledge of their strategic thinking say. White House aides said they believe there's room to bring Republicans into the fold because raising the minimum wage is popular across ideological grounds.

https://www.politico.com/news/2021/03/03/biden-minimum-wage-negotiations-republicans-473583?mkt_tok=ODUwLVRBQS01MTEAAAF7nFHD9MwQliEuCeQmqkoP7y47artnbzCr48SqSJgnKWoe5N9sHRtV61uSl6rKAIbayLm0mc12Zl4cRrTSagm15_xMBceeUZfliRn_lwH0Ks4

- The new Biden administration rules overhauling the way small business loans are doled out will potentially leave thousands of sole proprietorships and the self-employed on the sidelines, despite the president's pledge to give them better access to pandemic aid. The SBA quietly decided that the benefits that the President promised to "one-person businesses" won't be available to many of those who have already received aid from the program. https://www.politico.com/news/2021/03/03/biden-small-business-473571?mkt_tok=ODUwLVRBQS01MTEAAAF7nFHD9JhpHIkQDwHPXO9lbJsYuTCbLjxJZkWxLLpbqhH3XE2NeOHVdwnY7mtKvq0QZBNj_1iXKZGimc9yUVNo_w0IzaannR-suSFHDtTv4kg
- Most businesses are optimistic about the economic recovery as coronavirus vaccines are more widely distributed and hiring has picked up slowly across the country, according to the Fed's "Beige Book" -- its periodic compilation of anecdotes from business contacts. It said the U.S. economy continued to grow modestly in the first several weeks of 2021, though some industries, such as leisure and hospitality, continued "to be restrained by ongoing Covid-19 restrictions." https://www.wsj.com/articles/u-s-businesses-optimistic-about-economy-due-to-vaccines-and-hiring-fed-beige-book-says-11614800696?mod=hp_major_pos1&mkt_tok=ODUwLVRBQS01MTEAAAF7nFHD9MwGwbAFRYRrhqZpHZih5PiHZyZIMTQisI4N4MGs4BYzGK49spsLK-svBdMhdckgWWdWA9MtpjTEvL6k9MWCLT36pBJNZ7F5qdRBQyDE#cxrecs_s
- Citing concerns about the pandemic, the CFPB wants to give lenders an extra 16 months before they must comply with new safe mortgage standards. A proposal issued Wednesday would allow mortgage lenders to offer home loans under the CFPB's old qualified mortgage standard -- including the so-called GSE patch that allows all mortgages sold to Fannie Mae or Freddie Mac to qualify under the rules-until Oct. 1, 2022. https://news.bloomberglaw.com/banking-law/cfpb-proposal-would-allow-safe-mortgage-mix-during-pandemic?mkt_tok=ODUwLVRBQS01MTEAAAF7nFHD9Be5vSjXN0jJY6l0GiqqjXd_GaizovBtxFqEWDqWfOSL5opgNMJPUfDRDqmhKzzqTzLLIsaSCzclKK7iN7HUZJa3BmqQkQVIP0_Y-Fs
- The CDC will reportedly not be releasing its guidance for vaccinated Americans on Thursday as originally planned. After a series of meetings and calls with senior officials on the White House's Covid-19 task force and the Department of Health and Human Services, the CDC was told to "hold off on releasing" the recommendations. https://www.politico.com/news/2021/03/03/cdc-vaccination-guidelines-473555?mkt_tok=ODUwLVRBQS01MTEAAAF7nGsS-8T1wapQhwlAXhWAitbKKR8CvQPSG_EclIjKe8KD-T20x-ZyXQyYS0lcRTiO7z8ZwNGRAT-Sc-Irg0MLULS8zklmqyvNMkLUyPjISXo

FROM NEW YORK

- New York reported 38,660 total statewide deaths of New Yorkers who tested positive for COVID-19, as of March 2. For more numbers, including the latest statewide and citywide statistics, [click here](#). COVID hospitalizations dropped slightly to 5,323. Of the 218,069 tests reported yesterday, 7,704, or 3.53 percent, were positive. There were 1,047 patients in ICU yesterday, down 29 from the previous day. Of them, 735 are intubated. 75 New Yorkers lost their lives to the virus. 95% of first doses allocated to the state have been administered. See data by region and county on the State's Vaccine Tracker: ny.gov/vaccinetracker.
- New mass vaccination sites operated by New York State in partnership with FEMA opened in Albany, Buffalo, Rochester and Yonkers Wednesday. Each site can administer up to 1,000 vaccinations per day. The Governor detailed the state's plans to immediately deploy the first

tranche of the new Johnson & Johnson vaccine in New York, and announced the state will raise its capacity limits for outdoor gatherings to 25 people (up from 10) March 22. Social-gathering limits for indoor public spaces will go to 100 (from 50), and to 200 (from 50) for outdoor public events.

- New York was one of the first states in the U.S. to implement travel restrictions on domestic visitors last spring. It took another step toward [relaxing its COVID-19 policies Wednesday](#) by lifting the quarantine and COVID-19 testing restrictions on people who have been vaccinated within 90 days of their second inoculation. "Domestic travelers are no longer required to quarantine or test out within 90 days of full vaccination," Governor Cuomo said in a COVID-19 briefing. Beyond the 90 days, travelers would still have to quarantine and test out. International travelers must continue to quarantine for 10 days.
- In his first public remarks since [a sexual harassment scandal](#) enveloped his administration, Gov. Andrew M. Cuomo said on Wednesday that he was embarrassed by his actions and apologized, but said that he would not resign from office. The news conference on Wednesday was the governor's first briefing in nine days, the longest he had gone without taking questions from reporters since the coronavirus pandemic began. <https://www.nytimes.com/2021/03/03/nyregion/cuomo-sexual-harassment-scandal-apology-non-resignation.html?referringSource=articleShare>
- The New York Consensus Forecasting Conference, which includes representatives from the Senate and Assembly minority and majority (Republicans and Democrats) and the executive branch, released the Consensus Forecast for the 2022 fiscal year. It predicts revenues for the upcoming year. They're predicting \$2.5 billion more than Cuomo predicted in January. <https://www.mytwintiers.com/news-cat/top-stories/new-york-state-legislature-completes-consensus-forecast/>
- Governor Cuomo's political fortunes have never been lower, but optimism over the state budget outlook is suddenly higher than any time since the pandemic gripped New York. The state is expected to reap billions more than expected in tax revenues, and President Joe Biden's proposed \$1.9 trillion pandemic relief package would deliver aid beyond Cuomo's requests. <https://www.thecity.nyc/2021/3/2/22310254/cuomo-sex-harrassment-state-budget-taxes-biden>
- State Comptroller DiNapoli has some good budget news: [Tax revenue is better than expected.](#)
- Long-serving Chairman of the Assembly Health Committee Richard Gottfried (D-Manhattan) discussed how budget negotiations may be affected by the crises facing Gov. Cuomo on multiple fronts. 'I think it does give the governor less leverage than he would ordinarily have if he was riding high in popularity,' [Gottfried told Capital Tonight.](#)" Yet, others believe that nonetheless, when it comes to shaping and steering the next budget to final adoption by the Legislature, [the embattled governor is still behind the wheel.](#)"
- Two arms of state government with drastically different views about the role Governor Cuomo should play in managing the pandemic [have arrived at similar conclusions](#) on [a Democratic plan to curtail the governor's emergency powers](#): The plan isn't nearly as much a blow to Cuomo as advertised.

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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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