

Friday, March 5, 2021

To: New York Community Banks

- IBANYS and a number of New York community bankers held a Zoom session yesterday with the new Chairman of the New York State Assembly Banks Committee, Victor Pichardo (D-Bronx). The call served as an introductory discussion in what we hope will be a continuing dialogue. We have many topics to cover during this session and year. Among them are MDi's, state bank project, cannabis banking, climate change risk, credit unions, and municipal deposits. Please email me your questions and comments.
- Also: Please note that slides from 3/4/21 SBA meeting covering revisions in the PPP IFR will be available on the IBANYS website at www.ibanys.net next week.

-- John

FROM ICBA

Key takeaways on new PPP rule

ICBA offers the following community bank takeaways on this week's SBA [interim final rule](#), [frequently asked questions](#), updated application forms, and webinar implementing Paycheck Protection Program changes for IRS Form 1040, Schedule C filers.

Schedule C borrowers

Effective Date: The platform will start accepting applications on the new form for Schedule C borrowers using gross income today, March 5.

Loan Increases: No loan increases are allowed, and the rule is not retroactive to previously completed loans.

Withdraw or Cancel and Reapply: In certain instances, however, the loan can be withdrawn or cancelled and then the borrower can reapply.

- If the application has been submitted and not yet approved, withdraw the application and reapply using the new application form.
- If the loan is approved by SBA, but not disbursed, cancel the loan in E-Tran Servicing (not the Platform) and reapply using the new form.
- If the loan is disbursed but not yet reported on Form 1502, cancel the loan in E-Tran Servicing, have the applicant repay the loan, and then reapply using the new form.
- If the loan has been disbursed and reported on Form 1502, the loan cannot be cancelled or increased.
- Note that once a loan is cancelled in E-Tran Servicing, it takes a couple of days to be reflected in the Platform, and then you can reapply.

Partnerships and LLCs: Partnerships may not use the new gross income method or form for Schedule C borrowers.

- Single member LLCs that file Schedule C may use the gross income method and new application form.
- 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 C borrowers using gross income.
- See the instructions on the loan application form for more information. (These same rules apply to farmers seeking to use gross income to calculate loan amounts.)

Webinar slides: The [webinar slide deck](#) includes additional information, including new rules regarding applicants with criminal histories or student loan defaults.

Key FAQs

The SBA's new FAQs also includes these key updates.

- **FAQs 57 and 58:** defines lobbying activities as it applies to eligibility of 501(c)(6) organizations and destination marketing organizations; and clarifies that PPP proceeds may not be used for lobbying activity expenses by any PPP borrower.
- **FAQs 59 and 60:** borrowers who filed for bankruptcy after disbursement of their First Draw loan are eligible for forgiveness if funds were used according to forgiveness rules, but are not eligible for a Second Draw loan.
- **FAQ 61:** a borrower may certify on a Second Draw application that it will have used all First Draw proceeds “only for eligible expenses” (if true), even if it doesn’t use 60 percent for payroll, in which case forgiveness will be reduced.
- **FAQ 62:** a borrower that received partial forgiveness of its First Draw loan is eligible for a Second Draw loan as long as the borrower used the full amount of its First Draw PPP Loan only for eligible expenses listed in the consolidated IFR implementing PPP updates.
- **FAQ 63:** clarifies that alternative business size standards are not applicable to Second Draw loans. Generally, borrowers must have no more than 300 employees, with a few limited exceptions.
- **FAQ 64:** outlines which borrowers may use an Individual Taxpayer Identification Number (ITIN) instead of a Social Security Number (SSN) when applying for a PPP loan.
- **FAQ 65:** for PPP borrowers who claim the Employee Retention Credit, payroll costs that are qualified wages for the Employee Retention Credit are not eligible for loan forgiveness if the employer elects to claim the credit for those amounts.

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

FHFA extends GSE multifamily forbearance

The Federal Housing Finance Agency (FHFA) [said](#) Fannie Mae and Freddie Mac will continue to offer COVID-19 forbearance to qualifying multifamily property owners through June 30. The programs were set to expire March 31.

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.](#)

DOJ warns of fake UI benefit websites

The [Justice Department](#) said it has received reports that fraudsters are creating websites mimicking unemployment benefit websites, including state workforce agency websites, to unlawfully capture consumers' personal information. **How it Works:** The fake websites are designed to trick consumers into thinking they are applying for unemployment benefits and disclosing personally identifiable information and other sensitive data. That information can then be used by fraudsters to commit identity theft.

FROM OTHER SOURCES

- The average number of vaccine doses being administered across the United States per day topped 2 million for the first time yesterday, according to data from the Centers for Disease Control and Prevention, [The New York Times reports](#). The U.S. is now vaccinating an average of 2 million people a day, up from 1.3 million in early February. That puts the country on track to hit President Biden's goal of 100 million doses during his first 100 days in office a month ahead of schedule. 54 million people have received at least one dose," the N.Y. Times [reports](#).
- Fed Chairman Powell said that the central bank intends to keep low interest rates, didn't signal it would try to curb a recent jump in Treasury yields, and said the country is still "a long way" from the Fed's targets of maximum employment and averaging 2 percent inflation over time. ([The Wall Street Journal](#))
- The Congressional Budget Office predicted the federal debt will double as a share of the economy by 2051. In the near term, the CBO said that the federal budget deficit should decline as the U.S. economy rebounds from the coronavirus pandemic, though the forecast does not include projected additional spending from Congress, such as the \$1.9 trillion stimulus bill. ([The New York Times](#))
- Vice President Kamala Harris broke the 50-50 tie, and the Senate voted to open debate on the \$1.9 trillion economic stimulus bill with no GOP support, suggesting no Republicans will vote to approve the final package. Wisconsin GOP Johnson insisted on a full reading out loud of the 628-page bill, which lasted nearly eleven hours until early this morning. Senate Majority Leader Schumer said "matter how long it takes, the Senate is going to stay in session to finish the bill this week." ([The Washington Post](#)) [Read More](#)
- The Biden administration will invest \$9 billion in minority communities to "ensure that those who have been hit hardest by the pandemic have access to loans as the economy recovers." Treasury is opening the application process for its Emergency Capital Investment Program to provide funds to CDFIs and Minority Depository Institutions as they look to step up lending. https://www.nytimes.com/2021/03/04/us/politics/treasury-minority-loans.html?mkt_tok=ODUwLVRBQS01MTEAAAF7oX4nP7P_RYgVXK236KNINxaSyYzXgP31DLPtUC6rjRJ4ZdQM-iRU1niV3AuP5ceB4TZ_5PEnQEQj1tntJ3i5XOXBHob7StN2ePJOOi5NjCI
- The U.S. reported 1,743 Covid-19 deaths and 65,500 new coronavirus cases Thursday. The country's COVID vaccine supply problem appears to be just about solved after President Biden's announcement this week that every adult who wants a shot will be able to get one by the end of May. That leaves two big tasks for the administration: Access, i.e. ensuring all adults can get to places administering the shots, and vaccine hesitancy, the reluctance among a proportion of the population to get the shot. <https://www.politico.com/newsletters/playbook/2021/03/05/mccarthy-struggles-to-manage-trump-492003?nname=playbook&nid=0000014f-1646-d88f-a1cf-5f46b7bd0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630318>
- ["The United States is now averaging 2 million vaccine doses administered per day,"](#) NYT: "The average number of vaccine doses being administered across the United States per day

topped two million for the first time on Wednesday, according to data from the Centers for Disease Control and Prevention. A month ago, the average was about 1.3 million.”

- The U.S. economy added 379,000 jobs in February, a level that surpassed analysts’ estimates but remains below the rate needed to regain the more than nine million jobs lost since last year. The unemployment rate dropped a tenth of a percentage point to 6.2 percent. https://www.axios.com/february-jobs-report-biden-b289b0fb-e7ce-4066-8407-871bffeaa1a.html?stream=top&utm_source=alert&utm_medium=email&utm_campaign=alerts_all.

FROM NEW YORK

- COVID hospitalizations dropped to 5,177. Of the 270,089 tests reported yesterday, 7,593, or 2.81 percent, were positive. There were 1,043 patients in ICU yesterday, down four from the previous day. Of them, 712 are intubated. 60 New Yorkers lost their lives to the virus. <https://www.governor.ny.gov>. 96 % 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 York State has now reported 38,796 total statewide deaths of New Yorkers who tested positive for COVID-19.
- Two bombshell articles dropped within hours of each other, first from The Wall Street Journal and then from The New York Times, revealing that top Governor Andrew Cuomo aides altered a COVID-19 report, purposefully withholding the complete number of nursing home resident deaths. via the [Wall Street Journal](#) and The [New York Times](#). [Read More](#). . .*Statement from Governor Cuomo and NYS Health Department:* <https://empirereportnewyork.com/statements-from-department-of-health-spokesman-gary-holmes-and-special-counsel-to-the-governor-beth-garvey-in-response-to-the-new-york-times-story-on-nursing-homes/>
- The problems facing Gov. Andrew Cuomo seem insurmountable for any politician to say in elected office. And the controversies continue to snowball. . .but the consequences of these twin controversies, as well as the political fallout, the governor will face are less clear. [Read More](#)
- The New York State Senate and Assembly plan on Friday to strip Gov. Andrew Cuomo of sweeping emergency powers enacted under the COVID-19 pandemic. The action comes as Cuomo is embroiled in scandals over his nursing home policies during the coronavirus and allegations that he sexually harassed former staffers. . .But there are questions about how effective the new law will be. <https://www.wxxinews.org/post/nys-legislature-set-revoke-cuomos-pandemic-powers-friday>
- Governor Cuomo has overseen the state’s response to COVID-19 for more than a year. State lawmakers have their own ideas about how to effectively manage the public health crisis, but as the [state Senate](#) and [Assembly](#) get ready to assert their own power against the increasingly embattled governor, nine government watchdogs are offering a glimpse of how things might be if *they* were in charge.
- State lawmakers are set to act Friday to overhaul the powers they first granted to Gov. Andrew Cuomo a year ago to respond to the COVID-19 pandemic. How will this affect the lives of every day New Yorkers? [Read More](#)
- State legislators could take on a politically weakened Governor Cuomo to push their own budget agenda, including a more progressive tax policy targeting the ultra-wealthy. Many Democratic lawmakers are considering a tax package that would go further than the hike on high-income earners. https://www.bloomberg.com/news/articles/2021-03-05/n-y-wealth-tax-and-budget-deadline-converge-with-cuomo-scandals?srnd=premium&sref=GogtSAI4&mkt_tok=ODUwLVRBQS01MTEAAAF7oX4nPw_m

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- A Quinnipiac University poll found that a majority of New York voters do not think that Cuomo should step down from office, but a majority also believes he should not seek a fourth term, [NY1 reports](#). [Read More](#)

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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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