



August 6, 2020

To: Members of the New York Congressional Delegation

The Independent Bankers Association of New York State (IBANYS) exclusively represents the interests of local community banks throughout New York State. We are writing to ask your support for a number of changes to the Paycheck Protection Program (Program) in the changing economic environment.

The Paycheck Protection Program has been a lifeline to small businesses across our state (and the nation) during the ongoing pandemic. IBANYS strongly supports current efforts to renew the Program before it expires on August 8, and to make changes that will simplify it, make it more flexible for borrowers, and qualify larger loans.

In particular, IBANYS supports the following changes to the Program, also supported by our partners in Washington, the Independent Community Bankers of America (ICBA):

**Simplified forgiveness for smaller loans.**

We must not allow the Program to be undermined by an overly complex process for obtaining forgiveness. PPP borrowers with loans of less than \$150,000 should qualify for forgiveness based on an attestation to a good faith effort to use loan proceeds in accordance with program guidance. PPP borrowers with loans of less than \$2 million should be allowed to a streamlined process for obtaining forgiveness. These provisions would allow small business borrowers to remain focused on the challenge of adapting their businesses to a new environment and protecting the safety of their employees and customers.

**Lender safe harbor.**

Community banks made thousands of PPP loans on an expedited basis because they recognized the urgent need of their local businesses. They acted in good faith in complying with SBA guidance which was changing and often ambiguous. ICBA strongly supports a safe harbor to protect lenders from enforcement action that relied in good faith on borrower certifications and documentation. Notably, Senators Kevin Cramer and Bob Menendez have advanced legislation, "The Paycheck Protection Small Business Forgiveness Act," (S. 4117) which has broad bipartisan support, to provide needed PPP forgiveness simplification and a safe harbor.

**Additional eligible expenses.**

Community banks support expansion of allowable and forgivable expenditures for Program funds. PPP borrowers have faced many new expenses since the program was launched in April, including costs related to transitioning to virtual environment, property damage from public disturbances, costs related to ensuring the safety of workers and customers, and other expenditures. For the Program to achieve its full potential, these expenses must be allowable and forgivable.

**Selection of covered loan period for forgiveness.**

We support giving PPP borrowers flexibility in selecting their covered period for forgiveness. This flexibility is necessary to maximize the potential of the Program.

**Eligibility for higher loan amounts based on updated regulations.**

Program borrowers that qualify for larger loans based on subsequent changes to loan calculations should be allowed to work with their lenders to obtain additional funds. This change is fair to borrowers and provides them with more funds needed to sustain their businesses.

**More flexible loan calculations for farmers and ranchers.**

We support a change that would allow certain farmers and ranchers to obtain larger loans by using a more favorable gross income calculation based on 2019 Schedule F. Lenders would be allowed to increase previously approved loans based on these more favorable calculations. Farmers and ranchers are struggling in the current environment and should be allowed to access larger loans.

We respectfully urge you to support these important reforms, which we believe will help the Program reach its full potential for the benefit of borrowers and employees. Thank you for your attention and consideration.

Sincerely,

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The Independent Bankers Association of New York State (IBANYS) exclusively represents the interests of independent community banks located throughout New York State. Community banks share a commitment to meeting the financial needs of their respective local communities. IBANYS was founded in 1974, supports community bankers through representation in legislative and regulatory affairs, sponsors educational programs for its members and provides information about community banking to the public.