

PPP LOAN FORGIVENESS

ICBA is pressing for simplified forms and processes for the forgiveness of smaller PPP loans.

- » ICBA-backed legislation (S. 4117 / H.R. 7777) includes a presumption of forgiveness for all loans under \$150,000 and lender safe harbor protection.

PPP CHANGES SOUGHT FROM SBA

ICBA seeks the following changes:

- » Need for a contractual agreement before payment of agent fees.
- » Flexibility to adjust loan terms as permitted by the PPP Flexibility Act without executing individual loan modifications.
- » Elimination of requirement to deduct EIDL advances from forgiveness.

EXPENSE TAX DEDUCTIONS FOR PPP BORROWERS

ICBA is supporting legislation that would preserve expense deductions for PPP borrowers, which are prohibited under Treasury guidance.

CAPITAL AND ACCOUNTING RELIEF FOR COVID-RELATED ASSETS

ICBA-advocated measures include:

- » Extension of Troubled Debt Restructuring (TDR) provisions of the CARES Act.
- » Ensuring origination and/or holding of PPP loans has no impact on a community bank's risk-based capital and leverage ratios.
- » Making the 8% Community Bank Leverage Ratio (CBLR) permanent.
- » Exempting PPP loans from regulatory asset threshold calculations.


LIABILITY PROTECTION

ICBA supports a liability safe harbor for businesses from COVID-19-related suits.

SMALL BUSINESS LOAN DATA COLLECTION RULE

The CFPB has released an outline of proposals that would require banks to collect and report data on loans made to small businesses, as required by the Dodd-Frank Act. The Bureau is considering exemptions for banks below \$100m to \$200m in assets or originate fewer than 100 small business loans. The proposal fails to recognize the customized nature of small business lending. ICBA is urging the Bureau to increase the exemption thresholds.

Real Results for Your Bank



FHFA Delays Adverse Market Fee	Better Loan Terms for PPP Borrowers and Lenders	Congress Creates Dedicated Funding for Community Bank PPP Loans	Meaningful Increases to CRA Small and Intermediate Small Bank Thresholds
<p>In response to an ICBA grassroots and media campaign, the FHFA, Fannie Mae, and Freddie Mac delayed a 50-basis point fee on refinanced mortgages from Sept. 1 to Dec. 1 and exempted smaller loans.</p>	<p>Treasury increased the interest rate from .5% to 1%. Congress extended the window for spending PPP funds from 8 weeks to 24 weeks and lowered percentage that must be spent on payroll from 75% to 60%.</p>	<p>The second round of PPP funding allocated \$60 billion for community bank loans: \$30 billion for banks with less than \$10 billion in assets and \$30 billion for banks with less than \$50 billion in assets.</p>	<p>The OCC's CRA rule raised the small bank threshold from \$326m in assets to \$600m and the ISB threshold from \$1.305b to \$2.5b, citing methodology argued for in ICBA's comment letter.</p>



BILL OFFERS RELIEF FROM BENEFICIAL OWNERSHIP DATA COLLECTION AND REPORTING

In October 2019, the House passed a bill (H.R. 2513) to require businesses, rather than their banks, to report their beneficial ownership information to FinCEN. A similar bill, the Illicit Cash Act (S. 2563) is pending in the Senate. ICBA also advocates for modernized reporting thresholds under the Bank Secrecy Act.

- » ICBA released a white paper, “Modernizing Anti-Money Laundering and Anti-Terrorist Financing Laws and Regulations.”

ICBA “WAKE UP” CAMPAIGN TARGETS CREDIT UNION ABUSES

The mission of the campaign is to pursue legislative and regulatory changes to contain or reverse the expansion of credit unions and to draw media and public attention to the aggressive and frequently abusive nature of the industry.

- » ICBA released a white paper, “Do They Know They’re Tax Exempt?”, and other resources to bring attention to the issue.
- » ICBA grassroots campaigns have targeted an NCUA proposal to allow credit unions to issue subordinate debt and have urged NCUA to strengthen its rule on credit union-bank acquisitions.
- » ICBA is urging Congress to convene hearings on credit union-bank acquisitions.

ILC LOOPHOLE CLOSURE BILL INTRODUCED

Nonbank technology companies are seeking ILC charters under Utah law and filed for FDIC insurance. The industrial loan company (ILC) loophole allows commercial companies to own ILCs, which are the functional equivalent of banks, and effectively mix banking and commerce. In March 2020, the FDIC approved the applications of Square and Nelnet. Rakuten withdrew its application, though it is expected to reapply. The Eliminating Corporate Shadow Banking Act (S. 2839) would close the ILC loophole and grandfather existing ILCs. ICBA is seeking a House sponsor for the bill.

- » ICBA was the first national banking trade group to endorse S. 2839.
- » ICBA is advocating for a moratorium on ILC applications so that

Congress can consider permanent closure of the loophole.

- » ICBA provided comments on a proposed FDIC rule regarding the oversight of parent companies of industrial loan companies.

TAX INCENTIVES FOR COMMUNITY BANK LENDING

The Enhancing Credit Opportunities in Rural America (ECORA) Act (H.R. 1872/S. 1641) would exempt interest earned on loans secured by agricultural real estate or primary residences in rural communities, from taxation. The Access Business Credit Act (H.R. 4805) would provide that interest on small business loans held by community banks is tax exempt.

- » Ask your Representative and Senators to cosponsor the ECORA Act and the Access Business Credit Act.

FEDNOW IMPLEMENTATION

The launch of FedNow is approximately three years away, but community banks should begin planning their faster payments strategies now.

- » ICBA is the only national banking trade group to call for the Federal Reserve’s active involvement in faster payments.
- » ICBA urges the Fed to expedite its 2023-24 timeline and its industry engagement initiatives.
- » ICBA encourages community banks to develop an emerging payments strategy that encompasses real time payments.

OCC EXPANSION OF CHARTER TO NON-BANKS

ICBA is working with a coalition of trade groups to oppose the OCC’s proposed special payments charter which would allow non-depository fintech companies access to the privileges of a federal bank charter. With regard to the OCC’s proposed fintech charter, ICBA filed a friend-of-the-court brief in support of the New York Department of Financial Services’ challenge to its legality.

SUPPORT FOR AGRICULTURE

ICBA advocates for enhanced USDA guaranteed lending as well as direct federal assistance and other measures to support American agriculture.