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News you can use

Capitol Report

Maine Bankers Association

June 11, 2020

News from Washington (Legislative & Regulatory)

OCC Sends Letter to Local Elected Officials on Considering the Impact of Economic Shutdown on America's Banks. Acting Comptroller Brooks sent the letter to local officials highlighting the impact of their lockdown orders on the health and functioning of our shared national financial infrastructure. Brooks explained, "...we now have anecdotal reports of banks that are experiencing small-business loan delinquency rates in the mid-double-digits on loan books that reflected strong cash flow expectations and pristine credit quality at the time of origination, prior to local lockdown orders. Such high delinquency rates have the potential to threaten the community and mid-size banks that are the economic lifeblood of local communities, a factor that your members should take into account in weighing the risks and benefits of lengthy continued lockdown orders." Click [here](#) to read the entire letter.

MBA Sends Letter to Treasury and SBA on PPP Forgiveness. Today, MBA sent a letter to Treasury and the SBA outlining our concerns that the PPP Loan Forgiveness application process, as outlined in the recently released guidance, is unnecessarily burdensome on our nation's small businesses. We urged them to streamline the process for small loans. Read the full letter [here](#).

This Week the Board of Governors Approves Changes to the Maine Street Lending Program (MSLP). The goal of the changes was to extend credit to a larger number of borrowers. The one-page MSLP Overview has also been updated and [can be found at this link](#). Primary changes to the program include:

- Lowering the minimum loan size for certain loans to \$250,000 (from \$500,000);
- Increasing the maximum loan size for all facilities;
- Increasing the term of each loan option to five years (from four);
- Extending the repayment period for all loans by delaying principal payments for two years, rather than one; and
- Raising the Reserve Bank's participation to 95% for all loans.

News from Augusta (Legislative & Regulatory)

Governor Mills Renews State of Civil Emergency For 30 Days. This will be Governor Mills' third extension of the State of Civil Emergency. Under Maine law, State of Civil Emergency Proclamations may only be issued in thirty-day increments. Click [here](#) for a copy of the Proclamation renewing the State of Civil Emergency.

Kirstin Figueroa, Maine Commissioner, Department of Administrative and Financial Services, Briefs the Legislature's Appropriations Committee on the State Fiscal Situation. Maine is utilizing the stress test matrix they developed in 2018 to monitor the current situation. The Commissioner feels the state budget will be balanced at the close of June 2020, due to previously holding back \$193 M in the general fund balance. It appears the FY 2021 shortfall is estimated to be about \$525 M. The state currently has \$258 M in the rainy-day fund. Click [here](#) for the April 2020 numbers.



A Division of Bankers Alliance

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Compliance Feature Question

Question: If we doubt the collectability of a check that a customer presents to the Bank, are we able to put "an indefinite" hold on the funds?

Answer: While Reg. CC does not specify the allowable duration of an exception hold for this reason, the Reg. says that the depository bank may extend the hold for "a reasonable period of time." The Fed has told us in guidance that "reasonable" is generally understood to be one additional day for on-us checks and five additional business days for local checks. The bank can impose a longer hold, but it would bear the burden of showing that the hold time is "reasonable."

If an exception contained in paragraphs (b) through (f) of this section applies, the depository bank may extend the time periods established under §§229.10(c) and 229.12 by a reasonable period of time.

12 CFR §229.13(h)(1): [https://www.ecfr.gov/cgi-bin/text-](https://www.ecfr.gov/cgi-bin/text-idx?SID=edf865ac553db81f9a0e3afd580230a1&mc=true&node=pt12.3.229&rgn=div5#se12.3.229_113)

[idx?SID=edf865ac553db81f9a0e3afd580230a1&mc=true&node=pt12.3.229&rgn=div5#se12.3.229_113](https://www.ecfr.gov/cgi-bin/text-idx?SID=edf865ac553db81f9a0e3afd580230a1&mc=true&node=pt12.3.229&rgn=div5#se12.3.229_113)

A "reasonable" time period is generally defined as one additional business day (making a total of two business days) for on-us checks, and five additional business days (total of seven) for local checks; your institution may impose longer exception holds, but you may have the burden of proving that they are "reasonable."

A Guide for Financial Institutions: <https://www.federalreserve.gov/pubs/regcc/regcc.htm>

Not a member? Learn more about membership with Compliance Alliance by attending one of our live demos:

- [Live Demo on Tuesday, June 16th @ 11:00am ET.](#)

- [Live Demo on Thursday, June 18th @ 2:00pm ET.](#)

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