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News you can use

Capitol Report

Maine Bankers Association

August 6, 2020

News from Washington (Legislative & Regulatory)

Time to Reach Out to Representatives Pingree and Golden Regarding PPP Forgiveness for Small Borrowers. Our records indicate that 587 banker advocates reached out to Senators Collins and King regarding asking for their support for S.4117, which would provide much needed changes to the loan forgiveness process to make it less technical for small businesses. **We now need you to write to Representatives Pingree and Golden asking for their support of H.R. 7777** which will also expedite the forgiveness process for most of the PPP borrowers. As with our Senators, we urge you to customize your letter to Representatives Pingree and Golden with your own thoughts and bank data. Alternatively, you can use the Maine-specific language that we have drafted for you [here](#).

The Federal Reserve Released Their July 2020 Senior Loan Officer Survey. The Fed Survey reflected that “banks reported weaker demand for C&I loans from firms of all sizes.” Click [here](#) for a copy of the full survey.

State News

Governor Mills Extends the State of Civil Emergency Until September 3, 2020. The Governor’s office stated, “A State of Civil Emergency allows Maine to continue to draw down critical Federal resources and to deploy all available resources to respond to COVID-19. This is Governor Mills’ fifth 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.

Maine’s Revenue Forecasting Committee (RFC) Met Last Week. Unfortunately, the news from the RFC was not good; however, it was not a complete surprise. The RFC report includes a \$524 million drop for the fiscal year that began on July 1, a continuing shortfall of \$434 million in fiscal 2022 and \$449 million in fiscal 2023. Governor Mills released a statement on the RFC Meeting stating the following: “These numbers are more than statistical projections. They represent funding for vital services on which Maine people rely, from health care, to schools, to economic development. We know that we will face difficult decisions in the future, but these projections make one thing clear: additional aid and flexibility from the federal government for the states is necessary in order to preserve basic services and ensure the strongest possible economic recovery. I have joined with my Republican and Democratic counterparts from across the country to advocate for this critical support through the

National Governors Association for the good of our state and country. I hope Congress delivers.” Click [here](#) for a copy of the RFC’s meeting materials.

Mills Administration Asked Most Government Departments to Identify 10% Cost Reductions in Their Respective Areas According to the *Bangor Daily News (BDN)*. Today the BDN reported, “An email from Department of Administrative and Financial Services Commissioner Kirsten Figueroa sent out Wednesday told department heads they have until Aug. 19 to submit their proposals to the Democratic governor’s administration.” The BDN further reported, “Under Mills’ guidelines, department heads are not allowed to eliminate any program or reduce payments for centralized government services that are subject to their own targets, according to the email. They were also asked to review all resources from prior years’ unencumbered balances and reserves.”



A Division of Bankers Alliance

Co-owned by Maine Bankers Association and 28 other state banker associations across the country. Contact C/A’s Membership Development Team at (888) 353-3933 or info@compliancealliance.com for more information about C/A’s products.

Compliance Feature Question

Question: Our institution is working on the call report and we have several PPP loans to report. Should we report them as “held for investment” or “held for sale”? We don’t plan to sell them but want to verify to be sure.

Answer: From what you describe, it seems that these loans would be reported as “held for investment.” They should be categorized as held for investment if the bank intends and has the ability to hold the loan for the foreseeable future or until maturity or payoff. On the other hand, they would be reported as “held for sale” if the bank intends to sell the PPP loans on the secondary market, which you have indicated that the bank does not plan to do.

Consistent with U.S. generally accepted accounting principles (U.S. GAAP), the agencies would expect banking organizations to report PPP covered loans on their balance sheets. Starting with the June 30, 2020, report date, institutions would include the outstanding balances of their PPP covered loans held for investment or held for sale in the appropriate loan category in Schedule RC-C, Part I, and, as applicable, in other Call Report schedules in which loan data are reported.

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https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC031_FFIEC041_FFIEC051_suppinst_COVID_202006.pdf

Report all loans and leases that the bank has the intent and ability to hold for the foreseeable future or until maturity or payoff, i.e., loans and leases held for investment, in Schedule RC-C, part I.

Not a member of Compliance Alliance?

Learn more about membership with Compliance Alliance by attending one of our live demos (NOTE: Demos are listed as Central time):

- [Live Demo on Tuesday, August 11th @ 11:00 am ET](#)
- [Live Demo on Thursday, August 13th @ 2:00 pm ET](#)

Compliance rules and regulations change quickly! For timely compliance updates, [subscribe to Compliance Alliance's email newsletters](#). These newsletters are **FREE** to all members of the Maine Bankers Association as the Association owns CA with twenty-three other state associations.

Compliance Alliance offers a comprehensive suite of compliance management solutions. To learn how to put them to work for your bank, call **(888) 353-3933** or email info@compliancealliance.com and ask for the Membership Team.

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