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## Capitol Report

### Maine Bankers Association

January 7, 2021

### **News from Washington (Legislative & Regulatory)**

**SBA Releases New PPP Information.** Last night, the SBA released interim final rules covering the pending relaunch of the PPP. However, the SBA did not provide a date for when they will reopen the portal to accept applications for the \$284 B round.

*An [interim final rule](#) on the PPP as amended by the Economic Aid Act.* The amendments to the existing PPP rules reflect changes made by Congress on fees, borrower eligibility, loan amounts, eligible expenses, reliance on borrower certifications and loan increases, as well as a new registration requirement for all lenders according to the ABA. The SBA stated, “Most of this document restates existing regulatory provisions to provide lenders and new PPP borrowers a single regulation to consult on borrower eligibility, lender eligibility and loan application and origination requirements, as well as general rules on increases and loan forgiveness for PPP loans.”

*Another [interim final rule](#) addresses second-draw PPP loans as authorized by the Economic Aid Act .* The ABA reports, “The second rule governs the second-draw loans now available for borrowers with 300 or fewer employees, that saw a 25% or greater revenue drop in 2020 compared to 2019 and that have used the full amount of their first-draw PPP loan. ‘Second-Draw PPP Loans are generally subject to the same terms, conditions and requirements as First-Draw PPP Loans,’ the SBA said. The maximum loan amount is \$2 million or two and a half months’ worth of average payroll costs, whichever is less. The rule covers several calculations to determine eligibility and loan amounts.”

The SBA also released [Guidance](#) on accessing capital for minority-, underserved-, veteran- and women-owned businesses.

**Interagency Webinar on Monday, January 11, 2021 at 2pm ET Regarding the Rollout of the New PPP Program.** The webinar will be hosted by the Federal Reserve System, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Administration (NCUA), and the Conference of State Bank Supervisors (CSBS). Speakers from the SBA and Treasury Department will provide an overview of the new Paycheck Protection Program (PPP) features associated with the recently-passed Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. This presentation is open to all SBA lenders who participated in the SBA PPP lending program. Registration is now open at:  
<https://www.webcaster4.com/Webcast/Page/583/39435>

**New AML/BSA Reform was Enacted with Passage of the National Defense Authorization Act for Fiscal Year 2021.** The ABA reports, "The recently passed law directs the Financial Crimes Enforcement Network to establish and maintain a national registry of beneficial ownership information that banks may, in turn, rely on when complying with customer due-diligence requirements. In addition, it also requires the Justice Department to report on how law enforcement uses Bank Secrecy Act data; calls for the Treasury Department to review BSA reporting requirements with an eye toward streamlining them, including reviewing current thresholds; and provides for financial institutions to share BSA compliance resources, among other measures." We will provide more details when they are released.

## State News

**The MBA Legislative Committee Holds First Meeting in 2021.** The Committee was pleased to welcome Senate President Troy Jackson to their first meeting of the year. President Jackson thanked bankers for their willingness to assist Maine consumers and businesses during the COVID pandemic. He also highlighted the efforts the Legislature will take this session to ensure that citizens will be able to participate in the political process, including the use of virtual meetings. This session will be busy for MBA with over 1600 bill titles released by the Legislature late last week. We only have titles with no text; however, we will keep you updated as the bills' text becomes available.

[List of Bill Titles by Subject Matter](#) (145 Pages)

[List of Bill Titles by State Agencies and Departments](#) (5 Pages)

**Maine Earned Paid Leave Law was Effective on January 1, 2021.** The Maine Department of Labor has provided useful tools including a website that provides details of the law and a PowerPoint on how to calculate "base rate of pay." Click [here](#) for a link to the website. Click [here](#) for a link to the Department of Labor PowerPoint.

**Maine's Statewide Minimum Wage is \$12.15 Per Hour Effective January 1, 2021.** The Maine Department of Labor has updated the required Minimum Wage Poster. Every employer must place this poster in the workplace where workers can see it. Click [here](#) for a copy of the updated poster.

**Maine COVID-19 Statistics.** Members have requested that we provide the current COVID-19 numbers reported by the State with the publication of each Capitol Report.

Total Cases: 27,625

Confirmed Cases: 23,193

Probable Cases: 4,432

Deaths: 385

Hospitalized: 1,135

Recovered: 11,658

Currently Hospitalized: 202



**COMPLIANCE  
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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](mailto:info@compliancealliance.com) for more information about C/A's products.

## Compliance Alliance Feature Question

**Question:** Regarding flood insurance requirements for commercial buildings, does the bank have to require coverage for all buildings on the property?

**Answer:** Yes, each building that secures the loan must be covered by some amount of insurance, but how much coverage is to be required on each building is determined by the bank. It is important to remember that the total amount of required flood insurance is the lesser of: (a) the outstanding principal balance of the loan(s); or (b) the maximum amount of insurance available under the NFIP, which is the lesser of: (i) the maximum limit available for the type of structures or (ii) the "insurable value" of the structures. So the amount of total flood insurance required is allowed to be allocated among all the building securing the loan in varying amounts, but the one fact remains key: all buildings in the SFHA must have some coverage.

Reference:

Is flood insurance required for each building when the real estate security contains more than one building located in an SFHA in a participating community? If so, how much coverage is required?

Answer: Yes. The lender must determine the amount of insurance required on each building and add these individual amounts together. The total amount of required flood insurance is the lesser of:

- The outstanding principal balance of the loan(s) or
- The maximum amount of insurance available under the NFIP, which is the lesser of:
- The maximum limit available for the type of structures or
- The "insurable value" of the structures.

The amount of total required flood insurance can be allocated among the secured buildings in varying amounts, but all buildings in an SFHA must have some coverage...".

Interagency Q&A #14, p. 6.21 <https://www.fdic.gov/resources/supervision-and-examinations/consumer-compliance-examination-manual/documents/5/v-6-1.pdf>

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