

**NOTES FROM GOVERNOR RICKETTS
CALL WITH BANKERS
March 19, 2020**

Participants:

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Comments from Governor Ricketts:

1. The Governor reviewed the current situation in the state related to case numbers. Large gatherings of more than 10 create significant risk of spreading the virus and will soon be prohibited in certain counties. The focus of closing schools, for example, is focused on preventing the spread of the virus from students to their parents and grandparents.
2. Despite rumors, the Governor currently has NO plans to close down private businesses in the state. He encouraged businesses to use caution and follow the appropriate hygiene practices, including social distancing. The Governor encourages banks to limit customer interaction to ten people or less.
3. Business, organizations and individuals should “exercise common sense and good judgement.”
4. Small business will be impacted most dramatically in this process.
5. The Governor has issued Executive orders to:
 - a. waive weight limits and driving restrictions for those involved in the trucking business.
 - b. until May 2, amend unemployment insurance requirements removing the one week waiting period on benefits, waiving the job search requirement and waiving program charges for employers who experience claims related to COVID-19.
 - c. allow Nebraska state boards and commissions to hold virtual meetings.
6. To date, initial attention has focused on the direct impacts to individuals and small businesses. However, there is a clear recognition of the impact the coronavirus is having on our agricultural producers and agribusinesses.

Comments from NDBF Director Quandahl:

1. As Covid 19 continues to cause economic disruption, the Nebraska Department of Banking and Finance encourages bankers to prudently offer support and accommodation.
2. Stay in touch with the bank's Department Review Examiners. They can answer any questions you may have. The Department is open during the emergency; much of the staff is telecommuting. Call 402-471-2171.
3. Banks are encouraged to work constructively with borrowers. The Department views prudent loan modifications (in consumer, commercial and agricultural debt) as positive action when such actions mitigate risk.
4. Additionally, bank management is encouraged to consider loan payment accommodations. For example, while bank call report instructions must be considered, moving well-collateralized performing loans to interest only during this emergency may help borrowers with immediate liquidity needs while maintaining the customer's financial strength.
5. We do not know how long the emergency will last, therefore moving to interest only for 90 to 120 days is fine, and longer time periods will be evaluated by the duration of the emergency.
6. As banks make adjustments, examiners in the future may review loan adjustment disclosures for transparency in explaining any increased costs or fees.
7. Many Nebraska Financial Institutions have notified the Department that their lobbies are closed to all but previously arranged appointments, operating through drive-thrus. Nebraska law allows a bank officer to make this very proper and prudent determination—However all banks are required to maintain the capability of working the back room, cash letter and clearing accounts.
8. Prudent efforts to adjust or alter terms for those impacted by COVID 19 will not be subject to NDBF examiner criticism.

Comments from DED Director Goins and SBA District Director Milobar:

1. The state has submitted the disaster application form to the Small Business Administration office. It has been reviewed and approved regionally in California and has been forwarded to Washington, DC, for final review and approval. Approval in DC will make substantial new SBA resources available in Nebraska.
2. Debt service is the utmost priority for small businesses across the state.
3. Existing customers with an SBA loan can request a payment deferral for 6 months.
 - a. A participant asked for additional clarification as to whether deferred payments could be added to the end of the loan or if the missed payments will lead to creation of a new payment schedule based upon the original loan term. SBA will confirm their response and forward it back to the NBA for conveyance to Nebraska banks.
4. Once the SBA approves the Disaster Declaration, SBA can make direct loans of up to \$2 million available to impacted small businesses. Terms are on a case by case basis, but the following general parameters apply:
 - a. Loan amounts should be tied to damages related to COVID-1
 - b. Terms on these loans can be up to 30 years.
 - c. Interest rates are up to 3.75% for private employers and 2.75% for not-for-profits.
 - d. The application documents can already be found on the SBA web site at: <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
 - e. Borrowers are highly encouraged to submit their loan applications online.
 - f. The goal is to review and make decisions about loan applications within 30 days.
5. SBA will be announcing an additional disaster lending program that could be accessed through Nebraska banks for short-term liquidity. This action is pending. Notice will be provided in the NBA Update when it becomes official.

Comments from Labor Commissioner Albin:

1. Typically, you can see most recessions coming. The current situation is obviously very different. Lots of industries and sizes of businesses will be impacted.
2. DOL is already experiencing much higher claims filings. Applicants are encouraged to use the online portal to file claims when possible: <https://dol.nebraska.gov/uibenefits>
3. With the changes outlined in the Governor's recent Executive Order, employers should encourage employees who are being laid off to file for unemployment. If employees are being laid off completely, workers should file through the traditional unemployment insurance program at <https://neworks.nebraska.gov>.
4. Employers who are forced to reduce employee work hours as a result of COVID-10 are encouraged to consider the Short-Time Compensation Program whereby employee costs get shared between the employer's payroll and the state unemployment insurance program. The process is handled at the employer level as opposed to the employee level. Additional information is available at: <https://www.dol.nebraska.gov/STC>