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April 3, 2020

To Bank Presidents and CEOs:

Thank you again for the proactive communication that we continue to receive from you. It really helps us better understand any trends that are developing around the state. These are unique and challenging times, but I also know from the calls and emails that we are receiving that every bank in the state of Iowa is very focused on its employees, customers, and communities.

Paycheck Protection Program

I am pleased to see the formal launch of the Paycheck Protection Program or PPP. I see it as a very important program to help Iowa's small businesses, especially considering the forgiveness feature that is built into the program. As with any SBA or FSA guarantee program, making sure the customer and the bank follow the rules is critical to protect the guarantee. Like other government guarantees, these loans will not count against lending limits as long as the guarantees are in place on the loans. Here are five key steps to follow:

1. Make sure the customer provides all the information detailed on the SBA website, and be sure to retain the documentation for each loan. You will likely need it again when you submit the loan for complete or partial forgiveness.
2. Know your customer principles are relevant to these loans. If something in the application does not add up, dig deeper or decline the application. Working together we can all help prevent fraud.
3. Do not fund a loan until you are certain the SBA has approved it. The SBA likely has its own cross-checks to complete before it can accept the application as eligible.
4. Make sure the customer understands the intent of the PPP program. If the customer has laid off most or all of its employees and does not plan to rehire them immediately, the customer may not be following the intent of the program regarding the use of loan proceeds and may lose the opportunity for forgiveness of the loan.
5. Finally, make sure customers understand what they are certifying and the penalties for filing false information. The customer makes certification, but the bank's reputation is also on the line.

Amended Annual Shareholder Meeting Proclamation (See Attached Proclamation)

Several banks indicated that they would like to defer their annual shareholder meeting until June in order to hopefully meet in person. This timetable exceeded the duration of my original proclamation, so I have extended the deadline until June 30, 2020. If it does not look like an in-person shareholder meeting will be possible as the deadline approaches, I encourage banks to hold the meeting remotely via conference call.

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Electronic Mailing of Bank and Holding Company Examinations

For the remainder of this national emergency, the Iowa Division of Banking (IDOB) will be using secure email to send examination reports and supervisory correspondence. This will include all correspondence as well as examination reports for all Safety and Soundness, Bank Holding Company, and Trust examinations. These items will be emailed to the President and/or CEO of the financial institution or bank holding company by one of the following individuals: the bank analyst assigned to your institution, IDOB Administrative Secretary Christy Bills, or IDOB Administrative Assistant Jamie Moellers. In addition, those needing to submit items to the IDOB during this time are encouraged to send material directly to their assigned bank analyst via secure email. Please contact your bank analyst if you have any questions or concerns.

Business Continuity Plans

By now you have likely identified critical systems and processes and determined if you can access these remotely in a secure manner. If you have not had an opportunity to test your remote access you may wish to do so, to ensure these critical services are available to bank staff as they maintain bank operations and meet the needs of customers remotely. Bank employees should also have access to any vendor contact information, supplies, manuals, or policies, including the Business Continuity/Disaster Recovery Plan that would be needed to facilitate offsite work.

Many banks have reported that they have cross-trained staff and established shift rotations to minimize the impact of key employees or a significant number of employees being unavailable. However, this can be extremely challenging for institutions with a small number of employees. As a result, these institutions may want to explore potential mutual aid agreements to supplement staffing or deliver customer services in a time of need.

Sincerely,



Jeff Plagge

Iowa Superintendent of Banking