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March 17, 2020

The Honorable Kevin Cramer
United States Senate
Washington, D.C. 20510

Dear Senator Cramer:

On behalf of community bankers nationwide, with more than 52,000 locations, I write to thank you for introducing the Community Bank Regulatory Relief Act (S. 3502), which would increase access to capital in local communities and help sustain economic activity and employment during an historically challenging period. ICBA and community banks strongly support your legislation.

S. 3502 has two provisions. First, it would make the community bank leverage ratio (CBLR) available to some 400 more community banks across the country by reducing the qualifying threshold capital ratio from 9 percent to 8 percent. The CBLR, created by S. 2155 (115th Congress), provides relief from complex capital calculations for qualifying community banks. Unfortunately, the agencies used their discretion to set the qualifying capital threshold at 9 percent, which unnecessarily limits its availability and benefits. As our nation confronts a severe economic shock as a result of the spreading coronavirus, the CBLR will help community banks to sustain and increase credit flows for vulnerable small businesses.

The second provision of S. 3502 would delay the implementation of the current expected credit losses (CECL) accounting standard till 2025. CECL introduces needless complexity and higher capital requirements into bank lending which will necessarily restrict vital credit flows. In the current economic environment, community banks should be focused on working with challenged borrowers so they can meet payroll and other obligations. They should not be distracted with planning for an impending new and complex accounting standard.

These provisions play a critical role in helping community banks help their community at a time of crisis. We look forward to working with you to advance S. 3502.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

The Nation's Voice for Community Banks.®

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