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November 9, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader McConnell, Democratic Leader Schumer, Speaker Pelosi, and Republican Leader McCarthy:

On behalf of community banks across the country, with more than 52,000 locations, I write to urge you to enact pandemic relief legislation before the close of the 116th Congress. This morning we received encouraging news on the prospects for a highly effective vaccine that could be distributed in the coming months. The end of a tragic and costly health and economic crisis may be in sight. But millions of small businesses will not be able to survive into the post-pandemic economy without help from Congress. We urge you to extend hope to these businesses and the Americans who depend on them for their livelihood. Timely action is needed. An effective pandemic relief package must contain the following provisions.

Simplified Forgiveness Needed for Small Paycheck Protection Program Loans

For all loans with an original balance of \$150,000 or less, Congress should create a presumption of compliance based on the borrower's certification that the funds were used in accordance with the terms of the program.

The Paycheck Protection Small Business Forgiveness Act (S. 4117), introduced by Senators Kevin Cramer and Robert Menendez, would create a presumption of compliance for these loans. A House companion bill, H.R. 7777, was introduced by Reps. Chrissy Houlahan and Fred Upton. Protections against fraud and misrepresentation would still apply. These bills have broad bipartisan and bicameral support and should be part of any package advanced in the remaining months of this Congress.

The Nation's Voice for Community Banks.®

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org

Restore Full Forgiveness for All Economic Injury Disaster Loan Advances (EIDL)

Pandemic relief must include the EIDL Forgiveness Act (H.R. 8361), sponsored by Reps. Joe Neguse and John Curtis. EIDL Advance forgiveness is also included in the Heroes Small Business Relief Act, sponsored by Senator Ben Cardin, and the updated version of the HEROES Act, passed by the House on October 1, 2020. We do not believe it was the intent of Congress to effectively trap one million vulnerable small businesses with unexpected debt.

Exclude PPP Loans from Regulatory Asset Thresholds

Pandemic relief should include legislation to direct the federal banking regulators to exclude PPP loans from bank and bank holding company asset threshold calculations. Many community banks will incur costly and burdensome new regulatory requirements as an unintended consequence of their PPP lending. These banks should not be punished for providing a lifeline to the small businesses and non-profit organizations that sustain their communities and local jobs. Legislation sponsored by Mike Lee in the Senate (S. 4875) and Barry Loudermilk and David Scott in the House (H.R. 8675) would adjust asset threshold calculations to exclude PPP loans.

Bank Capital and Accounting Relief

- Extend Troubled Debt Restructuring (TDR) provisions of the CARES Act through December 31, 2021.
- Make 8% Community Bank Leverage Ratio (CBLR) permanent for institutions of \$10 billion or less in assets.

Thank you for your consideration. It is critically important that Congress pass pandemic relief legislation in the short time that remains in the 116th Congress. We look forward to continuing to work with you to sustain the American economy as this crisis evolves.

Sincerely,

/s/

Rebeca Romero Rainey
President and CEO

CC: Senate Banking Committee Chairman Mike Crapo
Senate Banking Committee Ranking Member Sherrod Brown
House Financial Services Committee Chairwoman Maxine Waters
House Financial Services Committee Ranking Member Patrick McHenry

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