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July 28, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Republican
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Republican McHenry:

On behalf of community banks across the country, with more than 50,000 locations, I write to express our support for two bills scheduled for markup today: The Adjustable Interest Rate (LIBOR) Act of 2021 (H.R. 4616), sponsored by Rep. Brad Sherman, and The Promoting New and Diverse Depository Institutions Act (H.R. 4590), sponsored by Rep. Jake Auchincloss. ICBA and community banks encourage all members of the Committee to vote to advance these bills.

The Adjustable Interest Rate (LIBOR) Act will address the numerous contracts with language that did not contemplate a permanent cessation of LIBOR, by providing a replacement benchmark rate that will go into effect when LIBOR is discontinued. The replacement of LIBOR has the potential to cause severe market disruption and litigation due to the existence of contracts that provide for no or inadequate fallback benchmark rates, many of which community banks are a party to. This legislation will ensure that there is no impact on legacy contracts that already have adequate fallback language in place and is consistent with changes recently made to New York law. We appreciate Rep. Sherman's commitment to addressing this issue.

The Promoting New and Diverse Depository Institutions Act requires the Federal banking regulators to conduct a joint study to assess the challenges faced by proposed depository institutions, including proposed minority depository institutions (MDIs), seeking de novo depository institution charters and to provide legislative recommendations to help these proposed institutions successfully obtain charters. There has been a dearth of de novo charters in the past decade. An infusion of new charters is needed to offset consolidation in the banking sector and create a competitive landscape that will benefit consumers and small businesses. New minority community bank charters in particular will promote inclusiveness and prosperity in vulnerable, hard-to-reach communities and reduce the unbanked population.

Concrete, actionable proposals are needed to turn the tide of stagnant de novo bank formation. ICBA supports measures to spur the creation of de novo banks, such as phasing in capital standards for de novo

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banks over a period of three years and allowing for greater flexibility to modify the de novo business plan as conditions warrant. Start-up capital is often the greatest impediment to forming a new bank, and these provisions, among others, would help spur the creation of de novos, including MDIs.

Thank you for scheduling the Adjustable Interest Rate (LIBOR) Act of 2021 (H.R. 4616) and the Promoting New and Diverse Depository Institutions Act (H.R. 4590) for markup. ICBA looks forward to working with you to advance these important bills into law.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House Financial Services Committee

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