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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

October 8, 2020

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
Constitution Ave NW &, 20th St NW
Washington, D.C. 20551

The Honorable Kathleen Kraninger
Director
Consumer Financial Protection Bureau
1700 G St NW
Washington, DC 20552

The Honorable Jelena McWilliams
Chairman
FDIC Board of Directors
550 17th Street, NW
Washington, DC 20429

Mr. Brian Brooks
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th St SW
Washington, DC 20219

The Honorable Rodney Hood
Chairman
National Credit Union Administration
1775 Duke St, #4206
Alexandria, VA 22314

Dear Chairman Powell, Director Kraninger, Chairman McWilliams, Acting Comptroller Brooks,
and Chairman Hood:

Banks and credit unions continue to play an enormous and important role in the response to the COVID-19 pandemic. Amid the uncertainty of COVID-19, many of them received a significant inflow of customer deposits. Additionally, Congress tasked banks and credit unions in the Coronavirus Aid, Relief and Economic Security Act (CARES Act) with providing their own

funds to small businesses through loans guaranteed by the Small Business Administration under the Paycheck Protection Program (PPP).

As a result, many banks and credit unions have inadvertently experienced significant balance sheet growth, which is ultimately expected to decline as borrowers meet the PPP's forgiveness terms. In the meantime, many banks and credit unions may now unexpectedly face surpassing certain asset-based regulatory thresholds. Crossing these thresholds would entail new, expensive and burdensome regulatory requirements to which they would not have otherwise been subject.

Banks and credit unions must not be deterred from continuing to play a key role in the recovery and must maintain ample flexibility to serve customers and work with those affected by the pandemic. As each of your agencies continue taking actions to provide liquidity to the marketplace and support lending to households and businesses, I urge you to use your discretion to minimize the regulatory impact on banks and credit unions resulting from their participation in the PPP.

Sincerely

A handwritten signature in blue ink that reads "Mike Crapo". The signature is fluid and cursive, with the first name "Mike" and last name "Crapo" clearly distinguishable.

Mike Crapo
Chairman