



March 20, 2020

The Honorable Maxine Waters  
Chairwoman, House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairwoman Waters:

We are writing in response to your March 11, 2020, letter seeking information from the National Bankers Association (“NBA” or “Association”) regarding the steps that our member banks are taking in response to coronavirus or COVID-19. We are pleased to report that a number of our member banks have begun to take steps to accommodate our customers who are already beginning to experience adverse economic impacts associated with the coronavirus pandemic.

The risk landscape is constantly evolving, so all of our member institutions are responding to the situation both for their personnel and for their customers in real time. As a general matter, all of our member institutions are already implementing various forms of social distancing for bank personnel ranging from consolidating branches to implementing more flexible telework and leave policies. Our member institutions have also similarly reported that their respective boards and senior leadership teams are considering a broad range of payment deferral plans for customers that have been adversely affected by the coronavirus pandemic. Many of member institutions have begun proactive measures by reaching out to affected customers by email and phone to discuss their concerns and potential solutions.

We highlight the efforts of two of our member banks – Durham, North Carolina-based Mechanics and Farmers and Savannah, Georgia-based Carver State Bank – that have taken the lead in developing best practices for the Association in responding to COVID-19.

**Mechanics and Farmers:** Mechanics and Farmers (M&F) is developing a three-month payment deferral for businesses and consumers impacted by this event. Like many NBA member institutions, this was spurred in part in response to M&F’s concentration of religious and nonprofit institution loans who have been acutely impacted by social distancing directives. M&F is an approved Small Business Administration (SBA) lender, so its anticipated three-month payment deferral would include SBA loans. In light of the deferrals that M&F is extending to its SBA borrowers, they would like to submit for the Committee’s consideration in any relief measures preference being given to smaller financial institutions (< \$1 billion in assets), MDIs, and/or CDFIs to receive their SBA guarantee faster in the event an SBA loan is liquidated given that our institutions over-index in small business lending to entrepreneurs that serve lower and moderate-income communities. M&F has also partnered with a major medical provider to offer emergency secured loans to their diverse suppliers from \$25,000 to \$250,000 to prevent disruptions to medical services providers as they respond to the coronavirus pandemic. The Association believes that this is a model that other medical services providers should consider offering to its diverse suppliers where the Association member banks stand ready to step in to directly support medical service providers’ response to the coronavirus.

**Carver State Bank:** Carver is actively encouraging its customers to use the drive-through (with extended hours), ATMs, and night drop for transactions, instead of in-person transactions in the bank's two branch lobbies. Carver also recently launched access to a nationwide ATM network that customers can use without a fee to give additional ATM access further reducing the need to come their locations. Since the bank has a small staff (15 FTEs) spread across two branch locations, it has the ability to keep essential personnel separate from each other consistent with directives from federal, state, and local public health authorities, and Carver has staff in each location capable of operating key bank systems remotely. Given the bank's older customer base with limited access to email, Carver has begun to contact customers by phone and will send physical letters giving them information on how to access their accounts. Like many Association banks, Carver State Bank banks many local religious institutions that are dependent on weekly offerings to service their debt with Carver, so they are closely monitoring their portfolios and developing individualized approaches for each borrower given their circumstances. Savannah, Georgia's local economy is also heavily dependent on tourism, so in addition to developing a strategy for religious institutions, Carver is also monitoring its loan portfolio and reaching out to restaurant owners and other small businesses to develop individualized relief measures for their lines of credit and small business loans.

As you know, our institutions tend to bank the populations that are most vulnerable to the coronavirus epidemic both personally and economically – the elderly, customers with more volatile economic circumstances, minority entrepreneurs that disproportionately service low and moderate-income communities, and nonprofits like religious institutions that have been dramatically impacted as a result of directives around social distancing. To that end, we urge the Committee to strongly consider that MDI-specific policy interventions be included in any relief package, as our institutions are uniquely impacted during any economic downturn. The coronavirus pandemic looks to be just as dramatic – if not worse – as any economic downturn the Association has seen in its history, and the pace at which the pandemic has coursed through economy suggests that comprehensive relief package must include specific relief to institutions that serve our most vulnerable populations.

Chairwoman Waters, we commend you for your leadership and ensuring that financial institutions respond compassionately to the coronavirus pandemic. Rest assured that the NBA is doing our part to be responsive to our customers, and we look forward to continuing to work with the Committee to ensure that the response from Washington is appropriate, compassionate, and responsive to the needs of the most vulnerable people and institutions in the wake of the coronavirus pandemic.

Respectfully,



Kim Saunders  
President and Chief Executive Officer, National Bankers Association



Kenneth Kelly  
Chairman, Board of Directors, National Bankers Association  
Chairman and Chief Executive Officer, First Independence Bank