AMENDMENT
TO THE
VIEWS AND ESTIMATES OF THE
COMMITTEE ON FINANCIAL SERVICES OFFERED ON MATTERS TO BE SET FORTH IN THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2022
OFFERED BY:

Mr. Luetkemeyer (MO)

At the end insert the following:

Financial Institutions and the Economic Recovery

It is the view of the Committee that the prudential regulators (CFPB, Fed, NCUA, OCC, FDIC) allow for continued flexibility for financial institutions to work with borrowers and meet the challenges of the Coronavirus Pandemic.

The Committee supported multiple bipartisan provisions in the CARES Act and the Consolidated Appropriations Act, 2021 to ensure financial institutions will be given this flexibility. Specifically, Congress allowed institutions to suspend the classification of loans that have been modified due to the pandemic as a Troubled Debt Restructuring (TDR). This relief has allowed financial institutions to make good faith efforts to work with their customers including payment deferrals, fee waivers and extension of repayment terms.

In addition, Congress allowed financial institutions to suspend the adoption of the Current expected Credit Loss (CECL) Accounting Standard. The Committee has heard from numerous stakeholder groups including consumer advocacy groups, minority depository institutions, banks of all sizes, and credit unions regarding how the proposed standard will significantly limit access to credit for low- to- moderate income minority consumers. Suspending the adoption of CECL has allowed financial institutions to continue working with their customers and maintain access to credit for consumers and businesses.

The Committee also supports efforts by the regulators to ensure this flexibility through agency action. The "Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus." highlights how financial institutions can continue to work with their customers, including the through the suspension of TDR's. Furthermore, the "Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances" allows financial institutions to delay the impact of CECL on regulatory capital through the end of 2021 with a 3-year phase in.

The Committee will continue to pursue actions to provide flexibility to financial institutions as consumers and businesses recover from the pandemic and will continue to work with regulators to provide the necessary relief and forbearance. Without this needed flexibility and forbearance for financial institutions, many small businesses will not be able to make it through the economic shutdowns associated with the Coronavirus Pandemic.