

Congress of the United States
Washington, DC 20510

January 18, 2022

The Honorable Jerome Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW Washington, DC 20551

Chair Powell:

We write to encourage the Board of Governors of the Federal Reserve System (Federal Reserve) to review and promptly provide any appropriate guidance on how Emergency Capital Investment Program (ECIP) investments will be considered by the Federal Reserve concerning the Debt to Equity / Leverage Ratio and Double Leverage Ratio for Subchapter S and Mutual bank ECIP recipients.

We recognize the range of considerations the Federal Reserve must take into account when considering guidance and appreciate the Federal Reserve shares our goal of ensuring the ECIP program is a success for these institutions and the communities they serve. However, we have heard concerns from certain Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) that there is a lack of clarity on these issues that might unintentionally force these institutions to limit the ECIP capital they accept.¹ In a manner consistent with promoting the safety and soundness of these institutions, we urge the Federal Reserve to give their request for clarity due consideration.

As you know, the Department of the Treasury announced the list of institutions approved to receive ECIP investments on December 14 and is reportedly aiming to close those investments at the beginning of this year. Given the quick timeline the Department is pursuing, we urge the Federal Reserve to provide clarity to Subchapter S and Mutual bank ECIP recipients on these questions as soon as possible. At a minimum, these institutions should have a response to the concerns they are raising to make an informed decision.

Thank you for your attention to this matter and for your commitment to the thoughtful and successful implementation of ECIP.

Sincerely,



Mark R. Warner
United States Senator



Maxine Waters
Chairwoman, Committee on Financial
Services, U.S. House of Representatives

cc: The Honorable Janet Yellen, Secretary, U.S. Department of the Treasury

¹ [Letter](#) by CDBA, NBA, et al. to the Honorable Jerome Powell regarding Issues Specific to Subchapter S and Mutual CDFI Banks, per Amendment to the Capital Rule to Facilitate the Emergency Capital Investment Program (ECIP); Docket No. R-1741 and RIN No. 7100-AG11 (Dec. 29, 2021).