

Committee on Financial Services

2129 Rayburn House Office Building
Washington, D.C. 20515

March 18, 2023

The Honorable Martin J. Gruenberg
Chair
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chair Gruenberg,

I would like to commend you, along with Treasury Secretary Janet Yellen, Federal Reserve Chair Jay Powell, and your respective agencies, for taking decisive action to protect depositors of Silicon Valley Bank (SVB) by utilizing the systemic risk exception and transferring all deposits of SVB to an FDIC-operated bridge bank, Silicon Valley Bridge Bank, N.A., as your agency markets the institution to potential bidders. It has come to my attention that prior to its closure, SVB agreed to an \$11.2 billion five-year Community Benefits Plan (CBP) in 2021 to support low and moderate income communities in California and Massachusetts.¹ In 2022, it had begun to implement parts of the plan to “achieve at least \$9.06 billion in cumulative, qualified Community Reinvestment Act (CRA) activity in California.”² To ensure that the CBP’s implementation continues to deliver billions in housing and community development investments to California communities, I urge you to use the authority you have to ensure that (1) until FDIC has identified a buyer of SVB, Silicon Valley Bridge Bank, N.A. continues implementation of SVB’s CBP; and (2) if a buyer is identified, that the buyer assumes SVB’s CBP, honoring the commitments made to communities of color and low-income communities in California that stand to benefit from the agreement.

In April 2021, as a condition of SVB’s acquisition of Boston Private Bank, SVB agreed to provide over \$9 billion in mortgage loans, small business loans and community development loans and investments in California, which included dedicating at least 25% of those activities to a new assessment area in the Los Angeles area. SVB began implementation of its five-year plan in January 2022, which means that by the time the bank had closed on March 10, the implementation had been underway for a little more than a year. According to the bank’s progress report in December 2022,³ SVB had completed \$643 million in community development investments and loans, including \$159 million to support affordable housing development in Los Angeles. In addition, SVB was increasing lending to small businesses, as well as critical homeownership subsidies like down payment and closing cost assistance to low-and moderate-income borrowers, and those in majority-minority census tracts, and had started to develop a special purpose credit program targeted to economically disadvantaged borrowers.

It is unclear whether Silicon Valley Bridge Bank, N.A. will take up the implementation of SVB’s CBP; however, it should, just as the bridge bank is assuming and fulfilling SVB’s other contractual obligations. Additionally, failing to require any new buyer of the bank to continue implementation of SVB’s CBP would mean a loss of at least \$2 billion in loans and investments to support affordable housing in California communities, including those in Los Angeles, which were deployed last year but were subsequently interrupted when the bank failed, as well as \$7 billion in mortgages and small business loans that were intended to benefit communities in the state.

¹ Silicon Valley Bank, [Five-year plan expands commitments to small businesses, increasing access to the innovation economy and investing in underserved communities](#) (May 2021).

² CRC, [Community-Benefits-Plan-SVB-CRC-GLI](#) (Apr. 7, 2021).

³ See attachment, “SVB Community Benefits Plan, California Reinvestment Coalition & Greenlining Institute Annual Meeting”

I appreciate all of FDIC's efforts to protect depositors and maintain confidence in the U.S. banking system. I also urge you to work to ensure that the ultimate buyer of SVB maintains the bank's commitments to California communities, especially those who remain historically underserved by the U.S. banking system.

Sincerely,



Maxine Waters
Ranking Member
Committee on Financial Services

CC: The Honorable Patrick McHenry, Chair, House Committee on Financial Services