

Congress of the United States
Washington, DC 20510

January 21, 2022

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

Dear Chairman Powell,


We write to request that you reconsider a set of policies affecting financial institutions that have been chosen to participate in the Emergency Capital Investment Program (ECIP). Bankers in our states have informed¹ us of the Federal Reserve Board's requirements for the debt-to-equity leverage ratio and double leverage ratio for Subchapter S and Mutual bank ECIP recipients. We are concerned about how these requirements will limit S Corporations and Mutual banks' participation in the program at the levels Congress intended.

If an exemption is not granted, many Subchapter S and Mutual Community Development Financial Institution and Minority Depository Institution banks that were awarded ECIP allocations will likely be forced to reduce the amount of funding they accept. Subchapter S and Mutual banks need time to consider the Federal Reserve's position. They are rightly concerned by the Board's lack of guidance and clarification on such a crucial matter.

With the Treasury Department seeking to move quickly to close all ECIP investments, the Federal Reserve must take immediate action to secure funding for the distressed communities that this program was designed to help. Given past precedent regarding an exemption to this policy, we respectfully request that the Board amend the debt-to-equity leverage ratio and double leverage ratio for Subchapter S and Mutual bank ECIP recipients, and clarify its position as soon as possible.

We appreciate your prompt attention to this matter and look forward to your response.

Sincerely,



ROGER F. WICKER
United States Senator



JOHN KENNEDY
United States Senator



MICHAEL GUEST
Member of Congress


JULIA LETLOW
Member of Congress


¹ [2021-12-29 Joint Trades Comments_ECIP Sub S and Mutual to FRB - FINAL.pdf \(cdbanks.org\)](#)


BILL CASSIDY, M.D.
United States Senator


JOHN CORNYN
United States Senator


CINDY HYDE-SMITH
United States Senator


TRENT KELLY
Member of Congress


STEVEN PALAZZO
Member of Congress


MIKE JOHNSON
Member of Congress


CLAY HIGGINS
Member of Congress


ERIC A. "RICK" CRAWFORD
Member of Congress

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