

Congress of the United States
House of Representatives
Washington, DC 20515

March 20, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, Leader McCarthy,

In response to the economic crisis spurred by COVID-19, Congress is examining unprecedented legislation that largely centers around providing consumers and businesses with access to capital to instill certainty and maintain the health of the U.S. economy. As Congress constructs a third piece of legislation in response to COVID-19, I urge the inclusion of a provision to eliminate or significantly delay the Financial Accounting Standards Board's (FASB) Current Expected Credit Loss (CECL) accounting standard. Not only will this expedite business and consumer lending, it will cost the American taxpayers nothing.

For several years, the House Financial Services Committee has heard concerns from across the financial services industry regarding the negative effects CECL could have in an economic downturn. Multiple stakeholders including banks of all sizes, credit unions, credit card companies, and insurance companies have voiced concerns that in a downturn, CECL will require lenders to increase their reserves, locking up additional capital that could be lent to businesses and consumers. Unfortunately, it appears that this prediction is becoming a reality as the effect of COVID-19 on our economy comes to light.

In the past 3 days, multiple groups have called for action on CECL due to the current economic downturn. A coalition of regional and midsize banks sent you a letter detailing CECL's restrictions on the ability of banks to lend to communities in need during this time of economic stress. In addition, the Independent Community Bankers Association sent a letter to House Financial Services and House Ways and Means leadership asking for a CECL delay highlighting the lending disincentives caused by the standard.

Most recently, on March 19, Jelena McWilliams, Chair of the Federal Depository Insurance Corporation sent a letter to FASB urging the board to allow banks currently subjected to CECL to have the ability to opt out of compliance. Chair McWilliams went on to call for a moratorium on the implementation of CECL for community banks, stating that doing so would, "allow these financial institutions to focus on immediate business challenges relating to the impacts of the current pandemic and its effect on the financial system." In addition, the Conference of State Bank Supervisors issued a statement supporting

the FDIC letter adding "allowing institutions to delay their transition to the CECL methodology will give banks more time to focus on their customers."

It is clear that CECL poses a significant threat to exacerbate the current economic instability and could blunt the effectiveness of the measures already taken and those being currently considered. I urge you to include the elimination or substantial delay of CECL in any package moving through Congress.

Thank you for your consideration of this proposal and your swift actions on behalf of the American people.

Sincerely,



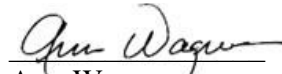
Blaine Luetkemeyer
Member of Congress



Patrick McHenry
Member of Congress



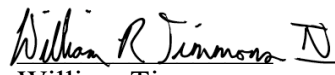
Steve Stivers
Member of Congress



Ann Wagner
Member of Congress



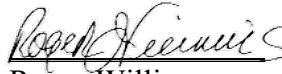
Andy Barr
Member of Congress



William Timmons
Member of Congress



Bill Huizenga
Member of Congress



Roger Williams
Member of Congress



Warren Davidson
Member of Congress




Denver Riggleman
Member of Congress

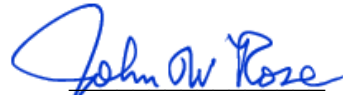



Barry Loudermilk
Member of Congress




Scott Tipton
Member of Congress



Bryan Steil
Member of Congress

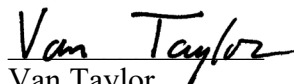

John Rose
Member of Congress


Lee Zeldin
Member of Congress

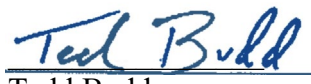

Anthony Gonzalez
Member of Congress


David Kustoff
Member of Congress


Frank Lucas
Member of Congress


Van Taylor
Member of Congress


French Hill
Member of Congress


Tedd Budd
Member of Congress