

Proposal: 1741(AG 11) Reg Q - Regulatory Capital Rule: Emergency Capital Investment Program

Description:

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From: Thomas, Cunningham, Broadway & Todtenbier, Roger M. Cunningham

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Subject: Reg Q; Regulatory Capital Rule: Emergency Capital Investment Program

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Comments:

Ladies & Gentlemen:

I am a practicing CPA and partner in the rural areas of North Louisiana. I am also a board member of a local community bank, BOM Bank, that is heavily invested in lending in and to the minority communities.

Our bank recently applied for the maximum amount of funds through the recently created ECIP fund. We are very excited about the opportunity, while also quite concerned with the existing rules surrounding Sub Debt that are not the same between S-Corp banks like ours and other C-corp banks. C Corps don't have to count any ECIP funds as debt.

These current rules would limit the amount of ECIP funds would be able to request. Our bank operates in 5 parishes in Louisiana that are considered as Persistent Poverty Counties (PPC) with the majority of our banking relationships with Low to Moderate Income (LMI) and/or minority communities allowing us to ability to reach the unbanked and underbanked in this area. Our impact to these communities would be ENORMOUS if we were allowed to request ECIP funds at the same level as C-corp banks. I ask and strongly strongly encourage for the Treasury to work with the Fed and that any/all ECIP Sub Debt be excluded 100% from the Fed's rules/regulations just as TARP and SBLF were. Secondly, have a maturity date of at least 30 years instead of 15 years for Sub Debt just as Trust Preferred Securities used to be. Even better 40 years, 50 years or perpetual. Make this as permanent capital as possible. The more Sub Debt S Corps can get and the permeant the capital is, the more we can deploy and the more the ECIP will be utilized. And leveraging 10 to 1, these funds would be transformational for the markets we serve! Rural America, minorities and the working poor have been hurt more than others by Covid -19 and these ECIP funds not can, but will be a game changer for CDFI/MDI banks!

Thank you for your time and I again implore you to work with the Fed on these topics. I'd love to have a conversation with anyone who would be willing to listen to me.

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