

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

Description:

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Comment ID: 141695

From: BOM Bank, Ken Hale

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

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Comments:

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I am the President & CEO of a Community Development Financial Institution Bank (CDFI) located in rural Louisiana & Texas. I'm the past Chairman of the Louisiana Bankers Association, I currently serve on the Federal Delegate Board of the Independent Community Banker of America (ICBA) and I'm a 5th generation community banker and our bank has been in business since 1903. My staff and I serve on numerous non-profits in our markets and I have a passion for community banking, small business, minority and female inclusion. My bank operates in 5 parishes/counties in Louisiana & Texas 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. 13 of our 16 locations are located in PPC's.

My Board of Directors, Senior Management and I are very excited about the ECIP. It will allow us to ramp up lending and to reach even more customers and non-customers and hopefully help bring in more of the unbanked and underbanked. We were recently informed that our bank has been approved for 88mm in ECIP funds. This amount of ECIP funds will allow us to leverage close to 1 billion dollars over time into our markets. These are transformational amounts money in our part of the country that is very poor, very underserved and in desperate needs of the funds to create jobs, grow small businesses and help consumers.

But today I found out that the FRB will count this Subordinated Debt issued thru ECIP just as any other debt at the holding company level. The FRB will enforce the Small Bank Holding Company Policy Statement. This strict and unfair enforcement will limit my bank to receiving less than half of what we have been approved for. This will cause us to cut back on lending and will have an approximate half a billion dollars less we can lend out in our communities!

If we were a C Corp or a Credit Union, we would be able to issue preferred shares for the full 88mm and never have to worry about the FRB policy statements. This makes no sense whatsoever. During TARP and SBLF, the FRB exempted these funds from the FRB policy statements, so why can't ECIP be treated the same way?

I ask and strongly encourage the FRB that any/all ECIP Sub Debt be excluded 100% from the Fed's rules/regulations just as TARP and SBLF were. 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 exempt all ECIP funds from the FRB policy statements. I'd love to have a conversation with anyone who would be willing to listen to me.

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