

111TH CONGRESS  
1ST SESSION

# H. RES. 943

Expressing the sense of the House of Representatives that the Federal banking regulators should, with respect to well-managed community-based depository institutions, permit appropriate capital forbearance, troubled debt restructuring accounting practices, and other time-tested measures that would allow such institutions to continue to provide for the financial vitality for our Nation's small businesses and family farms.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2009

Mr. COFFMAN of Colorado (for himself, Mr. PERLMUTTER, and Mr. LUETKEMEYER) submitted the following resolution; which was referred to the Committee on Financial Services

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# RESOLUTION

Expressing the sense of the House of Representatives that the Federal banking regulators should, with respect to well-managed community-based depository institutions, permit appropriate capital forbearance, troubled debt restructuring accounting practices, and other time-tested measures that would allow such institutions to continue to provide for the financial vitality for our Nation's small businesses and family farms.

Whereas a strong national economy and the financial well-being of millions of American citizens are dependent upon the continued financial vitality of our small businesses and family farms;

Whereas the economic viability of our small businesses and family farms is directly tied to the ability of the Nation's community-based financial institutions to provide needed credit and to permit their borrowers to restructure existing debt in a responsible and reasonable manner;

Whereas problems which now pervade our economy but are expected to be transitory in nature have placed severe financial pressure on a number of small businesses and family farms and have, in turn, resulted in escalating levels of loan defaults and depressed property values;

Whereas these economic difficulties and increases in required capitalization levels by regulators have made it extremely difficult, and often impossible, for community lenders to maintain their capital at levels currently mandated by financial regulators without severely limiting the ability of many lenders to continue to make the same levels of credit available as prior to this period of economic distress;

Whereas the foregoing have had and are continuing to have spiraling downward effects on the ability of many small businesses and family farms to remain viable employers and strong components of the nation's economy;

Whereas under difficult economic conditions which occurred in the 1980s, Federal and State agencies that regulate community based financial institutions developed appropriate capital forbearance, troubled debt restructuring accounting practices, and other policies to assist those institutions that were well-managed; and

Whereas these measures were undertaken to ensure that these financial institutions remained viable sources of financial strength for their communities and to assist their

borrowers in reasonable and responsible allocation of credit so as to enable deserving borrowers to weather temporary economic pressures; maintain access to reliable sources of credit; and remain as important sources of employment and economic strength: Now, therefore, be it

1       *Resolved*, That it is the sense of the United States  
2 House of Representatives that the Comptroller of the Cur-  
3 rency, the Federal Deposit Insurance Corporation, the  
4 Board of Governors of the Federal Reserve System, the  
5 Director of the Office of Thrift Supervision and all other  
6 agencies, State and Federal, which regulate the conduct  
7 and affairs of community-based depository institutions  
8 should develop appropriate policies, similar to those com-  
9 mencing in the mid-to-late 1980s, that will—

10           (1) permit well-managed community-based de-  
11       pository institutions to temporarily maintain capital  
12       at levels less than that currently required, condi-  
13       tioned upon the submission and regulatory approval  
14       of an appropriate plan to restore capital levels by a  
15       date certain, as determined by the appropriate agen-  
16       cies;

17           (2) permit well-managed community-based de-  
18       pository institutions to temporarily account for trou-  
19       bled debt restructuring in a manner which allows a  
20       loan to continue to be carried on the institution's  
21       books without loss recognition if the loan is formally

1       restructured in a manner so that it is probable that  
2       the borrower can repay the loan under the new  
3       terms and that the total future cash payments at  
4       least equal the loan amount on the institution's  
5       books;

6               (3) ensure that field examiners are not inappro-  
7       priately classifying loans based on judgements about,  
8       or relationship of various types of loans, to currently  
9       stressed sectors of the economy apart from the abil-  
10      ity of the loans to show likelihood of repayment  
11      based on positive cash flows, ample amounts of col-  
12      lateral and other mitigating factors; and

13              (4) include such additional temporary accom-  
14      modations for well-managed community-based depos-  
15      itory institutions as the agencies determine are ap-  
16      propriate, including regulatory forbearance similar  
17      to that provided in the 1980s, to assist those institu-  
18      tions in remaining vital sources of financial strength  
19      for their communities, while maintaining needed  
20      standards to assure the continued financial integrity  
21      of those institutions and communities.

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