

July 31, 2024

The Honorable Wally Adeyemo
Deputy Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Deputy Secretary Adeyemo,

Thank you for taking time out of your busy schedule to meet with members of the National Bankers Association earlier this month. Since 1927, the National Bankers Association has served as the leading trade association for the country's Minority Depository Institutions (MDIs) and the communities they serve. We are grateful for your continued leadership at the U.S. Department of the Treasury and steadfast support of community-based lenders like MDIs. Because of the leadership of President Joe Biden, Vice President Kamala Harris, Treasury Secretary Janet Yellen, and yourself, MDIs and Community Development Financial Institutions (CDFIs) have received a historic level of investment in our missions to provide critical financial services to underserved urban, rural, and Native communities. Your implementation of the historic Emergency Capital Investment Program (ECIP) is having an immediate impact on the communities hardest hit by the COVID-19 pandemic and will help make those communities more resilient for generations to come.

As we discussed, we strongly encourage the Secretary to use her statutory authority to transfer the ECIP investments to nonprofit affiliates of ECIP recipients or allow recipients to buy back their shares prior to the end of the 2024 calendar year. We believe that the transfer to affiliated nonprofits or, where applicable, offering to sell the ECIP shares back to recipients who choose to repurchase them, will cement the intention of the bipartisan ECIP program's authors to ensure that this capital is permanently available to institutions serving vulnerable communities, regardless of any changed priorities in the Congress or any future Presidential Administration.

Based on the language in the statute, we recommend that the Secretary take the following steps related to the transfer process prior to the end of the federal fiscal year (September 30):

1. **Transfers to Mission Aligned Nonprofit Affiliates** – By August 31, the Secretary should survey all the CDFI-certified recipients of ECIP investments and determine which have mission aligned nonprofit affiliates. For all recipients that have such affiliates, the Secretary should transfer the ECIP shares for a de minimis amount through a simple transfer agreement.
2. **Buy Back of Investments** – For those ECIP recipients that do not have mission aligned nonprofit affiliates, the Secretary should enter into binding agreements to sell the shares to those recipients who would like to buy them from the Treasury. Those agreements should require that a reputable, independent third party provides a valuation of the ECIP investments. Treasury could allow the recipient to engage their own firm as long as it



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meets certain pre-defined criteria. Then the recipient would engage a third-party to conduct an independent valuation of the value with the goal of closing on the share buyback prior to October 31, 2024.

We are grateful to President Biden, Vice President Harris, Secretary Yellen, and you for your rapid implementation of the Emergency Capital Investment Program. We strongly support your efforts to make ECIP permanent, and recommend that you rapidly implement our suggestions above, which will allow MDIs and CDFIs in financially underserved communities across the country to have certainty that this unprecedented injection of capital will be in place for generations to come.

Sincerely,

A handwritten signature in blue ink that reads 'Robert E. James, II'. The signature is written in a cursive style with a prominent 'R' and 'J'.

Robert E. James, II
Chairman

