



August 11, 2020

Chairman Michael Crapo  
Committee on Banking  
United States Senate

Re: CECL Amendment

Dear Senator Crapo,

On behalf of the National Association of Industrial Bankers<sup>1</sup> (NAIB) and the Utah Bankers Association<sup>2</sup> (UBA) we wish to express our appreciation and support for your proposed amendment regarding Current Expected Credit Loss (CECL) accounting standards to potential COVID relief legislation.

It is our understanding that this amendment would delay implementation of CECL for all entities, not just depositories, until either the first day of the fiscal year after the emergency pandemic ceases or January 1, 2023, whichever comes first. Your sponsorship of this measure reaffirms your incredible concern for American families and businesses, especially during this difficult time.

The UBA and NAIB understand the good intentions behind CECL but have always expressed concern about the impractical details and impossible measures it requires. The CECL standard

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<sup>1</sup> First chartered in 1910, industrial banks operate under a number of titles – industrial banks, industrial loan banks, industrial loan corporations and thrift and loan companies. Industrial banks provide a broad array of products and services to customers and small businesses nationwide, including some of the most underserved segments of the U.S. economy. NAIB members are chartered in California, Nevada and Utah.

<sup>2</sup> The Utah Bankers Association is the professional and trade association for Utah's commercial banks, savings banks and industrial banks. Established in 1908, the UBA serves, represents and advocates the interests of its members, enhancing their ability to be preeminent providers of financial services.

imposes unnecessary confusion into lending process. Thus, CECL has an unfortunate impact on the ability of safe institutions to provide credit to Americans across the economic spectrum.

The hardships caused by CECL are greatly amplified during this pandemic. By requiring financial institutions to reserve all expected credit losses at origination, CECL diminishes lending opportunities when needed most.

Given the critical importance of granting meaningful relief from the effects of CECL in 2020, we respectfully urge your office to work with the Securities and Exchange Commission to ensure that the amendment will fulfill your intentions regarding the eligibility and implementation of full financial and administrative relief to all intended entities.

Your amendment will allow all financial institutions to devote their resources to helping American consumers and businesses during this unprecedented crisis. We are grateful for your vision, insight and compassion.

Thank you for your public service to the state and nation.

Sincerely,



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