United States Senate

WASHINGTON, DC 20510

April 10, 2014

President Obama:

We write to respectfully request that the concerns of community bankers are taken into account when naming a replacement for Federal Reserve Governor Jeremy Stein, and that the nominee possess a background with community bank experience or community bank supervisory experience.

Community banks play a crucial role in underserved communities throughout the country: they are almost three times more likely than non-community banks to operate a banking office outside a metro area, and hold the majority of banking deposits in U.S. rural and micropolitan counties. Small financial institutions, such as community banks, are often the only way rural families and small businesses can access the saving and lending markets. Strong community banks were resilient during the financial crisis because they maintained conservative underwriting standards before the crisis and were more diversified in their loan portfolio – and consequently, were able to extend loans at a time of sharply lower lending due to their in-depth knowledge of their markets and their commitment to tailoring unique credit products for individual borrowers.

The responsibilities of the Federal Reserve have grown immensely with the passage of the *Dodd–Frank Wall Street Reform and Consumer Protection Act*, including revising and issuing dozens of regulations that affect nearly every aspect of large and small entities in the banking industry. It is critical that the Federal Reserve fully appreciate the rich and variegated nature of our financial system as it engages in transparent and timely rulemaking to promote a thriving, robust, and resilient financial system unencumbered by undue regulatory burdens.

Nominating an individual with community banking or supervisory experience would ensure that future Federal Reserve actions and regulations are tailored and reflect a nuanced understanding of the regulatory and economic environment faced by community banks, and that the role that these institutions play in their communities and in our financial system is not diminished. The Federal Reserve has a duty to protect and promote growth within the American economy, and a diverse range of perspectives on the Board of Governors will help the Federal Reserve incorporate all viewpoints and ensure that community banks remain an important component of our financial services delivery system. All communities – from the largest metropolitan areas, to exurban cities, to rural villages – deserve safe, unburdened, and fair access to a sound financial system.

Thank you for your consideration of this request. We look forward to hearing from you.

Sincerely,

Heidi Heitkamp
United States Senator

Mark Kirk
United States Senator

Jon Tester
United States Senator

Jerry Moran
United States Senator

Mazie Hirono
United States Senator

Angus King
United States Senator

Tom Coburn
United States Senator

Al Franken
United States Senator

Mike Johanns
United States Senator

Tammy Baldwin
United States Senator

Mark Begich
United States Senator

Jeff Merkley
United States Senator

Mary Landrieu
United States Senator

Martin Heinrich
United States Senator

Tom Udall
United States Senator

David Vitter
United States Senator