



March 27, 2020

The Honorable Doug Ducey
Governor
State of Arizona
Ninth Floor
1700 West Washington Street
Phoenix, Arizona 85007

Via e-mail

Dear Governor Ducey,

In response to the impact the Covid-19 pandemic is having on the economy of our state, here is a quick summary of actions the banking community is undertaking in order to support Arizonans in this time of need.

Banks Remain Open and Ready to Serve

- The industry and its employees have been deemed “essential” under the Governor’s executive order as well as the federal Department of Homeland Security and we are working hard to serve all Arizona individuals and businesses.
- Arizona financial institutions are open with clean and safe facilities.
 - Some limited to drive through.
 - Some limited to lobbies with no more than nine people.
 - Almost all Arizona banks have e-banking or ATM capability.
- The Federal Reserve has publicly assured bank customers that there is ample liquidity in the banking system and therefore there is absolutely no need for customers of banks to seek large cash withdrawals.
- Under the \$2 trillion federal relief program, the FDIC will be authorized to remove the limitation altogether on FDIC insurance on all non-interest-bearing accounts. It is expected the FDIC will take such action.

Keeping Arizona Businesses Open, Funded and Employees Retained

- All banks have been encouraged, and most banks have adopted, a payment deferral program for business loans under guidance from banking regulatory agencies (typically up to 90 days).
- The Small Business Administration (SBA) has declared Arizona eligible for their Disaster Relief Program which provides an opportunity for businesses to borrow up to \$2,000,000. The local SBA office will take applications directly from businesses and will grant loans directly to businesses.
- The \$2 trillion federal relief package will include the ability for businesses with less than 500 employees to receive a loan (up to \$10,000,000) directly from their bank, administered through the SBA 7(a) program, which will provide largely for payroll expenses for a period of at least eight weeks. Additionally, other permitted uses will include rent, utilities, and mortgage interest. The portion used for payroll, rent/lease, utilities and mortgage interest will be largely forgivable if the borrower complies with applicable SBA guidelines for the program.
- Federal banking regulatory agencies have lowered capital requirements for mid-sized and small banks to allow the ability of those banks to generate additional loans to Arizona businesses.

Single Family Mortgage Loans and Consumer Loans

- Arizona banks and mortgage servicers, in conjunction with the Federal Department of Housing and Urban Development and the Federal Housing Finance Agency (FHFA), have suspended evictions and foreclosures for at least 60 days with the potential to extend that period for as long as many state and local emergency declarations are in place.
- Additionally, Arizona banks are working with the FHFA Enterprises, Fannie Mae and Freddie Mac, to provide payment forbearance for up to 12 months to borrowers impacted by the coronavirus. AzBA encourages borrowers impacted by the coronavirus to contact their bank or mortgage servicer right away to put in place a forbearance plan.
- Banks are working directly with consumers on payment deferrals on non-mortgage consumer loans.

On behalf of the banking industry in Arizona and its nearly 150,000 employees we applaud your efforts to make sure all Arizonans are safe and minimally impacted by the economic dislocation caused by the current health care crisis. Please feel free to call on us at any time if you think this industry can be of more service to you as you work through this situation.

Sincerely,
Jack Barry, Chairman
Paul Hickman, President & CEO
Arizona Bankers Association