CALIFORNIA BANKERS ASSOCIATION

DATE: January 16, 2025

TO: **The Los Angeles Delegation, California State Legislature**

FROM: California Bankers Association

RE: **Relief Efforts for Californians Affected by the Los Angeles Wildfires**

Dear State Legislator:

We are outreaching today to share some of the efforts by California banks to assist customers and communities affected by the recent Los Angeles wildfires that commenced on January 7, 2025, and to see how we can be a resource to you, your staff, and your constituents as we work together through this crisis. Banks stand ready to support their customers and communities through this difficult moment and they will play a critical role in efforts to recover and rebuild.

California banks are in the business of serving their customers, especially when hardship strikes. Our members succeed when our communities succeed, and we suffer when our communities suffer. Since the fires commenced in Los Angeles, California's banks have been outreaching and working proactively and constructively with customers to minimize the adverse financial effects of this crisis.

Beyond the proactive outreach by individual banks to their customers, given the unique nature of everyone's personal financial situation, we strongly encourage customers experiencing hardships to reach out early and immediately to their financial institution to discuss their specific circumstances. Banks are deploying tools and resources to assist their customers and starting the conversation early will help customers understand the assistance available. Several institutions have also made significant charitable contributions to disaster relief organizations.

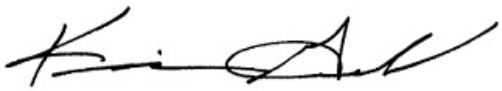
Importantly, early proactive action has been taken to provide relief from residential mortgage loan payments. Realizing that these payments are often the most substantial payment for a household, action has been taken to provide payment relief. You may find examples of this important relief by visiting the following websites for Fannie Mae and Freddie Mac, government-sponsored enterprises that own a significant portion of outstanding mortgages that are serviced by banks and non-banks.

Banking regulators have also recognized the devastation caused by the wildfires and have issued an Interagency Statement on Supervisory Practices Regarding Financial Institutions Affected by the California Wildfires. This statement is helpful for institutions operating in the affected areas and provides guidance on meeting the financial services needs of their communities. Importantly, the statement underscores that efforts to adjust or alter terms on existing loans in affected areas are supported by the agencies and should not be subject to examiner criticism.

Our member banks realize that the challenge facing the state from this disaster is significant. The devastation caused by the wildfires is painful for individuals and businesses alike, including some banks and their staff. But we will meet, and get through, this challenge together. We look forward to working collaboratively with policymakers on rebuilding our communities.

If you have any questions regarding the efforts of the banking industry to support their customers and communities, please do not hesitate to contact us.

Sincerely,



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