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Date: May 15, 2020

To: Senate Committee on Financial Institutions and Insurance

From: Leonard Wolfe, President/Chairman of the Board

United Bank & Trust, Marysville, Kansas

Re: Support for Enhancing Credit Opportunities for Rural Kansas and the creation of the Economic Recovery Linked Deposit Loan Program

Dear Chairman Olson and Members of the Committee:

My name is Leonard Wolfe appearing on behalf of United Bank & Trust and the Kansas Bankers Association. Our bank is based in Marysville, Kansas with 14 branches. We have one branch in Manhattan, but the other 13 branches are located in communities ranging from 200 residents to 5,000. Our bank currently has \$485 million in loans - primarily agriculture and small business loans, so we are heavily invested in our communities in rural Kansas.

I'm not an alarmist, but the current health crisis we are all dealing with has turned into a financial crisis. At United Bank & Trust we have several thousand loans, and I could pick any one of them and make a case where the borrower will not be able to repay us. The programs that are on the table for consideration today are tools that we can use to help keep our businesses open and farms operating, not to mention the people who work for them. Every business in rural Kansas is tied directly or indirectly to agriculture.

I support Enhancing Credit Opportunities for Rural Kansas because Kansas farmers and ranchers are going to need our help for their operations to survive. I realize we are talking about a program that will reduce the interest cost to farmers of about one-quarter of one percent, but it's a start and you would be doing your part. I could give you 100 or perhaps 1,000 examples but here is one for you. We have a young farm family (husband and wife both 35 years old with 4 children) who bought the farm that has been in the family for three generations, but now have \$1.23 million in debt on the farm real estate. The \$3,075.00 annual interest savings is certainly a start, and when you look at it over the life of the 20 year loan it amounts to a significant amount. There is a similar bill that has been introduced in the US Senate and House of Representatives (by Kansas Congressional Delegation members I might add) that would save that same borrower another \$12,000 or more every year. We are in this together with our customers and we are going to have to use everything available, as we project that 20% or more of our farm customers will not cash flow in 2020.

The other program that you are considering today is the Economic Recovery Linked Deposit Loan Program. There is a similar program with limited resources already in place that our bank has participated in since its inception or shortly thereafter. Through this program we plan to provide below market rate loans to small businesses in our communities, in addition to farmers and ranchers. For example, we have a hotel customer in one of our small towns that has a current loan of \$184,000.00. We can use the deposit linked program to reduce their interest rate by 2% from the rate they are currently paying, and save them \$3,680.00 next year (more than \$300 per month). That could be the difference between the hotel remaining open, and continuing to employ the 3 employees they have or closing the hotel. We recently helped them through the Payroll Protection Program, but are looking for more tools to help them continue in business. We do not want to own hotels or restaurants, so programs like this are essential to small businesses.

At the peak there were 1,400 banks in Kansas but today there are just over 200, and our industry will require many things to be able to continue providing credit to rural Kansans. The Enhancing Credit Opportunities for Rural Kansas and the Economic Recovery Linked Deposit Loan Program could potentially save small businesses, farmers and ranchers more than \$20 million annually in interest costs collectively. In the CARES ACT Payroll Protection Program community banks in Kansas provided help to our customers of more than \$5 Billion, ensuring the jobs at virtually every qualifying small businesses and farms in Kansas for the short term. Please provide us these tools to continue to help them for the long run, because I don't think this is going to be a short-term challenge for our customers.

Respectfully submitted,

Leonard Wolfe