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August 7, 2015

The Honorable Heidi Heitkamp
United States Senate
Washington, D.C. 20510

Dear Senator Heitkamp:

On behalf of the more than 6,000 community banks represented by ICBA, I write to express my support for the Relationship Lending Preservation Act (S. 1974), which would direct the Consumer Financial Protection Bureau (CFPB) to create a new “qualified mortgage” option to facilitate community bank mortgage lending to the benefit of the customers and communities they serve.

The current qualified mortgage rule provides that any mortgage underwritten and documented according to the automated underwriting systems of Fannie Mae or Freddie Mac is a qualified mortgage (QM). This regulatory treatment does not extend to the secondary mortgage programs of the Federal Home Loan Banks (FHLBs), which are an important, secondary market alternative for many community banks. S. 1974 would provide that any mortgage issued by a member of a FHLB, with assets of less than \$10 billion, including community banks, that is eligible to be purchased and held by a FHLB, would qualify as QM, pursuant to regulations issued by the CFPB. Importantly, under this bill, QM status would be contingent on the FHLBs’ stringent underwriting and documentation requirements. S. 1974 would create parity between the FHLBs and Fannie Mac and Freddie Mac. It would help to preserve community banks’ critical role in the mortgage market and increase consumer access to safe and sustainable mortgage credit.

Thank you for introducing S. 1974. ICBA looks forward to working with you to advance this important legislation.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Member of the Senate Committee on Banking

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