February 22, 2016

Office of the Comptroller of the Currency
Legislative and Regulatory Activities Division
1557-NEW, 400 7th Street NW
Suite 3E-218, Mail Stop 9W-11
Washington, DC 20219

RE: OMB Control No:1557-NEW; Risk Management Guidance for Higher Loan-to-Value Lending in Communities Targeted for Revitalization.

Dear Sir or Madam,

The Independent Community Bankers of America (ICBA) appreciates the opportunity to comment on the proposed Risk Management Guidance for Higher Loan-to-Value Lending in Communities Targeted for Revitalization. The OCC is proposing risk management guidelines to help OCC regulated banks that wish to participate in lending on properties in certain communities targeted for revitalization. Many times mortgage loans made in these communities are combinations of purchase and major rehabilitation loans and frequently the Loan-to-Value (LTV) ratios on these credits exceed the supervisory LTVs for OCC regulated banks. The OCC in coordination with other government agencies (both local and federal) wish to encourage revitalization in these economic hardest-hit areas, and are proposing guidelines for the oversight, monitoring and reporting of the loans originated in these targeted areas which carry higher LTVs and other features needed to facilitate sound lending in a recovering market.

As proposed, ICBA has no objections to the OCC's Risk Management Guidance on these higher LTV loans. They seem to be fairly straight forward and common sense requirements any community bank would use when lending in a difficult market area. The fact that the OCC is publishing this Guidance also helps provide certainty and transparency regarding the supervision, and examination process which provides the banker with confidence they can meet the needs of their community without fearing action from a regulator. However, ICBA does have a suggestion to make these types of loans available in more communities.

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[1] The Independent Community Bankers of America®, the nation's voice for more than 6,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.
With 52,000 locations nationwide, community banks employ 700,000 Americans, hold $3.6 trillion in assets, $2.9 trillion in deposits, and $2.4 trillion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

The Guidance is applicable only to loans that exceed the supervisory LTV levels in certain targeted communities. These communities must be designated by an either a Federal or State/Local government body. Banks wishing to participate in this type of lending must seek approval of their program from the OCC prior to origination of any loans. Typically, these programs have been used by banks in larger cities, such as Detroit Michigan or Toledo Ohio. While there are community banks in these markets and they can utilize this Guidance to increase lending in these markets, it still may be difficult for a smaller institution to be able to support an ongoing program based the costs to administer and manage the program in accordance with the Guidance. These institutions may not originate a sufficient number of these types of credits that would justify the expense to establish and monitoring this type of a program. Additionally, it's very likely that in many small towns across America there are challenging markets, neighborhoods, where this type of lending could be extremely helpful in revitalizing an area but may not be of a scale sufficient to get recognized as a "targeted area" by local government.

As such ICBA suggests the OCC modify its Guidance to allow for a bank to originate a deminimus amount of these higher LTV loans without seeking prior approval from the OCC or requiring the area to be identified as a targeted area by the local, state, or Federal government. These minor changes may allow for more community banks in smaller towns and communities to better serve those areas thereby helping to revitalize more neighborhoods.

ICBA appreciates the opportunity to comment on this proposed Guidance and looks forward to working with the OCC as this process moves forward. If you have any questions regarding this letter, please contact the undersigned at 202-821-4436 or by email at ron.haynie@icba.org.

Sincerely,

Ron Haynie
Senior Vice President –Mortgage Finance Policy
Independent Community Bankers of America