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October 11, 2017

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the more than 5,700 community banks represented by ICBA, I write to thank you for scheduling a markup for October 11. We are pleased to see many pro-growth, community bank regulatory relief measures from ICBA's Plan for Prosperity included in this markup. We strongly encourage all committee members to vote YES on the bills noted below:

**The Home Mortgage Disclosure Adjustment Act (H.R. 2954)**, sponsored by Rep. Tom Emmer, would exempt more low volume mortgage lenders from reporting under the Home Mortgage Disclosure Act (HMDA). A new rule under HMDA will require covered banks and credit unions to collect and report 48 unique data points on each mortgage loan they make, more than double the number of data points covered lenders are currently required to collect. Under an amendment to H.R. 2954 to be offered by Rep. Emmer, any depository institution that has originated 500 or fewer closed-end mortgages in each of the two preceding years would be exempt from the Dodd-Frank mandated HMDA collection and reporting on closed-end mortgages. In addition, any depository institution that has originated 500 or fewer open-end lines of credit in each of the two preceding years would be exempt from the Dodd-Frank mandated HMDA collection and reporting on closed-end loans.

**The Consumer Financial Protection Bureau Examination and Reporting Threshold Act (H.R. 3072)**, sponsored by Reps. William Lacy Clay and Steve Stivers, would exempt banks with assets of $50 billion or less from CFPB examination and reporting. This change would allow the CFPB to focus on the financial services providers that pose the greatest risk to consumers. Exempt banks would be examined for compliance with consumer protection regulation by their prudential regulators.

**Protecting Consumers' Access to Credit Act (H.R. 3299)**, sponsored by Rep. Patrick McHenry, would restore the "valid-when-made" doctrine, overturning the Madden v. Midland Funding case. H.R. 3299 will ensure continued access to credit by providing that a loan that is valid under federal law will remain valid when sold or reassigned to a third party.

**Protecting Advice for Small Savers Act of 2017 (H.R. 3857)**, sponsored by Rep. Ann Wagner, would repeal the Department of Labor's misguided fiduciary rule which will raise costs, limit choices, and reduce access to sound retirement investment advice for thousands of low and middle-income Americans.

**Community Institution Mortgage Relief Act (H.R. 3971)**, sponsored by Rep. Claudia Tenney, would provide that mortgage loans held in portfolio by a financial institution with assets of $25 billion or less are exempt from mandatory escrow requirements. Mandatory escrow requirements raise the cost of credit for those borrowers who can least afford it, and impose additional unnecessary compliance costs for community bank lenders. Portfolio lenders have every incentive to ensure that tax and insurance payments are made on a timely basis to protect the collateral of their loans.

H.R. 3971 would also increase the CFPB's small servicer exemption limit from 5,000 loans to 30,000 loans serviced annually. This provision would provide relief from new regulation that has approximately doubled the cost of servicing with a direct impact on the consumer cost of mortgage credit. Community banks above the 5,000-loan limit have a proven record of strong, personalized servicing and no record of abusive practices. To put the 30,000-loan limit in perspective, consider that the five largest servicers service an average portfolio of 6.8 million loans each and employ as many as 10,000 people each in their servicing departments.

**The Fair Investment Opportunities for Professional Experts Act (H.R. 1585)**, sponsored by Rep. David Schweikert and managed in committee markup by Rep. French Hill, would increase community bank access to private stock offerings by making it easier for individuals who have a high net worth, high annual income, or a professional or educational background in investing to qualify as "accredited investors" who are able to purchase such stock.

**The Tailor Act (H.R. 1116)**, sponsored by Rep. Scott Tipton, would promote tiered regulation by requiring the federal financial institutions regulatory agencies to tailor regulatory actions based on the risk profile and business model of affected institutions in order to limit the regulatory impact, including cost, human resource allocation, and other burdens.

**The Clarifying Commercial Real Estate Loans Act (H.R. 2148)** H.R. 2148, sponsored by Reps. Robert Pittenger and David Scott, is designed to provide relief from punitive new capital charges for loans for acquisition, development, and construction of commercial projects classified as high-volatility commercial real estate (HVCRE) loans. Under Basel III, these loans are risk weighted at 150 percent for the determination of regulatory capital, compared to 100 percent before Basel III – unless the borrower can contribute at origination 15 percent of the projected appraised value of the project upon its completion in cash or readily marketable assets. This is an unreasonably high bar for a borrower to meet. The borrower must also commit to tying up that capital for the life of the project. H.R. 2148 would amend the borrower-contribution

standard by allowing a lender to consider the appreciated value of land, as opposed to its historic value, in determining whether a developer has contributed enough capital to avoid the 150 percent risk weight requirement. By easing application of the new rule, H.R. 2148 would facilitate community bank lending to credit worthy projects that would promote local economic development and job creation.

**The Financial Institutions Customer Protection Act (H.R. 2706**), introduced by Rep. Blaine Luetkemeyer, will help to curtail the abuses of Operation Choke Point by prohibiting the federal banking regulators from suggesting, requesting, or ordering a bank to terminate a customer relationship unless the regulator put the order in writing and specified a material reason for the action. This requirement would limit the opportunity for regulators to abuse their discretion and terminate long-standing banking relationships based on biased, unsubstantiated, or subjective notions of "reputational risk."

Taken together, the bills noted above allow community banks to better serve their local businesses and create new jobs. ICBA will continue to press lawmakers to enact these and other sensible measures into law.

Thank you again for bringing these bills before the committee.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the House Financial Services Committee