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*President and CEO*

December 12, 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 December 12. We are pleased to take this opportunity to offer our views on the bills noted below:

**The Financial Institutions Examination Fairness and Reform Act (H.R. 4545)**, introduced by Representatives Scott Tipton and Carolyn Maloney, would go a long way toward improving the oppressive examination environment by creating a workable appeals process. Bank examination reform is a key component of ICBA's Plan for Prosperity. **ICBA encourages all members of the Financial Services Committee to vote YES on H.R. 4545.**

H.R. 4545 would create an Office of Independent Examination Review within the Federal Financial Institutions Examination Council (FFIEC) and give financial institutions a right to an expedited, independent review of a material supervisory determination before the Office's Director. The Director would make a final decision that would be binding on the agency and the financial institution. Taking the appeals process out of the examining agencies is a positive step. While not completely independent of the agencies – the FFIEC is composed of each banking agency – we expect that this level of separation between the appeals process and the agencies will provide a measure of distance and insulation. ICBA would support additional provisions that would bring a higher level of accountability to the regulators and their field examiners. The current system, which grants examiners almost unfettered, unassailable authority, begs for checks and balances. That said, we are pleased to support the appeals provisions of H.R. 4545, as a foundation on which to build a more rigorous process.

ICBA opposes the **Common Sense Credit Union Capital Relief Act (H.R. 4464)**, introduced by Representative Bill Posey, which would repeal the National Credit Union Administration's (NCUA's) risk-based capital rule for credit unions. ICBA supports the NCUA rule because it shifts the credit union regulatory capital framework toward the model implemented by the U.S. federal banking regulators. (See ICBA's [comment letter](#) on the NCUA rule.) ICBA believes that

the NCUA should go further to ensure that credit unions and community banks face comparable regulatory capital requirements. However, H.R. 4464 would move in the opposite direction, and for this reason, we urge members of the Financial Services Committee to reject it.

Thank you for considering the views of community bankers as you debate and markup these bills.

Sincerely,

/s/

Camden R. Fine  
President & CEO

CC: Members of the House Financial Services Committee

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