

June 22, 2010

Dear Conferee:

On behalf of the organizations listed below, we write to express our deep concern with Section 611 of the Wall Street Reform and Consumer Protection Act of 2010 (HR 4173) that would subject state-chartered banks to national lending limits on loans to any one borrower as a percentage of their capital.

Section 611 would remove from state regulators – who are better able to judge the unique circumstances of their state economies – the discretion they have exercised for decades over lending limits for state-chartered institutions. A national, one-size-fits-all approach to lending limits would restrict lending in the 20 states that have set their limits above the national limit, and restrict the flexibility of all states to set their own limits. Where safety and soundness are concerned, state-chartered banks are examined by state banking regulators and the FDIC. Lending limits did not cause the financial crisis fueled by Wall Street.

Section 611, if unamended, would limit competition and reduce lending. The community bank business model is based on close, long-standing relationships with a relatively small customer base – farms, small businesses, and municipalities. State-chartered community banks, unable to serve their best customers, would lose them to mega-banks with larger capital bases that are little affected by the limits. Without competition from community banks, farmers and small businesses would have fewer choices, and ultimately pay higher rates and/or fees.

HR 4173 contains many provisions that will help level the playing field between small and large banks, to the benefit of consumers and Main Street. However, for state-chartered banks and their customers, much of the benefit of these provisions would be undermined by Section 611.

We urge you to strike Section 611. Thank you for your consideration.

Sincerely,

American Farm Bureau Federation
American Soybean Association
Independent Community Bankers of America
National Association of Home Builders
National Corn Growers Association
National Farmers Union
USA Rice Federation