CFPB Broadly Expands “Small Creditor” and “Rural” Definitions. In September, the CFPB issued a final rule making changes to the “small creditor” and “rural” definitions used to implement the ability-to-repay/qualified mortgage rule, the escrow requirement for high-priced mortgages, and other rules. The final rule raises the annual loan volume origination threshold for small creditors and their affiliates from 500 to 2,000 first lien mortgages and provides an exclusion for mortgages held in portfolio. The asset test would be unchanged at $2 billion, though it will now include all affiliates that originate mortgages. With regard to rural area designations, any census block not defined as urban by the Census Bureau will now qualify as rural, in addition to the counties that were rural under the previous definition. These changes are the result of ICBA’s persistent advocacy on behalf of community banks including the ICBA 2014 Community Bank Lending Survey which provided an empirical basis for expanding these critical definitions.

FFIEC Proposes Call Report Simplification. ICBA is encouraged by the recent Federal Financial Institutions Examination Council (FFIEC) proposal to simplify the call report and to evaluate the creation of a streamlined call report for community banks. The FFIEC proposal is a response to ICBA’s campaign for call report relief, which included the 2014 Community Bank Call Report Burden Survey and a petition with nearly 15,000 signatures. ICBA will continue to press FFIEC to develop a call report proportionate to community banks’ size and systemic risk. We are also promoting legislation that would allow community banks to file a short form call report in the first and third quarters of each year, while filing a full length call report in the other two quarters.

Information Reporting Mandate Dropped From Trade Legislation. ICBA led a successful effort to strip onerous new reporting mandates from a trade bill. The Trade Preferences Extension Act passed the Senate containing new reporting mandates on accounts that pay less than $10 in interest and on non-interest bearing accounts. An ICBA-led, joint trade group effort convinced Congressional leaders that the reporting mandates were anti-consumer and contrary to the goal of tax simplification. They were subsequently dropped from the trade bill. Unfortunately, a new provision was substituted to recover the revenue lost by dropping the mandates. The new provision increases penalties for failure to file correct 1099s. The amended bill has now been signed into law.

TRID Effective Date Delayed. After repeatedly declining industry requests to postpone the effective date and/or provide an enforcement grace period for the Truth in Lending Act/Real Estate Settlement Procedures Act Integrated Disclosures (TRID) rule, the CFPB reversed itself, announcing that the effective date would be delayed from August 1 to October 3. According to the CFPB, the delay was triggered by a legal technicality. On October 1, financial regulators provided guidance indicating that in the months following implementation their examiners will evaluate an institution’s overall efforts to come into compliance, recognizing the scope and scale of required. ICBA continues to advocate for a clearly-defined safe harbor from enforcement and liability for a reasonable period following October 3.

Community Bank Regulatory Relief Advances. Both the Senate and the House have advanced meaningful community bank regulatory relief bills, representing the most progress made on this issue since the passage of the Dodd-Frank Act in 2010. Many of these bills were inspired by ICBA’s Plan for Prosperity. On May 21, the Senate Banking Committee reported out the Financial Regulatory Improvement Act (S. 1484), which would provide automatic QM status for mortgages held in portfolio, privacy notice relief, and an 18 month exam cycle and short form call reports for banks up to $1 billion in assets, among other relief provisions. The House
Financial Services Committee has reported out a series of regulatory relief bills. Community banker advocacy during the Washington Policy Summit resulted in a surge of cosponsors for the Clear Relief Act (H.R. 1233 and S. 812), the Community Bank Access to Capital Act (H.R. 1523 and S. 1816), and other priority bills.

**Legislation Enacted to Ensure Community Bank Representation on the Federal Reserve Board.** On January 13, the President signed legislation requiring that at least one member of the Federal Reserve Board have experience as a community banker or a community bank supervisor. The legislation, an amendment to the Terrorist Risk Insurance Reauthorization Act, was sponsored by Senator David Vitter (R-LA). While the legislation was still being debated in Congress, President Obama nominated Allan Landon of the Bank of Hawaii to fill one of the open slots on the Federal Reserve Board in response to ICBA’s persistent call for community bank representation. The new law will ensure that community bankers have a continuous voice on the Board for generations to come. ICBA initiated this legislation and was the only national trade group to advocate for it.

**ICE-Libor Waives $16,000 Annual Fee For 6,000 Community Banks.** As a direct result of ICBA’s outreach and pressure, the Intercontinental Exchange (ICE), owner of the Libor index, announced in November 2014 that it would substantially revise its proposal to charge a $16,000 annual fee to any bank that uses Libor as a reference index. Instead, ICE will exempt any bank with assets of less than $1.5 billion and will charge a fee of $2,000 to banks between $1.5 billion and $10 billion. ICBA had pressed for a complete exemption for all banks with assets of less than $50 billion.

**Legislation Enacted to Double Eligibility Threshold for the Federal Reserve’s Small Bank Holding Company Policy Statement.** In December 2014, the President signed into law a bill doubling the Small Bank Holding Company Policy Statement eligibility threshold from $500 million to $1 billion, and extending eligibility to thrift holding companies. Bank and thrift holding companies that qualify for the Policy Statement enjoy improved access to capital to support lending in their communities. ICBA has long advocated for an increase in the threshold, a key provision of ICBA’s Plan for Prosperity. ICBA continues to press for a threshold of $5 billion.

**Pro-Credit Union Amendment Blocked in Committee.** In June, the credit unions attempted to offer an amendment to a House appropriations bill. The amendment would have excluded loans secured by 1-4 family, non-owner occupied housing from the 12.25 percent of assets cap on member business lending. By bringing this amendment to the Appropriations Committee, the credit unions attempted an end-run around their committee of jurisdiction, Financial Services. As a result of ICBA’s preemptive lobbying, the amendment was withdrawn from consideration.

**Robust Grassroots Against Credit Union Business Lending Proposal.** ICBA orchestrated an aggressive grassroots letter writing campaign against a National Credit Union Administration (NCUA) proposed rule which would significantly expand credit unions member business lending. The campaign, which generated several thousand banker letters, complemented ICBA’s efforts to build congressional opposition to the NCUA proposal.

**DataTreasury Patents Invalidated.** The Patent Trial and Appeal Board (PTAB), established under the ICBA-advocated America Invents Act of 2012, recently invalidated check-imaging patents held by DataTreasury Corp. DataTreasury is notorious for using dubious patents to extort settlements from community banks and other financial institutions. The PTAB ruling continues a string of victories in the fight against patent trolls. Last year, the U.S. Supreme Court ruled against patent troll claims in Alice Corp. v. CLS Bank International.
and Limelight Networks Inc. v. Akamai Technologies Inc. Following those cases, Automated Transactions LLC, which has sent dubious demand letters to hundreds of community banks, dropped pending litigation and put its patents up for auction.

**Policy Statement Recognizes Unique Characteristics of Small Banks in Establishing Diversity Policies and Practices.** A final interagency policy statement recognizes the need for financial institutions to have flexibility to tailor their diversity policies and practices. As a result of ICBA’s advocacy and that of other industry groups, the policy statement acknowledges that institutions that are smaller or located in remote areas face different challenges and have fewer options available to them. The policy statement encourages institutions to use the standards set forth in the statement in a manner appropriate to their unique characteristics.

**SEC Proposed Rule Fixes Oversight in Registration/Deregistration Thresholds.** In December 2014, the SEC issued a proposed rule that would allow thrift institutions to take advantage of the new registration and deregistration thresholds of 2,000 shareholders and 1,200 shareholders. Due to an oversight in the 2012 Jobs Act, thrifts were not explicitly mentioned in the statute and therefore were not included in the initial SEC rule. ICBA has consistently pressed the SEC to make this change. ICBA’s Plan for Prosperity for the 114th Congress seeks explicit statutory authority for thrifts’ use of the new thresholds.

**Flood Insurance Legislative Fix Recognized as Top 10 Lobbying Victory of 2014.** In March 2014, the President signed into law The Homeowner Flood Insurance Affordability Act (H.R. 3370) which prevents sharp flood insurance rate hikes while ensuring the actuarial soundness of the National Flood Insurance Program. A few months prior to passage, the legislation was widely-regarded as a remote possibility. ICBA and community bankers worked persistently with a nationwide coalition of interested parties to see the legislation enacted. However, ICBA remains concerned with the impact of higher premiums on commercial properties, which will continue to face rate hikes. At year-end 2014, “The Hill,” a widely-read newspaper covering Capitol Hill, recognized the legislation as one of the “Top 10 Lobbying Victories of the Year.” ICBA was the only financial trade group credited with this victory.

**Same Day ACH.** On September 23, 2015 the Federal Reserve Board approved enhancements to the Federal Reserve Banks' same-day ACH service, aligning it with the NACHA same-day ACH rules adopted in May 2015. The NACHA rule requires all banks to receive and process same-day ACH transactions and includes an interbank fee designed to offset the operational expenses of receiving banks. ICBA’s advocacy, which dates back to our 2013 white paper, “Same-Day ACH: An Opportunity for Leadership,” was instrumental in building support among NACHA’s membership for the NACHA and Federal Reserve Board final rules.

**Virtual Currency Regulatory Framework.** ICBA comments and support were reflected in final regulations issued by the New York Department of Financial Services (NYDFS) and in “Model Regulatory Framework for State Regulation of Certain Virtual Currency Activities,” issued by the Conference of State Bank Supervisors (CSBS). The NYDFS regulations govern the licensing and oversight of persons and entities engaged in certain types of virtual currency transactions. The CSBS framework is designed to assist states in licensing and supervising virtual currency activities.

**Kasasa Deposits Not Deemed Brokered Deposits.** The FDIC reversed its decision to treat Kasasa deposits offered by BancVue as brokered deposits. Many ICBA members participate in the Kasasa rewards program which allows them to compete effectively with megabanks for checking and savings deposits. If the FDIC had not reversed the decision, these banks would have faced higher deposit insurance premiums, possibly lower CAMELS ratings, and additional regulatory scrutiny. In some cases, restrictions on brokered deposits would
have forced some community banks to terminate the program altogether. ICBA was instrumental in persuading the FDIC to reverse course.

**Easier Terms for De Novo Applicants** – In November 2014, the FDIC made favorable changes to its de novo bank policy in response to ICBA advocacy. Under the new guidance, applicants do not need to provide “upfront” capitalization sufficient to maintain a Tier 1 leverage capital ratio of at least 8 percent for the first seven years of operation. Instead, the initial capital raised by a proposed institution can be a Tier 1 leverage capital ratio of 8 percent through the first three years of operation. Also, the business plan submitted with the application can cover the first three years of operation, not the first seven years. ICBA supports this change in de novo bank policy but will continue to monitor its implementation to determine whether further changes are necessary.