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July 14, 2015

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Boehner and Democratic Leader Pelosi:

On behalf of the more than 6,000 community banks represented by ICBA, I write to thank you for scheduling floor consideration of important community bank regulatory relief bills. We encourage all Members to vote YES on the bills noted below, each of which reflect provisions of ICBA's Plan for Prosperity:

The Community Institution Mortgage Relief Act (H.R. 1529), sponsored by Rep. Brad Sherman, would provide that any mortgage held in portfolio by a financial institution with assets of \$10 billion or less is exempt from escrow requirements. Portfolio lenders have every incentive to protect their collateral by ensuring the borrower can make tax and insurance payments. For low volume lenders in particular, an escrow requirement is expensive and impractical and will only deter lending to borrowers who have no other options. ICBA hopes to work with Rep. Sherman and the Financial Services Committee to address the rural lender limitation which remains in statute.

H.R. 1529 would also increase the "small servicer" exemption threshold to 20,000 loans (up from 5,000). To put this proposed threshold in perspective, the average number of loans serviced by the five largest servicers subject to the national mortgage settlement is 6.8 million. An exemption threshold of 20,000 would demarcate small servicers from both large and mid-sized servicers.

The Community Bank Mortgage Servicing Asset Capital Requirements Study Act (H.R. 1408), sponsored by Rep. Ed Perlmutter, would require the banking agencies to conduct a joint study of the appropriate capital treatment of mortgage servicing assets (MSAs) for nonsystemic banking institutions. Left unaddressed, the punitive new MSA capital provisions of Basel III will shift servicing to non-bank servicers that are not subject to prudential regulation – a risk highlighted by both the Financial Stability Oversight Council and Comptroller Thomas Curry. ICBA hopes to work with Rep. Perlmutter and others on the committee to amend H.R. 1408 so that it delays the effective date of the Basel III rule with respect to MSAs pending completion of the study. The rule should not go into effect before its implications have been thoroughly studied.

The Holding Company Registration Threshold Equalization Act of 2015 (H.R. 1334), sponsored by Reps. Steve Womack and Jim Himes, would correct an oversight in the drafting of the 2012 JOBS Act that denied thrift holding companies the intended benefits of a key provision of the Act. H.R. 1334 would raise the threshold number of thrift holding company shareholders that trigger SEC registration under the Securities Exchange Act of 1934 from 500 to 2,000. It would also raise the deregistration threshold from 300 shareholders to 1,200. These changes are necessary to create parity between thrift holding companies and bank holding companies. We

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believe this was the intention of the original statute. Thrifts and thrift holding companies are subject to the same oversight, supervision, and financial reporting requirements as banks and bank holding companies.

Taken together, the bills noted above would provide significant regulatory relief for community banks to the benefit of the customers and communities they serve.

Thank you again for scheduling floor consideration of these bills.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the U.S. House of Representatives

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