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July 15, 2015

The Honorable Paul Ryan  
Chairman  
Committee on Ways & Means  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways & Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Ryan and Ranking Member Levin:

On behalf of the more than 6,000 community banks represented by ICBA, I write to express our strong opposition to Section 2003 of the Highway and Transportation Funding Act of 2015 (H.R. 3038), which would increase the burden on community bank mortgage lenders just as they struggle to adapt to a new and significantly more burdensome compliance environment. ICBA strongly supports the core provisions of H.R. 3038, which would help maintain and improve our national transportation infrastructure.

Section 2003 contains new reporting mandates for mortgage lenders to the IRS, including the date of origination of each mortgage, the amount of outstanding principle balance of the loan, and the property address. Mortgage lenders already report to the IRS on interest paid annually by the borrower, which helps ensure tax compliance. Mortgage lenders also report the data specified in Section 2003 to the Consumer Financial Protection Bureau in compliance with the Home Mortgage Disclosure Act. ICBA strongly opposes duplication of this reporting for the IRS.

New rules have remade every aspect of the mortgage lending industry in recent years. Yet more new rules are set to become effective in the coming months. This is a critical time when community banks are reevaluating their role in providing mortgages. The compliance burden has increased sharply, changing the economics of the mortgage business and driving many community banks to exit. Surveys indicate that 10 to 15 percent have already done so.

A critical point to understand is that for many community banks, mortgage loans are not a primary product offering, but nonetheless represent a key service that meets the needs of their communities. Many community banks originate 50 or fewer mortgages a year. Evaluated as a stand-alone business, compliance costs would make mortgage lending unprofitable. These are the banks most likely to exit the mortgage business altogether in response to yet another reporting mandate. Though they offer relatively few mortgages, their mortgage lending may be important to their local real estate market and critical to their relationship banking model. Many community banks are the only mortgage lenders in their area. If they exit the business, no other lender will be there to fill the void.

**Frankly, community banks are looking to this Congress for meaningful, needed, and long-overdue regulatory relief on behalf of their customers, particularly with regard to mortgage lending. Thousands of bankers have passionately advocated for such relief to preserve their role in mortgage lending. To create yet another new reporting requirement – increasing rather than reducing regulatory burden and expense – would be a step backwards and a jarring contrast of expectations. New reporting requirements could well tip the balance against mortgage lending for yet more community bankers.**

*The Nation's Voice for Community Banks.®*

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For these reasons, ICBA urges you to eliminate Section 2003 from the Highway and Transportation Funding Act.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine  
President & CEO

CC: Members of the House Committee on Ways & Means

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