



INDEPENDENT COMMUNITY
BANKERS of AMERICA®

July 27, 2015

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

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CAMDEN R. FINE
President and CEO

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the more than 6,000 community banks represented by ICBA, I write to thank you for scheduling a markup for July 28 on important regulatory reform bills. We are particularly pleased that a number of the bills scheduled for markup reflect community bank regulatory relief advanced in ICBA's Plan for Prosperity. We strongly encourage all committee members to vote YES on the bills noted below:

The Financial Institution Customer Protection Act (H.R. 766). Sponsored by Rep. Blaine Luetkemeyer, H.R. 766 is designed to curtail the abuses of Operation Choke Point. The bill would prohibit the federal banking agencies from suggesting, requesting, or ordering a bank to terminate a customer relationship unless the regulator put the order in writing and specified a material reason for the action, among other provisions.

The Portfolio Lending and Mortgage Access Act (H.R. 1210). Sponsored by Rep. Andy Barr, H.R. 1210 would provide that any residential mortgage held in portfolio by the originator is a "qualified mortgage" for the purposes of the Consumer Financial Protection Bureau's "ability to repay" rule. H.R. 1210 will help preserve access to credit for customers of community banks and other lenders.

The Small Bank Exam Cycle Reform Act of 2015 (H.R. 1553). Sponsored by Rep. Scott Tipton, H.R. 1553 would allow a highly rated community bank with assets of less than \$1 billion to use an 18 month exam cycle. ICBA supports a 24 month exam cycle for highly rated community banks. Because examiners have more than sufficient information to monitor a community bank from offsite, we believe that this change would not compromise supervision, and would actually increase safety and soundness by allowing examiners to focus their limited resources on the true sources of risk.

The Reforming CFPB Indirect Auto Financing Guidance Act (H.R. 1737). Sponsored by Rep. Frank Guinta, H.R. 1737 would effectively nullify the CFPB's guidance on indirect auto lending. In proposing and issuing guidance primarily related to indirect auto financing, the CFPB would be required to provide for a public notice and comment period, make available all studies, data, and other information on which the guidance is based, and meet other requirements intended to ensure the process is open, transparent, and responsive to public input. The CFPB would also be required to consult with the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Justice. ICBA suggests strengthening H.R. 1737 by requiring the CFPB to also consult with the Federal banking regulators, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency.

Financial Institutions Examination Fairness and Reform Act (H.R. 1941). Sponsored by Reps. Lynn Westmoreland and Carolyn Maloney, H.R. 1941 would go a long way toward improving the oppressive examination environment that many community banks experience during and following an economic downturn.

The Nation's Voice for Community Banks.®

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Among other provisions, H.R. 1941 would create an Office of Independent Examination Review within the Federal Financial Institutions Examination Council and give financial institutions a right to an expedited, independent review of an adverse examination determination before the Office's Director or before an independent administrative law judge.

ICBA also supports the provisions of H.R. 1941 that would create more consistent and commonsense criteria for loan classifications and capital determinations. Establishing conservative, bright-line criteria will allow lenders to modify loans, as appropriate, without fear of being penalized. If these standards become law, they will give bankers the flexibility to work with struggling but viable borrowers and help them maintain the capital they need to support their communities.

The Homebuyers Assistance Act (H.R. 3192). Sponsored by Rep. French Hill, H.R. 3192 would provide a critical safe harbor from enforcement actions for compliance errors arising from the implementation of the Consumer Financial Protection Bureau's Truth In Lending Act/Real Estate Settlement Procedures Act Integrated Disclosures, provided the lender has acted in good faith to implement and comply with new regulations. Without this safe harbor, consumer mortgage closings are likely to be delayed due to the enormous complexity of the new rules and fear of excessive enforcement actions for minor errors.

Taken together, the bills noted above would provide significant regulatory relief for community banks to the benefit of the customers and communities they serve. We will continue to press lawmakers to enact these sensible regulatory relief measures into law.

Thank you again for bringing these bills before the committee.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the House Financial Services Committee

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