



**INDEPENDENT COMMUNITY
BANKERS of AMERICA®**

November 4, 2015

The Honorable Paul Ryan
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

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CAMDEN R. FINE
President and CEO

Dear Speaker Ryan and Democratic Leader Pelosi:

On behalf of the more than 6,000 community banks represented by ICBA, I write to express our support for House amendments 86 and 34 to the Senate amendments to H.R. 22, the DRIVE Act, which are described below. ICBA urges all members of the House to vote YES on these critical amendments:

Amendment #86, offered by Financial Services Committee Chairman Jeb Hensarling

ICBA thanks Financial Services Committee Chairman Jeb Hensarling for offering Amendment # 86, which includes 15 measures that have previously passed the House on a broad bipartisan basis. Specifically, ICBA supports the following provisions of the Hensarling amendment, which represent priority provisions of ICBA’s Plan for Prosperity:

- **The Eliminate Privacy Notice Confusion Act** would eliminate the requirement to mail annual privacy notices when no change in policy has occurred. Such notices do not provide useful information to customers and are a nuisance and often a source of confusion to them. This provision was introduced as H.R. 601 by Reps. Blaine Luetkemeyer and Brad Sherman and passed the House by voice vote on April 13.
- **The Small Bank Exam Cycle Reform Act** would allow a highly rated community bank with assets of less than \$1 billion to use an 18 month exam cycle. 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. This provision was introduced by Rep. Scott Tipton and passed the House on October 6 by a unanimous vote.
- **The Holding Company Registration Threshold Equalization Act** 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. This provision would raise the threshold number of thrift holding company shareholders that trigger SEC registration 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. This provision was introduced by Reps. Steve Womack and Jim Himes and passed the House by a voice vote on July 14.

Amendment # 34, offered by House Financial Services Financial Institutions Subcommittee Chairman Randy Neugebauer and Monetary Policy and Trade Subcommittee Chairman Bill Huizenga

The Neugebauer-Huizenga amendment would remove from H.R. 22 a controversial spending offset and thereby preserve the current dividend rate paid on Federal Reserve stock. All state-chartered Federal Reserve member

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banks and all nationally chartered banks are required to purchase Federal Reserve stock. This stock is effectively “dead capital” because it may not be sold, transferred, or used as collateral. The Federal Reserve pays a dividend on this stock which offsets the cost of setting aside capital that could otherwise be used for lending and other services. There is broad, bipartisan opposition to reducing the dividend, which could result in significant unintended consequences for years to come.

The Neugebauer-Huizenga amendment would also remove a provision that would extend higher guarantee fees (g-fees) on mortgages sold to Fannie Mae and Freddie Mac. The purpose of g-fees is to offset credit losses on mortgages guaranteed by Fannie Mae and Freddie Mac. These fees should not be siphoned off to fund wholly unrelated spending at the expense of mortgage borrowers.

The Neugebauer-Huizenga amendment would maintain budget neutrality by drawing revenue from the Federal Reserve’s surplus account of retained earnings. Due to a change in Federal Reserve accounting, this surplus account is no longer necessary.

Again, ICBA urges all members of the House to vote YES on the Hensarling amendment and the Neugebauer-Huizenga amendment to H.R. 22.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO

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

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