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*President and CEO*

April 25, 2017

The Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Hensarling:

On behalf of the nearly 6,000 community banks represented by ICBA, I write to express our support for the “Financial CHOICE Act of 2017” (the CHOICE Act). The community banking sector nationwide is fully supportive of much-needed and overdue relief from the choking regulatory burden that impedes their ability to best serve the needs of their customers and local communities. ICBA strongly believes that a timely and aggressive approach to reform of our financial regulatory system is sorely needed to strengthen the financial services sector as well as the American economy. In particular, avoidance of rigid, inflexible rules is needed to ensure community banks can customize loans and other products to meet a customer’s unique needs and provide personalized financing to purchase or improve a home, or start or grow a business. ICBA is pleased to see that the CHOICE Act advances key reforms of community bank regulatory relief bills that we have previously endorsed and many provisions from our Plan for Prosperity agenda. We are grateful for your recognition of the community bank perspective. ICBA is especially pleased that you dedicated Title V of the CHOICE Act to “Regulatory Relief for Main Street and Community Financial Institutions.”

ICBA strongly supports full repeal of the Durbin Amendment artificial government price controls on debit card interchange which has created a windfall for big box retailers at the expense of consumers and Main Street financial institutions. Repealing new and unnecessary CFPB data collection and reporting requirements for every small business loan application will avert a pending bureaucratic nightmare for community banks which will only divert invaluable community lending resources and constrict the flow of small business credit.

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

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Higher exemption thresholds for the Home Mortgage Disclosure Act, automatic “qualified mortgage” status for loans held in portfolio, and escrow relief for community bank mortgages held in portfolio will all help keep community banks serving their communities’ mortgage financing needs, particularly the needs of borrowers who may not meet standardized secondary market criteria.

Providing for short form call reports will restore proportionality to a call report that has grown exponentially in recent years. Advancing greater cost-benefit analysis for proposed and existing regulations and greater accountability in the bank exam environment is welcomed. Addressing the costly and duplicative SOX 404(b) internal controls will free up time and resources that can be better focused on serving the financial needs of customers. Increasing the asset threshold for the Federal Reserve’s Small Bank Holding Company Policy Statement from \$1 billion to \$5 billion will provide much-needed capital-raising opportunities for hundreds of community bank holding companies. Additionally, the CHOICE Act allows federal savings associations the charter flexibility to more effectively serve their customers.

These provisions, together with other select provisions of the CHOICE Act, will help foster a more sensible and proportionate financial regulatory system that will facilitate economic growth and job creation.

ICBA has always advocated against the dangers of too-big-to-fail institutions. While we do have serious concerns with provisions in the bill that would alter the 10 percent deposit cap and the 10 percent liabilities cap, we trust these concerns can be resolved as we continue to work with you and the committee, and should not prevent the important work of regulatory relief and the CHOICE Act from moving forward so that its larger purposes can be realized.

Thank you again for introducing the Financial Choice Act of 2017. We look forward to working with you and the committee on this bold and forward thinking legislative proposal.

Sincerely,

/s/

Camden R. Fine  
President & CEO

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