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April 21, 2016

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

Re: Docket No. CFPB-2016-0013, Operations in Rural Areas Under the Truth in Lending Act (Regulation Z) Interim Final Rule

Dear Ms. Jackson:

The Independent Community Bankers of America¹ appreciates the opportunity to provide comments on the Consumer Financial Protection Bureau (CFPB or Bureau) Operations in Rural Areas Under the Truth in Lending Act (Regulation Z) Interim Final Rule (Interim Final Rule). The Interim Final Rule implements certain portions of the Helping Expand Lending Practices in Rural Communities Act of 2015 which was enacted as a part of the Fixing America's Surface Transportation (FAST) Act.

ICBA strongly supports the provisions of the Interim Final Rule and applauds the CFPB for its quick action to implement the amendments to Regulation Z. The Interim Final

¹ The Independent Community Bankers of America®, the nation's voice for more than 6,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

With 52,000 locations nationwide, community banks employ 700,000 Americans, hold \$3.6 trillion in assets, \$2.9 trillion in deposits, and \$2.4 trillion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

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Rule appropriately broadens the class of small creditors eligible under the Truth in Lending Act (TILA) for the special provision that permits a qualified mortgage (QM) to have a balloon-payment feature and the exemption from the escrow requirement for certain higher-priced mortgage loans (HPMLs) under Regulation Z.

In conjunction with the ICBA-supported amendments to Regulation Z issued in October 2015 which revised the definitions of “small creditor” and “rural,” the Interim Final Rule significantly expands the number of community banks eligible for balloon-loan and escrow exemptions. By making eligible any small creditor that made at least one covered mortgage loan in an area that is considered rural or underserved in the previous calendar year or for applications received before April 1 of a calendar year, in either of the two prior calendar years, for the balloon-loan and escrow provisions, the Interim Final Rule will allow countless more American consumers to access safe and sustainable mortgage credit from community banks throughout the country.

In addition to strongly supporting the regulatory changes in the Interim Final Rule, ICBA continues to seek statutory changes that would provide QM safe harbor status for loans originated and held in portfolio by all community banks, including balloon mortgages. We also support exempting all community banks from the HPML escrow requirements for loans held in portfolio. These statutory changes would further enhance community banks’ ability to meet the credit needs of non-traditional borrowers by reducing litigation risk and compliance costs.

Again, the ICBA is quite appreciative of the CFPB’s interpretation of the statutory revisions and its actions to implement these revisions on a timely basis. If you have any questions regarding ICBA’s comments, please contact me at joseph.gormley@icba.org or 202.659.8111.

Sincerely,

/s/

Joseph M. Gormley
Assistant Vice President and Regulatory Counsel