

May 19, 2025

The Honorable French Hill
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

Re: Support for Markup of H.R. 940 and H.R. 3380

Dear Chairman Hill and Ranking Member Waters:

On behalf of ICBA and the nearly 45,000 community bank locations we represent, I write to thank you for scheduling a full committee markup on May 20th and 21st. We are grateful for the inclusion of the community bank priority bills discussed below. **ICBA urges all members of the Financial Services Committee to vote YES on the following bills:**

The Fair Audits and Inspections for Regulators' (FAIR) Exams Act (H.R. 940, Chairman French Hill)

H.R. 940 would go a long way toward improving the sometimes-oppressive bank examination environment by creating a workable appeals process. In past Congresses, it has enjoyed strong bipartisan and bicameral support.

The FAIR Exams Act would create an Office of Independent Examination Review within the Federal Financial Institutions Examination Council (FFIEC) 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. The Director would make a final decision that would be binding on the agency and the financial institution.

Taking the appeals process out of the examining agencies is a positive step. While not completely independent of the agencies – the FFIEC is composed of each banking agency – we expect that this level of separation between the appeals process and the agencies will provide a measure of distance and insulation. The current system, which grants examiners almost unfettered, unassailable authority, must be reformed with the introduction of checks and balances.

The TAILOR Act of 2025 (H.R. 3380, Rep. Loudermilk)

H.R. 3380 would promote tiered regulation by requiring the federal financial regulatory agencies to tailor rules and regulations based on the risk profile and business model of affected institutions in order to limit the regulatory impact to smaller banks, including cost, human resource allocation, and other burdens. The opportunity for certain community banks to file a short-form call report in the first and third quarters will

allow them to direct more resources to community lending without depriving regulators of the information they need to monitor risk. In addition, the bill includes a 15-year look-back provision, which would sweep in some of the most burdensome regulations on the books, as well as measures to ensure agency accountability. Tailoring or tiering regulations ultimately benefits consumers by promoting a competitive financial services landscape and ensuring that community banks have flexibility to meet their credit needs.

Thank you for considering the community bank perspective on these important bills. Again, we urge all committee members to vote in favor of the above bills in this week's markup.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House Financial Services Committee