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February 19, 2014

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Rand Paul  
United States Senate  
Washington, D.C. 20510

Dear Minority Leader McConnell and Senator Paul:

On behalf of the nearly 7,000 community banks represented by ICBA, I write to thank you for introducing the HELP Rural Communities Act of 2014 (S. 1916), which would create a process in which individuals could petition the Consumer Financial Protection Bureau (CFPB) to have the rural status of a county reassessed. We are pleased to offer our strong support for this legislation, as we have for the House companion bill (H.R. 2672), introduced by Rep. Andy Barr.

The CFPB's annual designation of "rural" counties is used to administer a number of mortgage rules, including the ability-to-repay rule's restriction on qualified mortgage (QM) balloon loans, which are protected from heightened legal risk. In addition, the rural designation applies to rules relating to escrow requirements for higher-priced mortgage loans, as well as the second appraisal requirement for certain higher-priced mortgage loans. ICBA continues to express serious concerns with the CFPB's rural designation and its negative impact on community bank mortgage lending. The petition process created by S. 1916 would allow for a broader range of evaluation criteria, more accurately identify rural counties, and help ensure continued access to mortgage credit in those communities.

ICBA also supports an alternative solution that would grant QM status and an exemption from escrow requirements to any community bank-originated mortgage loan held in portfolio, including balloon loans in rural and non-rural areas without regard to their pricing. When lenders hold mortgages in portfolio, they have every incentive to ensure that the mortgage is conservatively underwritten and that the borrower has the ability to repay and to make tax and insurance payments. This is a simple, commonsense fix that will promote the flow of credit in our communities.

Thank you again for introducing S. 1916. We look forward to working with you to advance your legislation.

Sincerely,

/s/

Camden R. Fine  
President & CEO