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September 12, 2016

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 2016” (the Choice Act, H.R. 5983). ICBA strongly believes that a comprehensive approach to reform of our financial regulatory system and structure is sorely needed to enhance and strengthen the financial services sector as well as the American economy. Community banks especially need meaningful regulatory relief to reach their full potential in service of their communities. ICBA is pleased to see that many community bank regulatory relief bills we have previously endorsed and many provisions of our Plan for Prosperity are included in the Act. We are grateful for your recognition of the community bank perspective.

In particular, ICBA strongly supports most provisions of Titles III, IV, VI, VII, VIII, IX, X and XI of the Choice Act. We are especially pleased that you dedicated Title XI to “Regulatory Relief for Main Street and Community Financial Institutions.” Title XI provisions include:

- Full repeal of the Durbin Amendment 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. (Section 335)
- Repeal of new data collection and reporting requirements in connection with every small business loan application will avert a pending bureaucratic nightmare for community banks which will squander invaluable community lending resources and constrict the flow of small business credit. (Section 1161)
- Higher exemption thresholds under the Home Mortgage Disclosure Act (Section 1176), automatic “qualified mortgage” status for loans held in portfolio (Section 1116), and escrow relief for community bank mortgages held in portfolio (Section 1131) will help keep community banks in the mortgage lending business.

The Nation’s Voice for Community Banks.®

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- Short form call reports will restore proportionality to call report burden that has grown exponentially in recent years without providing regulators useful information for monitoring safety and soundness. (Section 1166)
- Exempting financial institutions with assets of less than \$50 billion from CFPB examination and reporting will enhance consumer protection by allowing the CFPB to concentrate on the institutions that pose the greatest threat to consumers and make more effective use of the agency's resources. (Section 328)
- 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 to some 415 additional community bank holding companies. (Section 1126)

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.

While we do have concerns with some of the provisions of Titles I and II, we believe these concerns can be resolved and should not prevent the Choice Act from moving forward so that its larger purposes can be realized.

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

Sincerely,

/s/

Camden R. Fine
President & CEO

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