

ICBA Legislative Update: Support Legislation to Promote Community Bank Formation, Growth, and Tiered Regulation

Overview: Community bank regulatory relief legislation is gathering strong, bipartisan momentum in Congress. The Housing for the 21st Century Act (H.R. 6644), which contains a community bank title, passed the House with 390 votes on February 9th. A second package, the Main St. Capital Access (H.R. 6955), which includes GOP-led community bank regulatory relief measures, was introduced by House Financial Services Committee Chairman French Hill in January 2026. Additional bills have been introduced in the Senate with bipartisan sponsorship.

Legislation

The Housing for the 21st Century Act (H.R. 6644) contains the following bills:

- The Community Bank Deposit Access Act, sponsored by Chairman French Hill, which would allow custodial deposits to be held by community banks without being considered brokered deposits, provided the custodial deposits do not exceed 20 percent of the banks' total liabilities. This treatment would be available to banks of less than \$10 billion in assets with a strong composite rating ("outstanding" or "good") that are well-capitalized or have obtained a waiver from the FDIC.
- The Keeping Deposits Local Act, sponsored by Rep. Tom Emmer, would raise the percentage threshold of reciprocal deposits that may be held by a bank without being considered brokered deposits. Currently, a community bank may exclude the lesser of \$5 billion in reciprocal deposits or 20 percent of its total liabilities from being treated as brokered deposits. The bill would create a scale of tiered thresholds according to bank-asset levels. Community banks would be able to treat 30 to 50 percent of liabilities as non-brokered.
- The SMART Act, sponsored by Representatives William Timmons and Bill Foster, would provide well-managed and well-capitalized financial institutions under \$6 billion in assets with exam relief, such as alternating limited-scope examinations and a combined safety-and-soundness exam and consumer compliance exam.

- The TRUST Act, sponsored by Representatives Tim Moore and Ritchie Torres, would allow well-managed and well-capitalized banks with up to \$6 billion in assets to qualify for an 18-month exam cycle.
- Based the Promoting New Bank Formation Act, sponsored by Chairman Andy Barr, would create a two-year pilot program to promote the creation of de novo banks, especially in rural areas, by providing more regulatory, capital and lending flexibility for these banks.

The Main St. Capital Access (H.R. 6955) contains more than two dozen pro-community bank measures including:

- The FAIR Exams Act, sponsored by Chairman Hill, would create an independent review of adverse exam findings as well as better transparency and accountability.
- The Community Bank LIFT Act, sponsored by Representative Kim, would lower the range for the community bank leverage ratio, or CBLR, to between 6 and 8 percent and make it available to banks with up to \$15 billion in assets.
- The TAILOR Act, sponsored by Representative Loudermilk, would promote tiered regulation based on a bank's risk profile and business model.

Talking Points

- ICBA strongly supports community bank regulatory relief before the House and Senate.
- These bills would provide meaningful regulatory and capital relief and promote tiered regulation to strengthen community banks to better serve their communities.