American Bankers Association
Building Success. Together.

James Ballentine
Executive Vice President
Congressional Relations
And Political Affairs
202-663-5359
jballent@aba.com

March 5, 2018

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan and Minority Leader Pelosi:

On behalf of the members of the American Bankers Association (ABA), I am writing to express our strong support for three measures reported out of the Financial Services Committee that are scheduled for consideration on the House floor this week.

H.R. 4607, the Comprehensive Regulatory Review Act introduced by Representative Barry Loudermilk is timely in that would provide much needed improvements to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA). The EGRPRA process has merit as it is a process that allows the prudential banking regulators to review their regulatory processes once every ten years and produce a report to Congress. ABA supports the intent and purpose of this law and has strongly encouraged regulators to use the EGRPRA review process to find ways to provide meaningful regulatory reforms that will allow banks to better serve consumers.

H.R. 4607 will substantially improve the EGRPRA law by requiring a review to be conducted every seven years, rather than ten years; it will expand the review to regulated institutions, not just insured depository institutions; will add the Consumer Financial Protection Bureau to the list of prudential regulators that participate in the EGRPRA process, and importantly, the bill empowers the regulators to take action to eliminate or tailor regulations that they identify as duplicative, outdated, or unnecessary.

We applaud Rep. Loudermilk for offering legislation that updates the EGRPRA process while keeping the tenets of this important act intact. We also applaud the Financial Services Committee for approving this legislation with bipartisan support and we urge the House to approve H.R. 4607.

H.R. 2226, Portfolio Lending and Mortgage Access Act long championed by Representative Andy Barr would provide that loans originated by insured depository institutions and held in portfolio are treated as Qualified Mortgages under the Truth in Lending Act.

Portfolio lending is among the most traditional and lowest-risk lending practice in which a bank can engage. Loans held in portfolio are well underwritten and conservative by their very nature. They must be for the safety and soundness of the bank. If a loan is to be held in a bank's portfolio, the bank carries all of the credit and interest rate risk of that loan until it is repaid.

Existing mortgage rules, especially those governing Ability to Repay and Qualified Mortgage status under the Truth in Lending Act are very restrictive and have made it difficult and in some cases impossible for banks to make these otherwise safe and sound loans to creditworthy borrowers. The CFPB has recognized this, and attempted to address the constriction in credit caused by these rules by expanding small, rural and underserved exemptions. We appreciate the CFPB's work on this, but more relief is needed, not just in rural and underserved areas served by smaller institutions.

Borrowers in all parts of the nation should be able to get safe, sound and well underwritten loans. Loans held in portfolio by an insured depository institution are such loans. Further hurdles to meet Ability to Repay and Qualified Mortgage status – and the liability imposed on loans not meeting that status – only serve to keep creditworthy borrowers from getting much needed mortgage credit. The measure recognizes this problem and provides a simple solution.

While ABA strongly believes that any institution should be able to receive the safe harbor offered in this legislation, H.R. 2226 as modified in the Financial Services Committee provides this safe harbor to institutions below $10 billion. This is consistent with proposals supported by a bipartisan group of House and Senate members. This measure, which passed through committee unanimously, is a significant step toward helping borrowers. We urge the House to approve H.R. 2226.

Finally, **H.R. 4725, Community Bank Reporting Relief Act**, introduced by Representative Randy Hultgren would streamline bank reporting by directing federal banking agencies to issue regulations that allow for reduced reporting requirements when making the first and third quarter reports each year. This is commonsense, regulatory burden, reduction legislation that mirrors proposals put forth by federal banking regulators. ABA urges support for H.R. 4725.

We thank the House of Representatives for considering these regulatory reform proposals. These measures are a strong indication of the bipartisanship that has developed on banking regulatory proposals that will help banks better serve their customers and communities.

Sincerely,

James C. Ballentine

cc: Members of the United States House of Representatives