

March 17, 2015

The Honorable Blaine Luetkemeyer  
U.S. House of Representatives  
2440 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative Luetkemeyer:

On behalf of the members of the American Bankers Association (ABA), I am writing to express our support for your bill, H.R. 1233, the Community Lending Enhancement and Regulatory Relief Act, legislation designed to relieve regulatory burdens on community based financial institutions.

Regulatory burdens on community banks have grown dramatically in recent years, stretching the resources of banks across the country and hindering their ability to help potential homeowners and help local businesses grow and create jobs. H.R. 1233 contains many helpful provisions that ABA has long-advocated for in order to ease regulatory burdens.

The legislation would provide an exemption from the Gramm-Leach-Bliley Act's annual notice requirement for institutions that have not changed their privacy policies and only share personal information within the statutory exceptions, resulting in significant savings in mailing costs for banks across the country. Institutions that changed their privacy policies during the preceding year still would be required to provide privacy notices. This provision has received broad bipartisan support in both the 112<sup>th</sup> and 113<sup>th</sup> Congresses.

Implementation of Basel III is disrupting the market for mortgage servicing rights by imposing punitive capital requirements that are causing many banks to sell these assets, usually to nonbank mortgage servicing firms that have little connection with the original borrowers. H.R. 1233 contains ABA advocated language that would require a delay in the implementation of Basel III rules impacting Mortgage Servicing Assets (MSAs) until the impact of the new rules can be studied and better alternatives explored.

In addition, this bill contains a number of important provisions to ensure consumers have access to home loans. The legislation would expand the Qualified Mortgage (QM) safe harbor to include loans originated and retained in portfolio for the life of the loan. It would also exempt from the escrow requirements loans held by small creditors with less than \$10 billion in assets and would exempt lower cost dwellings from property appraisals as long as the loan remains on the balance sheet of the bank for three years. Similar provisions were approved by the Committee last Congress.

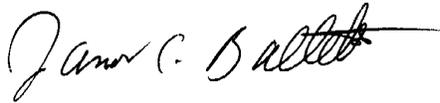
March 17, 2015

Page 2

H.R. 1233 would also ease the paperwork burden of community institutions by creating a longer exam cycle for well managed institutions. Lastly, the ABA supports amending section 404 of the Sarbanes-Oxley Act to provide that the management attestation requirements do not apply to community banks.

We appreciate your strong leadership on this issue. ABA and our members will be actively engaged in supporting H.R. 1233 and other meaningful regulatory burden legislation considered by the Committee and the House.

Sincerely,

A handwritten signature in black ink, reading "James C. Ballentine". The signature is written in a cursive style with a long horizontal flourish extending to the right.

James C. Ballentine

cc: Members of the House Financial Services Committee