

October 16, 2017

The Honorable Michael Crapo  
Chairman  
Senate Banking, Housing and Urban  
Affairs Committee  
Washington, D.C. 20510

The Honorable Sherrod Brown  
Ranking Member  
Senate Banking, Housing and Urban  
Affairs Committee  
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

The thousands of bankers who serve the financial needs of customers and communities across the country are very encouraged by recent reports of an imminent bipartisan regulatory reform proposal being introduced. It is heartening to hear of lawmakers from both parties working together on regulatory changes that can kick-start our economy, while maintaining a financial system that is safe, sound, and resilient.

Though we know that no single bill is perfect, there are many legislative approaches that already enjoy bipartisan support, and we encourage you to include these in your proposal. These include legislation that would empower regulators to tailor their actions to the business model and risk profile of the institution; refine liquidity and capital requirements to help banks better serve their customers, clients, and communities; and unlock mortgage credit by treating any loan held in portfolio as a “qualified mortgage,” which would make home ownership more accessible without harming the safety and soundness of an institution. Other proposals that have received bipartisan support include those that replace SIFI thresholds with more holistic, analytical means of evaluating and regulating systemic risk, and legislation that can help rebuild our infrastructure by encouraging financial institutions to hold municipal bonds and accept municipal deposits, which passed the House unanimously. Recommendations presented by the Treasury Department on stress testing and the Volcker rule also merit your consideration.

There are many other ways in which the Senate could provide meaningful relief, particularly with respect to community banks that have been hardest hit by the aggregate burden of regulation. There is a need to provide such banks with critical relief from their current suffocating regulatory burden and allow them to return to their core functions: lending and community financial service. Several of these proposals have already been introduced in the Senate. We hope that you will use these measures as a model and find agreement on these important issues.

The impact of regulatory burden on banks is well documented. The cumulative weight of thousands of pages of new regulations and guidance has overwhelmed many of America’s financial institutions, resulting in the loss of 2,800 banks -- most of them community banks -- in the last decade. It is of the utmost importance that our remaining member banks are able to provide products and services to consumers that are affordable and help grow communities.

It is also crucial to highlight the burden on communities across the country due to impediments to providing financial services affecting the costs and availability of such services for consumers, municipalities, small businesses and others stakeholders . We have a shared goal to ensure that the broadest range of customers and communities can share in the economic growth opportunities that your bipartisan proposal can stimulate. We appreciate your efforts and urge

you not to allow partisanship to stand in the way of promptly passing much-needed reforms. We stand ready to work with you in support of the financial needs of America's communities.

Sincerely,

Alabama Bankers Association  
Alaska Bankers Association  
Arizona Bankers Association  
Arkansas Bankers Association  
California Bankers Association  
Colorado Bankers Association  
Connecticut Bankers Association  
Delaware Bankers Association  
Florida Bankers Association  
Georgia Bankers Association  
Hawaii Bankers Association  
Idaho Bankers Association  
Illinois Bankers Association  
Illinois League of Financial Institutions  
Indiana Bankers Association  
Iowa Bankers Association  
Kansas Bankers Association  
Kentucky Bankers Association  
Louisiana Bankers Association  
Maine Bankers Association  
Maryland Bankers Association  
Massachusetts Bankers Association  
Michigan Bankers Association  
Minnesota Bankers Association  
Mississippi Bankers Association  
Missouri Bankers Association  
Montana Bankers Association  
Nebraska Bankers Association  
Nevada Bankers Association  
New Hampshire Bankers Association  
New Jersey Bankers Association  
New Mexico Bankers Association  
New York Bankers Association  
North Carolina Bankers Association  
North Dakota Bankers Association  
Ohio Bankers League  
Oregon Bankers Association  
Pennsylvania Bankers Association  
Puerto Rico Bankers Association  
Rhode Island Bankers Association  
South Carolina Bankers Association

South Dakota Bankers Association  
Tennessee Bankers Association  
Texas Bankers Association  
Utah Bankers Association  
Vermont Bankers Association  
Virginia Bankers Association  
Washington Bankers Association  
West Virginia Bankers Association  
Wisconsin Bankers Association  
Wyoming Bankers Association

cc: Members of the Senate Banking, Housing and Urban Affairs Committee