

April 13, 2015

To: Members of the U.S. House of Representatives

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: Support for Financial Services Committee bills on Suspension Calendar – April 13-14

On behalf of the American Bankers Association, I am writing to express our support for several bills scheduled for consideration on the House floor on April 13 and 14, 2015. Several of these measures are included in ABA's Agenda for America's Hometown Banks, which we shared with Congress in February. Passage of these bills will help hometown banks throughout the country better serve the needs of their customers.

H.R. 601, the Eliminate Privacy Notice Confusion Act, introduced by Representatives Blaine Luetkemeyer (R-MO) and Brad Sherman (D-CA), 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. This ABA supported legislation has received strong bipartisan support in previous Congresses and is long-overdue. It is a common sense measure that has passed the House by voice vote in both the 112th and 113th Congress.

H.R. 1259, the Helping Expand Lending Practices in Rural Communities Act, introduced by Representatives Andy Barr (R-KY) and Ruben Hinojosa (D-TX), would direct the CFPB to establish an application process under which a person who lives or does business in a state may apply to have an area designated as a rural area if it has not already been designated as such by the Bureau.

The Dodd-Frank Act provided the CFPB with discretionary authority to exempt certain loans from the qualified mortgage rule. The CFPB has exercised this authority to accommodate community banks that make short-term balloon loans as a means of hedging against interest rate risk. The exemption applies only if, during the preceding calendar year, the creditor extended more than 50 percent of its total covered transactions that provide for balloon payments in one or more counties designated by the Bureau as "rural" or "underserved." Thus, the definition of rural and underserved is critical and can dramatically affect banks and the communities they serve.

The CFPB has struggled with an appropriate definition as there are dozens of different definitions of "rural" used for various federal government purposes. The CFPB's original definition of rural—which the Bureau has appropriately put on hold—was far too narrow and was inconsistently applied and would have had a dramatic, negative impact on small lenders and communities.

The CFPB acknowledges the narrowness of its original definition of “rural” and the willingness of small portfolio lenders to serve borrowers with specialized needs, as well as the necessity for protection in order for these lenders to continue to make loans meeting these needs. ABA supports this legislation which passed the full House last year by voice vote.

H.R. 1265, introduced by Representatives Sean Duffy (R-WI), Randy Neugebauer (R-TX) and Andy Barr (R-KY), would apply the requirements of the Federal Advisory Committee Act to the Bureau of Consumer Financial Protection. While we are pleased that the Bureau is making more advisory board and council meetings open to the public, we support legislation such as H.R.1265, which will ensure that the Bureau remains transparent in its operations.

H.R. 1480, introduced by Representative Robert Dold (R-IL), would protect the confidentiality of information shared with state regulators. This same standard already applies to information shared with the Federal Reserve and ABA supports this legislation.

H.R. 685, the Mortgage Choice Act, introduced by Representatives Bill Huizenga (R-MI), Gregory Meeks (D-NY), Ed Royce (R-CA), David Scott (D-GA), Steve Stivers (R-OH), Patrick Murphy (D-FL), Stephen Fincher (R-TN) and others, makes needed clarifications to key provisions of the points and fees test determining whether a loan transaction meets the elements of the Qualified Mortgage test under the Dodd Frank Act (DFA). This bipartisan legislation provides needed clarifications and ABA supports passage of H.R. 685.

The House will also consider two additional bills (H.R. 299 and H.R. 650). ABA does not have a formal position on these measures.

We applaud the leadership and members of the House Financial Services Committee for bringing these bipartisan financial services measures to the House floor. We look forward to working with all members of the House to pass strong bipartisan bills that will help America's hometown banks better serve their customers and communities.