

United States Senate

WASHINGTON, DC 20510

May 17, 2017

The Honorable Michael Crapo
Chairman
Senate Committee on Banking, Housing, &
Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking, Housing,
& Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

We are appreciative of efforts made in the last session of Congress by this Committee to assist small financial institutions, and hope that work continues. We are deeply concerned that community banks and small credit unions are shouldering increasingly high compliance costs that stem from outdated, unnecessary, or overly burdensome rules. As the Committee prepares to announce hearings for the June and July work periods, we urge you to hold a hearing on measures to provide regulatory and supervisory relief for our nation's small financial institutions. In doing so, we hope that you will identify several bipartisan, common-sense legislative measures to provide meaningful relief for these entities.

Our community institutions lend to businesses, farmers, and individuals that may otherwise struggle to access credit in their local markets. These institutions are critical to the health of small businesses that depend on this kind of traditional credit. Yet there is strong evidence that, post the 2008 crisis, nonagricultural small businesses are increasingly relying on home equity lines of credit and larger banks for their credit needs as small banks consolidate – and less small business credit is available as a result.

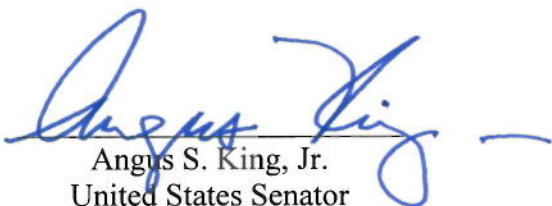
In addition, the presence of community banks in rural areas gives consumers access to lending specialists who understand their unique needs, whether it be a loan for new logging or farming equipment, financing for a major facility expansion, or a mortgage for a first time homeowner with a small down payment. Since many of these small financial institutions are owned by their own depositors, rather than by shareholders, they also have strong ties to their communities.

You may also consider requesting that federal banking regulators from the FDIC, CFPB, OCC, and the Federal Reserve appear before the Committee to help identify new ideas. In prior

sessions of Congress, these regulators have worked with Members of Congress to identify common-sense, bipartisan legislative solutions to regulatory challenges facing small financial institutions. This model has been successful, in part, because of federal regulators' keen understanding of the rulemaking process and how it can impact community institutions.

We owe it to our community banks, small credit unions, and to the customers they serve to recognize the key structural differences that exist between small and large financial institutions and responsibly adjust the regulatory framework to reflect those differences. We thank you for your attention to this important issue and urge you to prioritize the matter in Committee.

Sincerely,



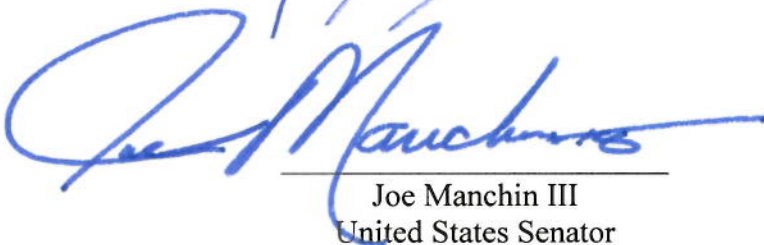
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