

March 16, 2026

The Honorable John Thune  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Charles Schumer  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives

**Re: Housing Legislation Should Address Community Banks' Role in the Market**

Dear Majority Leader Thune, Minority Leader Schumer, Speaker Johnson, and Minority Leader Jeffries:

On behalf of the Independent Community Bankers of America (ICBA) and the nearly 45,000 community bank locations we represent, I write to thank you for your work in advancing the critical housing legislation, the *21<sup>st</sup> Century ROAD to Housing Act* (S. 2651) and the *Housing for the 21st Century Act* (H.R. 6644), to spur home construction nationwide, promote housing affordability, and help alleviate the housing crisis. While Senate passage of the ROAD to Housing Act is an important step, we urge additional work on this critical legislation to ensure that it carries the greatest benefit to the housing market.

In particular, we urge adoption of the community bank regulatory relief provisions of H.R. 6644, which garnered overwhelming bipartisan support with a vote of 390 – 9. These provisions (Title VI of H.R. 6644), “Strengthening Community Banks’ Role in Housing,” would enable community banks to better serve local families, small businesses, and underserved communities without compromising financial stability. Congress has a critical opportunity to make these provisions law.

The provisions of Title VI of H.R. 6644, each bipartisan and ICBA-supported, include:

- **Section 601**, the Community Bank Deposit Access Act (H.R. 5317), would allow custodial deposits to be held by community banks without being considered brokered deposits, provided the custodial deposits do not exceed 20 percent of the banks’ total liabilities. Brokered deposits are subject to certain capital and interest-rate restrictions. The more favorable treatment would only be available to banks of less than \$10 billion in assets with a strong composite rating (“outstanding” or “good”) that are well-capitalized or have obtained a waiver from the FDIC. Section 601 would help community banks maintain lower funding costs, expand lending opportunities, and serve their communities by attracting stable, low-cost funding.
- **Section 602**, the Keeping Deposits Local Act (H.R. 3234), would raise the percentage threshold of reciprocal deposits that may be held by a bank without being considered brokered deposits. Reciprocal deposits are swapped among banks participating in a network and result in higher aggregate levels of deposit insurance coverage. Currently, a community bank may exclude the lesser of \$5 billion in reciprocal deposits or 20 percent of its total liabilities from being treated as

brokered deposits. Section 602 would create a scale of tiered thresholds according to bank-asset levels. Community banks would be able to treat 30 to 50 percent of liabilities as non-brokered. Insured deposits are critical to community banks' ability to support local credit needs, and reciprocal deposits are one tool to help secure greater insured deposits. Raising the percentage of reciprocal deposits allowed would assist banks approaching the current-law threshold and support lending needs.

- **Section 603**, the SMART Act (H.R. 4437), would provide well-managed and well-capitalized financial institutions under \$6 billion in assets with regulatory relief, such as alternating limited-scope examinations and a combined safety-and-soundness exam and consumer compliance exam. We believe these reforms provide exam relief without compromising safety and soundness.
- **Section 604**, the TRUST Act (H.R. 4478), would allow banks with up to \$6 billion in assets to qualify for an 18-month exam cycle. As with the SMART Act, this section would allow more community banks to direct more resources toward serving their communities.
- **Section 609**, the Advancing the Mentor-Protégé Program for Small Financial Institutions Act (H.R. 3709), would establish a Treasury Financial Agent program enabling partnerships between Minority Depository Institutions (MDIs), rural community banks, and other financial institutions. This legislation reinforces and supports the critical role MDIs and rural community banks serve as a lifeline in their communities, providing tailored financial products, and fostering greater economic growth
- **Section 610**, the American Access to Banking Act (H.R. 4544), would promote the formation of de novo community banks by streamlining the application process and provide for review of capital raising.
- **Section 611**, based on the Promoting New Bank Formation Act, would create a two-year pilot program to promote the creation of de novo banks, especially in rural areas, by providing more regulatory, capital and lending flexibility for these banks.
- **Section 612**, the Rural Depositories Revitalization Study Act (H.R. 6536), would require the Federal banking agencies to study improving the growth, capital adequacy, and profitability of rural depository institutions.

These provisions would provide meaningful regulatory relief for community banks and strengthen them to provide more credit for housing, small businesses, families, and other purposes.

Thank you for your support for housing affordability and community banks.

Sincerely,

/s/

Rebeca Romero Rainey  
President & CEO

CC: Members of the Senate Banking Committee  
Members of the House Committee on Financial Services