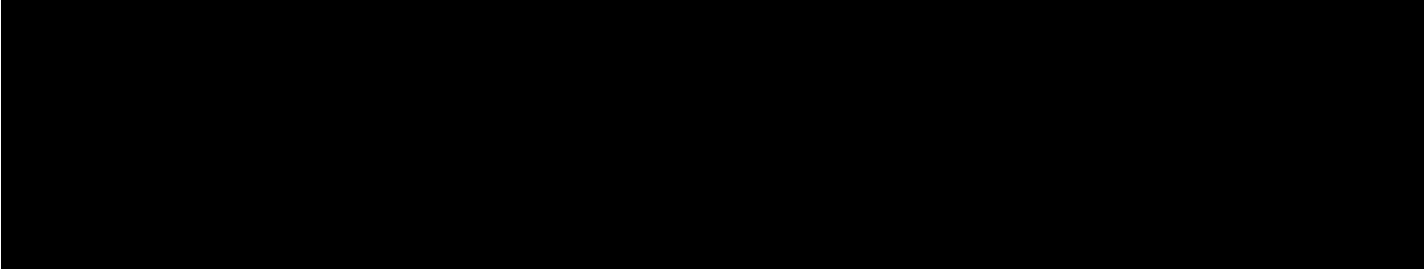


From: [Weinstock, Peter](#)
To: [Comments](#)
Cc: [Eastep, Heather Archer](#); [Goss, Carleton](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AG15
Date: Thursday, September 25, 2025 8:10:41 AM



Ms. Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments
RIN 3064-AG15
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Ms. Jones,

The leaders of all three federal bank regulatory agencies have talked about tailoring the level of regulation to the size and complexity of the banks. [Remarks of Jonathan V. Gould, Comptroller of the Currency, Financial Stability Oversight Council, September 10, 2025](#) We do not see any changes regarding the nature or scope of examinations. Moreover, the examiners and their supervisors look for any reason to say a bank is “complex”

In 2025 are: a) mortgage loan servicing, including for other banks, b) some level of subprime lending or outreach to the underbanked, c) originating loans on a flow basis to Fannie Mae, Freddie Mac, HUD, or DUS lenders, d) securitization of mortgage loans or e) purchase of interest rate hedges and swaps really complex activities? Yes, they are areas of specialization. Yes, examiners with skills to evaluate those activities should be made part of the examination, but to subject the entire bank to the added cost and burden of being deemed to be complex is unwarranted.

Community banks need to be free to experiment. When they do so, however, the subjective nature of examinations and one size fits all regulation lands on

them like a ton of bricks. Instead, there need to be positive presumptions.

Entire rules or restrictions should be lifted. The new debanking/derisking rules should not apply. Rural banks (should be any bank that are not in an MSA) should be allowed to buy or rent real estate for employees without review or with a positive presumption that they are doing so that is not speculation. Absent manifest error. Community banks need similar presumptions around accounting/GAAP. Unless they are clearly wrong or being intentionally manipulative, community banks should not need to justify their work with detailed memos beyond what they give to their outside CPAs.

Incentive compensation guidance, three lines of defense, corporate governance guidance, independent audit and compensation committees, the entire ERM cottage industry, CFPs consistent with PCA, There are many others Community banks should be presumed to comply with CRA regardless of the in and out ratio. Made up concepts like REMA should be explicitly eliminated.

Absent material international trade financing or correspondent banking, there should also be a presumption of compliance with BSA/AML. Subjective “pillars,” such as adequate training, satisfactory BSA officer, adequacy and completeness of SARs, etc should be eliminated. Whenever a rule is adopted it should come with tested safe harbors. For example the cottage industry of NSF/OD class action is because regulators continually move the goal posts and are not explicit that disclosure rules are safe harbors. Regulators should field test ideas for helping community banks compete. Ideas from plaintiff firms, such as true lender, should be preempted once and for all.

The effect of regulation over the last 20 years has been to consolidate risk in the banking industry. Banks need to understand what they are doing, but if the only activity deemed noncomplex is commercial real estate lending, the reality is the shadow banking system will continue to grow and the regulated entities will be less profitable and lose talent. Private equity funds have already invaded all aspects of banking. Now they are growing commercial real estate lending.

The broader economy is negatively impacted by what seems to be the

regulatory goal of eliminating all risk in banking. For instance, the 2006 interagency policy statement on commercial real estate lending has contributed to a shortage of housing. Of course, there are other factors, such as the supply chain and inflation issues. But, a dogmatic adherence to 100% of capital limits is a reflection of an inability to examine. For instance, is 100% of capital devoted to speculative home construction the same as 100% of capital on a build for suit basis?

Community banks are the life blood of our country. The massive shift of assets to the four largest banks is proof that regulators have made being small too difficult. Community banks have other challenges such as technology. Regulators should be helpful rather than play “gotcha games”. It has been years since I heard a banker say that the examination was tough but fair or good for the bank. Instead, what I hear is that examiners have no clue of real risks and instead flyspeck “documentation”. This needs to change if we are going to preserve or even grow vibrant community banks. Absent massive changes the regulatory threat will continue to shrink this important sector of the economy.

Peter G Weinstock
Hunton Andrews Kurth, LLP

