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November 9, 2017

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Re: Proposed Simplifications to the Capital Rule Pursuant to Economic Growth and Regulatory Paperwork Reduction Act of 1996.

Dear Sir/Madam:

The undersigned, on behalf of Howard Bank, would like to submit comments to the proposed simplifications referenced above for your consideration as specifically regards changes to HVADC (HVCRE):

- As proposed, townhomes and rowhomes would not be considered HVADC as they comprise 1-4 family dwelling units. It should be noted that many times townhome and rowhome buildings may contain in excess of 4 single family units and, as such, we would recommend clarification to the proposed change to stipulate that the exemption would be for townhome and rowhome buildings. *no matter the number of units in each individual building.*
- As proposed, townhomes and rowhomes would not be considered HVADC as they comprise 1-4 family dwelling units. We would recommend a modification to this proposal that incorporates the fact that some townhome and rowhome projects include two-over-two units (also called piggy-back units) and as such that *two-over-two units are also excluded from HVADC.*
- As proposed, condominiums would be considered HVADC. Many townhome and row home developments include a condominium regime as part of their legal ownership structure. As such, we would recommend amending the proposal to *exclude projects where townhome and rowhome buildings are part of a condominium regime.*
- Under current HVCRE rules, multi-use properties ((i.e. residential/retail) require the CRE portion to be included in the HVCRE definition if they meet the requirements. We would recommend that this be modified to include an exemption for the CRE portion where *it can be demonstrated that the loan can be repaid solely from the residential portion of the property.* In a situation where the CRE portion of the project is very small, and it can be demonstrated that the payoff of the loan is coming from the residential portion of the project, then we believe it reasonable to exclude that portion of the property designated as CRE from the definition of HVADC.

Thank you in advance for your consideration with regard to our recommendations.

Respectfully submitted,



John M. DeZinno
Sr. Vice President

cc: Kathleen Murphy, President, Maryland Bankers Association
Rob Nichols, President and CEO, American Bankers Association