

January 28, 2020

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RIN 3064-ZA13

**Notice and Request for Information (RFI) on a Framework for
Analyzing the Effects of FDIC Regulatory Actions**

Submitted by Email: Comments@fdic.gov

Dear Mr. Feldman:

The National Association of Home Builders (NAHB) appreciates the opportunity to respond to the Federal Deposit Insurance Corporation's (FDIC) RFI regarding the approaches the agency is considering to analyze the effects of its regulatory actions. NAHB agrees objective and transparent analysis of the effects of regulatory actions will support good policy decisions and assure the public's involvement and trust in the rulemaking process. NAHB believes the proposed analysis of regulatory actions described by FDIC will lead to thoughtful regulations that will ease the regulatory burden experienced by many community banks today and ensure the availability of credit and other financial services remains a priority.

NAHB is a Washington DC-based trade association representing more than 140,000 members involved in the development and construction of for-sale single family homes, including homes for first-time and low- and moderate-income homebuyers, as well as the construction, ownership and management of multifamily rental housing, including affordable rental housing. NAHB's members are predominately small to mid-sized home builders and developers who rely on their community banks as their primary source of acquisition, development and construction (AD&C) financing as well as for mortgage credit for their home buyers.

Background

The FDIC is subject to a number of statutory mandates designed to determine the effects of regulations on the agency's regulated entities. It also is subject to other procedural requirements related to rulemaking. However, FDIC has determined that additional analysis when considering rulemaking would allow it to make more informed and transparent rules.

Request for Information

The FDIC proposes to perform additional analysis during its rulemaking process. The enhanced approach to analysis on which FDIC is seeking comments calls for the agency to include the following components in its rulemaking: a statement of the need for the proposed action; the identification of a baseline against which the

effects of the action are compared; the identification of alternative regulatory approaches; and an evaluation of the benefits and costs from all major stakeholder perspectives, which includes qualitative discussion and quantitative analysis where relevant and practicable, of the proposed action and the main alternatives identified by the analysis.

FDIC would consider and analyze the impact of a rulemaking on the following banking issues and stakeholders:

- Effects on Bank Safety and Soundness and Public Confidence
- Effects on the Treatment of Bank Customers or Financially Underserved Communities
- Effects on the Potential for Illicit Use of the Financial System
- Effects on the FDIC's Statutory Resolution Functions
- Effects on FDIC's Deposit Insurance Fund
- Effects on the Availability of Bank Credit and Other Financial Services
- Compliance Costs or Profitability Effects on Banks or the Public
- Effects on U.S. Economic Performance
- Distributional Effects

NAHB Comments

NAHB appreciates FDIC's efforts to improve the quality of analysis of its regulatory actions and we support the proposed approach FDIC has outlined in the RFI. The FDIC supervises approximately 3,500 financial institutions and insures more than 5,000 financial institutions. The impact of regulations imposed by FDIC on the banking industry affects not only the banks and their customers but can also impact the financial system and the U.S. economy. As outlined in the RFI, NAHB believes this comprehensive, consistent and organized process for conveying the possible or expected impact of regulatory actions on the interests of stakeholders and banking issues listed above will enrich the rulemaking process. In particular, thoroughly examining the impact on the availability of bank credit as well as the benefits and costs to all major stakeholder and banking concerns are of primary importance to NAHB.

NAHB also is pleased to note FDIC has recommended that regulatory analysis should include the effects on bank safety and soundness and public confidence and compliance costs or profitability effects on banks or the public.

A safe and sound banking system is critical to NAHB's home builder and developer members who rely on the banking system for financing their development and building activities as well as mortgage financing of new home purchases. Without a safe and sound banking system, bank credit and other financial services to small businesses, home owners and home buyers would not be available. A banking regulation that negatively impacts the availability of bank credit will negatively impact the economy broadly.

Importantly, the *Dodd-Frank Wall Street Reform and Consumer Protection Act* of 2010 significantly increased the compliance burden on small banks. NAHB's members have raised concerns about their community banks merging or being acquired by larger banks in order to manage the new compliance regime, which is limiting builders' access to financing. NAHB appreciates the acknowledgement that compliance costs or profitability effects on banks or the public would be considered by FDIC for specific regulatory analysis.

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Please contact Becky Froass, Director, Financial Institutions and Capital Markets, at rfroass@nahb.org 202-266-8529 if you have any questions about our comments on this issue.

Sincerely,

David L. Ledford