



CBAI Member Bankers Testify Before House Financial Services Committee

December 5, 2011

CBAI's Greg Ohlendorf of Beecher and James Renn of Lisle testified on Monday, December 5, in Chicago before the House Financial Services Committee (HFSC). The hearing, titled "*Regulatory Reform: Examining How New Regulations are Impacting Financial Institutions, Small Businesses, and Consumers in Illinois*," enabled Committee members to hear first-hand about the Chicago region's economic conditions and discuss the impact of excessive regulations on the operations of local financial institutions.

The Committee members included Chairman Spencer Bachus (R- Alabama) and Illinois Committee members Judy Biggert (R-13th), Donald Manzullo (R-16th), and Robert Dold (R-10th). They were joined by Illinois Congressmen Adam Kinzinger (R-11th) and Joe Walsh (R-8th).



CBAI members Greg Ohlendorf (far right at the witness table) and James Renn (far left) listen to opening remarks

Community bank representatives explained how new financial regulations are adversely affecting their ability to extend credit and stimulate job growth. The Committee also discussed the impact of overzealous federal regulatory examinations on economic recovery.

Greg Ohlendorf, President of First Community Bank and Trust in Beecher, testified on behalf of the Independent Community Bankers of America (ICBA) where he serves as Chairman of its Policy Development Committee. His institution has \$150 million in assets and specializes in small

business lending. Ohlendorf led off the witness testimony and stated, "Community banks are the primary source of credit, depository, and other financial services in thousands of rural areas, small towns, and suburbs across the nation. As such we play an essential role in the recovery of our national economy." Ohlendorf continued, "The [Dodd Frank] was generational legislation and will permanently alter the landscape for financial services. It is a mixed outcome for community banks, combining both punitive and helpful provisions."

In his testimony, Ohlendorf also identified the following important distinction for community banks: "Regulatory and paperwork requirements impose a disproportionate burden on community banks thereby diminishing their profitability and their ability to attract capital and support their customers and communities. [Community banks] do not have the scale of large banks to amortize the expense of compliance."

He also noted that the Dodd Frank Act "sets a precedent for tiered regulation of the financial industry. Community banks have little in common with Wall Street firms, mega banks, or the shadow financial industry and did not cause the financial crisis or perpetuate abusive consumer practices. Community banks have a much different risk profile because their business model is built on long-term customer relations."

"Regulation calibrated to large banks risks and business models can suffocate smaller banks, curtail the flexibility we need to offer customized products and services - which is how we compete with large banks - and thereby harm the communities we serve. We reject the notion that regulation must "fall equally on all banks" which is based on the false premise that a community bank is just like a mega bank but on a smaller scale. We differ not only in size but in our fundamental orientation towards our customers and communities."



Greg Ohlendorf - President of First Community Bank and Trust Company in Beecher



Spencer T. Bachus (R-AL) - Chairman, House Financial Services Committee

James Renn is President and CEO of Lisle Savings Bank and testified on behalf of the Illinois League of Financial Institutions (ILFI). LSB is a \$524 million asset mutual savings bank that was founded in Chicago in 1917 and historically is a residential home lender that portfolios its mortgages. Renn commented that community-based thrifts and banks are where the officers, directors and employees know their customers because they are their neighbors. They are more than community lenders; they are community leaders.

In his testimony, Renn addressed the following important issue: "While there may not be a legal mandate of One-Size-Fits-All approach to regulations and examinations, the policies and procedures of the largest financial institutions eventually become "best practices" for everyone else. There is certainly a feeling that we are struggling with the dichotomy of executing a Home Depot business plan while maintaining our small town hardware store roots."

Ohlendorf concluded his testimony by stating, "I would like to note that the legislative ideas highlighted in my written testimony are included in the Communities First Act (CFA - H.R. 1697) which has 61 cosponsors, 40 Republicans and 21 Democrats. CFA also has the strong support of 37 state banking associations."

CBAI thanks House Financial Services Committee Chairman Spencer Bachus and Illinois Committee members Donald Manzullo (R-16th) and Robert Dold (R-10th), together with Illinois Congressmen Tim Johnson (R-15th), Mike Quigley (D-5th), and Randy Hultgren (R-14th), for cosponsoring the Communities First Act (H.R. 1697).

CBAI also thanks Greg Ohlendorf and James Renn for their testimony and meaningful efforts on behalf of community banks and thrifts. [Click here](#) to view Greg Ohlendorf's testimony. [Click here](#) to view James Renn's testimony.