The Economic Growth, Regulatory Relief and Consumer Protection Act, S. 2155

S. 2155 OVERVIEW

- Community banks and credit unions have long struggled to keep up with the ever-increasing regulatory, compliance and examiner demands coming out of Washington. With the enactment of thousands of pages of Dodd-Frank Act rules, the problem is more acute than ever.

- In local communities, this places a strain on small and medium businesses looking to open or grow and succeed.

- The Economic Growth, Regulatory Relief and Consumer Protection Act is the product of a thorough, robust process and honest, bipartisan negotiation, years in the making. It has broad, bipartisan support, with over a quarter of the Senate co-sponsoring and growing support from both sides of the aisle.

- The bill right-sizes regulations for smaller financial institutions, freeing up resources and making it easier for them to extend credit, loans, mortgages and provide other products and services to working families and consumers.

- It also increases important consumer protections for veterans, senior citizens, victims of fraud, and those who fall on tough financial times.

- The common sense reforms included in this bill help tailor the current regulatory landscape while ensuring safety and soundness of the financial system.

- Relief targeted at small financial institutions will deliver the biggest economic payoff for Main Street small businesses and local communities.

POLICY HIGHLIGHTS

The Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155) modernizes financial regulations in a way that makes sense for small financial institutions, benefitting consumers and encouraging economic growth. S. 2155 primarily benefits credit unions, community banks, midsize banks, smaller regional banks and custody banks. It also includes important, significant consumer protections for veterans, senior citizens, victims of fraud and people who fall on tough financial times.

Provides regulatory relief for community banks, credit unions and regional banks:
S.2155 recognizes that it is important to tailor regulation appropriately, especially for community banks, credit unions and regional banks. Specifically, the bill:

- Exempts well-capitalized community banks with less than $10 billion in assets from global capital standards, known as Basel III
- Raises the threshold for systemically important financial institutions from $50 billion to $250 billion in total consolidated assets, and allows the Federal Reserve to tailor regulations for banks with total consolidated assets between $100 billion and $250 billion. This provision also keeps in place important stress testing requirements
- Applies the Small Bank Holding Company Policy Statement to banks with under $3 billion in total consolidated assets, allowing them greater balance sheet flexibility
- Expands the number of banks eligible for an 18-month examination cycle, which will apply to banks with under $3 billion in total consolidated assets

- Cuts reporting requirements for depository institutions with less than $5 billion in total consolidated assets
- Exempts banks with less than $10 billion in total assets from the Volcker rule, as long as the banks have less than five percent total trading assets and liabilities, saving community banks time and money from a rule meant for Wall Street banks
- Permits federal savings associations with less than $15 billion in total consolidated assets to operate with the same powers and duties as national banks without being required to convert their charters

Improves access to mortgage credit and housing:
S.2155 acknowledges that homeownership is a key to the American dream. The bill makes it easier for small financial institutions to lend to families, while supporting low income families. This bill also ensures that key consumer protections stay in place. Specifically, the bill:

- Exempts financial institutions who make very few mortgage loans from certain mortgage reporting requirements
- Provides that certain mortgages that are originated and retained in portfolio by a financial institution with less than $10 billion in total consolidated assets will be deemed "qualified mortgages"
- Allows small financial institutions to opt out of certain escrow requirements in order to lower closing costs for consumers
- Reduces burdensome compliance requirements for smaller, rural housing authorities, enabling them to better serve the unique housing needs of their communities
- Provides additional tools for many federally-assisted renters to achieve self-sufficiency

Increases important consumer protections:
S.2155 increases protection for consumers who fall victim to fraud and tough financial times. Specifically, the bill:

- Provides one free year of fraud alerts for consumers potentially impacted by the Equifax breach or other instances of fraud
- Gives consumers unlimited free credit freezes and unfreezes per year
- Allows parents to turn on and off credit reporting for children under 18
- Prevents credit bureaus from placing negative information on veterans' credit scores for one year, due to mix-ups in Choice Program payments
- Prevents mortgage companies from immediately kicking tenants out of their rentals if the landlord is foreclosed upon
- Encourages banks to report suspicious behavior if seniors could be getting financially scammed
- Subjects PACE lenders to underwriting requirements similar to mortgage lenders