Key Regulatory Implementation Tasks from the Provisions of S. 2155

Title I

**Residential Mortgage Loans.** CFPB. Designate mortgages held in portfolio as Qualified Mortgages (QM). The Bureau will have to assure clarity on asset calculation and how this exemption/safe harbor blends in with other specialized safe harbors that already exist in regulations. Of particular importance is the interplay between this new exemption and the existing “small creditor QM.” (Sec. 101)

**Mortgage Appraisals.** FDIC, OCC, FRB. Ensure that supervised mortgage lenders are not evading the requirements for obtaining the appraisal relief. The documentation to demonstrate compliance with the “three appraiser” requirement and “five day” limitations will call for definitions and interpretation—guidance will be necessary. (Sec. 103)

**HMDA.** CFPB. The exemption of some community banks and credit unions from the expanded HMDA reporting will require some rewriting of the HMDA reporting expansion regulations to make sure that they harmonize with the statutory changes. (Sec. 104)

**Escrow Relief.** CFPB. The Bureau will need to write regulations exempting some community banks and credit unions from mortgage escrow requirements, but no timeframe for implementation is specified. (Sec. 108)

**Sense of the Congress, TRID.** CFPB. The legislation expresses the Sense of the Congress that the Bureau should issue clearer, authoritative Guidance on the application of TRID to mortgage assumptions, construction-to-permanent home loans, and the reliability of the Bureau’s model disclosures. This provision leaves implementation details to regulations and/or guidance to be written. (Sec. 109)
Title II

Highly Capitalized Banks. OCC, FDIC, FRB. The agencies are directed to establish a community bank leverage ratio of 8-10 percent, identifying community banks thereby deemed to be in compliance with risk-based capital standards. The agencies will need to determine a variety of issues including 1) the appropriate ratio, 2) how to define both the numerator and denominator, 3) the scope of application, and 4) how to address the case should a qualified bank drop below the threshold. No timeframe is specified for promulgating the implementing rules. (Sec. 201)

Reciprocal Deposits. FDIC. The FDIC may want to amend its regulations so that they conform to the changes made by the statute. (Sec. 202)

Volcker Rule. FDIC, OCC, FRB, SEC, and CFTC. While the exclusion is effective upon enactment, these agencies (as a housekeeping matter) would want to amend the definition of “banking entity” under the Volcker Rule regulations (to conform the rules to the statute) to exclude banks that do not have (and are not controlled by a company that has) (1) more than $10 billion in total consolidated assets, and (2) total trading assets and liabilities that are more than 5 percent of total consolidated assets. No time frame for such conforming amendments to the rules. (Sec. 203)

FDIC, OCC, FRB, SEC, and CFTC. While the exclusion is effective upon enactment, these agencies (as a housekeeping matter) would need to amend Subpart D (the Compliance Program) of the Volcker Rule regulation by eliminating from the compliance requirements any reference to those community banks excluded from Volcker Rule coverage by the amendments. No time frame for such conforming amendments to the rules. (Sec. 203)

FDIC, OCC, FRB, SEC, and CFTC. The agencies would need to amend the prohibition on a covered fund sharing names with a banking entity under the Volcker Rule regulation to allow for name-sharing, as described in the legislation (i.e., covered fund may share name with investment adviser affiliate of banking entity as described in S. 2155). The agencies may, but are not required to, place restrictions or limitations on this activity. No time frame is specified for such implementing regulations. (Sec. 204)

Short Form Call Reports. FDIC, OCC, FRB (FFIEC). The agencies are directed to issue regulations to reduce reporting requirements for 1st and 3rd annual Call Reports for community banks. No time frame specified for promulgating the regulations. (Sec. 205)

Extension of Some National Bank Powers to Federal Savings Associations. OCC. The OCC is required to issue regulations to extend certain national bank powers for federal savings associations with less than $20 billion in assets. No time frame for implementing regulations is established. (Sec. 206)

Small Bank Holding Company Policy Statement. FRB. The Federal Reserve is directed to revise within 180 days the regulations to raise the threshold to $3 billion. (Sec. 207)

Troubled Small Public Housing Agencies. HUD. HUD is given expanded authority to designate troubled small public housing agencies. (Sec. 209)

HUD is also ordered to develop and deploy within 180 days consolidated reporting systems for public housing agencies. (Sec. 209)
Examination Cycle. FRB, FDIC, OCC. The agencies, as a housekeeping matter, will want to update regulations to reflect the statutory change. (Sec. 210)

International Insurance Standards. FRB. The Federal Reserve is directed to stand up a new 21-member Insurance Policy Advisory Committee on International Capital Standards and other Insurance Issues. No time frame for implementation is specified. (Sec. 211)

HVCRE. FDIC, OCC, and FRB will need to revise/reissue existing HVCRE rules to conform with the statutory changes. (Sec. 214)

Identity Fraud. SSA. Establish and maintain a database to verify SSNs and identities, funded by fees paid by database users. There is no date assigned for establishment of the database, but the SSA may not begin development until the SSA has collected at least 50 percent of the program start-up costs. (Sec. 215)

Title III

Credit Report Security Freezes. FTC. The Commission is required to establish a public webpage, with links to credit reporting agency security freeze webpages (no deadline for implementation). Credit reporting agencies are required to provide consumers free security freezes (effective 120 days after enactment without implementing regulations required). (Sec. 301)

Veteran’s Medical Debt. Department of Veterans Affairs. Establish a database (within one year) to allow consumer reporting agencies to verify veterans’ medical debts. (Sec. 302)

The FTC is directed to promulgate within one year regulations implementing the requirement for credit reporting agencies to provide free credit monitoring services to active duty members of the military, including members of the National Guard. (Sec. 302)

Family Self-Sufficiency Program. HUD. Promulgate regulations within 360 days to implement the new program. (Sec.306)

PACE Loans. CFPB. Write regulations to apply ability to repay standards to making PACE loans. No deadline for rule writing is specified. (Sec. 307)

Veterans/Predatory Lending. Department of Veterans Affairs. Promulgate regulations to implement the provisions designed to ensure that financial institutions that offer to refinance a veteran’s residence demonstrate there will be a “net tangible benefit,” (i.e., the refinancing is in the financial interest of the borrower). The department must promulgate rules regarding refinancing within 180 days of enactment; other provisions are effective upon enactment. (Sec. 309)

Credit Score Competition. FHFA. Assigned various regulatory tasks associated with implementing the provision. The provisions enter into effect 180 days after enactment of the legislation. (Sec. 310)
Title IV

**Enhanced Supervision.** FRB, FDIC, OCC. The FRB is authorized to establish by order or by rule tailored enhanced supervision standards—including periodic stress tests and liquidity regulations—for bank holding companies with at least $100 billion in assets (but not more than $250 billion in assets), and is required to do so for banks with more than $250 billion in assets (though for these banks the stress tests are not required by statute to be semiannual). The threshold for company run stress testing requirements is increased from $10 billion to $250 billion (immediately for firms with less than $100 billion in assets). (Sec. 401)

**SLR Exclusions for Custodial Banks.** FRB, FDIC, OCC. Amend regulations to exclude from supplemental leverage ratio funds of custodial banks on deposit at certain central banks. The statute does not define the date by which the regulations must be finalized. (Sec. 402)

**Municipal Securities as HQLA.** FRB, FDIC, OCC. Within 90 days, revise liquidity rules to recognize certain municipal securities as HQLA. (Sec. 403)

Title V

**SEC Overpayment Credit.** SEC. Implement a program for crediting overpayment of fees to the Commission. No time frame for implementing the program is specified. (Sec. 505)

**U.S. Territories Investor Protection.** SEC. After three years, eliminates some statutory exemptions for investment companies but gives SEC authority to act by rule, regulation, or order to extend the effective date of the provision. (Sec. 506)

**Encouraging Employee Ownership.** SEC. Promulgate regulations within 60 days after enactment to raise to $10 million the ceiling below which securities issuers are not required to provide additional investor disclosures, and index the ceiling. (Sec. 507)

**Improving Access to Capital.** SEC. Make regulatory changes to implement the provision, making it easier for certain smaller companies (including some banks) to make use of securities registration exemptions. No time frame for implementation is specified. (Sec. 508)

**Offering and Proxy Rules for Closed-End Companies.** SEC. Promulgate within one year and finalize within two years a proposed regulation to implement the provision permitting closed-end investment companies to use securities offering and proxy rules currently available to other issuers. (Sec. 509)