

114TH CONGRESS  
1ST SESSION

# H. R. 2642

To provide sensible relief to community financial institutions, to protect consumers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2015

Ms. MAXINE WATERS of California (for herself, Mr. CARNEY, Mr. AL GREEN of Texas, Mr. FOSTER, Mr. SHERMAN, Mrs. CAROLYN B. MALONEY of New York, Mr. KILDEE, Mr. DAVID SCOTT of Georgia, Mr. HECK of Washington, Mr. PERLMUTTER, Mr. CLEAVER, Mr. MEEKS, Ms. MOORE, Mr. HIMES, Mr. DELANEY, Mrs. BEATTY, Mr. VARGAS, Mr. ELLISON, Ms. SINEMA, Mr. CAPUANO, Ms. VELÁZQUEZ, Mr. MURPHY of Florida, Mr. HINOJOSA, Mr. LYNCH, Ms. SEWELL of Alabama, and Mr. CLAY) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To provide sensible relief to community financial institutions, to protect consumers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Community Lender Regulatory Relief and Consumer  
6 Protection Act of 2015”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—HELPING COMMUNITY LENDERS

Sec. 101. Community bank and credit union portfolio lending.

Sec. 102. Exception to annual written privacy notice requirement under the  
 Gramm-Leach-Bliley Act.

Sec. 103. Expansion of threshold for 18-month on-site examination cycle.

Sec. 104. Privately insured credit unions authorized to become members of a  
 Federal home loan bank.

Sec. 105. Registration threshold for savings and loan holding companies.

Sec. 106. Transitional license authority.

#### TITLE II—PROTECTING CONSUMERS

Sec. 201. Protecting servicemembers.

Sec. 202. Restoration of the Protecting Tenants at Foreclosure Act of 2009.

Sec. 203. Confidentiality of information shared between State and Federal fi-  
 nancial services regulators.

## 3 **TITLE I—HELPING COMMUNITY** 4 **LENDERS**

### 5 **SEC. 101. COMMUNITY BANK AND CREDIT UNION PORT-** 6 **FOLIO LENDING.**

7 Section 129C(b)(2) of the Truth in Lending Act (15  
 8 U.S.C. 1639c(b)(2)) is amended by adding at the end the  
 9 following:

10 “(F) SAFE HARBOR.—

11 “(i) IN GENERAL.—In this section—

12 “(I) the term ‘qualified mort-  
 13 gage’, as defined in subparagraph (A),  
 14 includes any residential mortgage  
 15 loan—

16 “(aa) that is originated by a  
 17 covered institution and continu-

1                   ously retained in portfolio by the  
2                   covered institution;

3                   “(bb) that, except as pro-  
4                   vided in subparagraph (E), fully  
5                   amortizes over a term of not  
6                   longer than 30 years;

7                   “(cc) that complies with—

8                   “(AA) the requirements  
9                   of clauses (i), (ii), (iii), (iv),  
10                  (v), and (vii) of subpara-  
11                  graph (A); and

12                  “(BB) any require-  
13                  ments consistent with the  
14                  purposes described in para-  
15                  graph (3)(B)(i);

16                  “(dd) for which the covered  
17                  institution, at or before con-  
18                  summation of the residential  
19                  mortgage loan, takes into ac-  
20                  count and verifies the monthly  
21                  debt and income of the consumer;  
22                  and

23                  “(ee) that is not considered  
24                  a high-cost mortgage; and

1           “(II) a residential mortgage loan  
2           that meets the requirements of sub-  
3           clause (I) shall be deemed to meet the  
4           requirements of subsection (a) until  
5           the residential mortgage loan no  
6           longer meets the requirements of sub-  
7           clause (I).

8           “(ii) DEFINITION.—In this subpara-  
9           graph, the term ‘covered institution’  
10          means—

11           “(I) an insured depository insti-  
12          tution or insured credit union that—

13           “(aa) at the time of origina-  
14          tion of the residential mortgage  
15          loan, together with its affiliates,  
16          has less than \$2,000,000,000 in  
17          total consolidated assets; and

18           “(bb) during the calendar  
19          year preceding the time of origi-  
20          nation of the residential mort-  
21          gage loan, originated not more  
22          than 2,000 residential mortgage  
23          loans that were—

1                   “(AA) sold, assigned, or  
2                   otherwise transferred to an-  
3                   other person; or

4                   “(BB) subject to, at  
5                   the time of consummation, a  
6                   commitment to be acquired  
7                   by another person; or

8                   “(II) an insured depository insti-  
9                   tution or insured credit union that, at  
10                  the time of origination of the residen-  
11                  tial mortgage loan—

12                  “(aa) together with its affili-  
13                  ates, has more than  
14                  \$2,000,000,000 and less than  
15                  \$10,000,000,000 in total consoli-  
16                  dated assets;

17                  “(bb) is not considered a  
18                  specialty bank, such as a bank  
19                  that offers only a narrow product  
20                  line (including credit card or  
21                  motor vehicle loans) to a regional  
22                  or broader market;

23                  “(cc) engages in the basic  
24                  activities of lending and deposit

1 taking as a significant percentage  
2 of total assets;

3 “(dd) has a limited geo-  
4 graphic scope; and

5 “(ee) meets any other cri-  
6 teria as determined by the Bu-  
7 reau, including restrictions on  
8 the volume of residential mort-  
9 gage loans—

10 “(AA) sold, assigned, or  
11 otherwise transferred to an-  
12 other person; or

13 “(BB) subject to, at  
14 the time of consummation, a  
15 commitment to be acquired  
16 by another person.”.

17 **SEC. 102. EXCEPTION TO ANNUAL WRITTEN PRIVACY NO-**  
18 **TICE REQUIREMENT UNDER THE GRAMM-**  
19 **LEACH-BLILEY ACT.**

20 Section 503 of the Gramm-Leach-Bliley Act (15  
21 U.S.C. 6803) is amended by adding at the end the fol-  
22 lowing:

23 “(f) EXCEPTION TO ANNUAL WRITTEN NOTICE RE-  
24 QUIREMENT.—

1           “(1) IN GENERAL.—A financial institution de-  
2           scribed in paragraph (2) shall not be required to  
3           provide an annual written disclosure under this sec-  
4           tion until such time as the financial institution fails  
5           to comply with subparagraph (A), (B), or (C) of  
6           paragraph (2).

7           “(2) COVERED INSTITUTIONS.—A financial in-  
8           stitution described in this paragraph is a financial  
9           institution that—

10                   “(A) provides nonpublic personal informa-  
11                   tion only in accordance with the provisions of  
12                   subsection (b)(2) or (e) of section 502 or regu-  
13                   lations prescribed under section 504(b);

14                   “(B) has not changed its policies and prac-  
15                   tices with respect to disclosing nonpublic per-  
16                   sonal information from the policies and prac-  
17                   tices that were disclosed in the most recent dis-  
18                   closure sent to consumers in accordance with  
19                   this section; and

20                   “(C) otherwise provides customers access  
21                   to such most recent disclosure in electronic or  
22                   other form permitted by regulations prescribed  
23                   under section 504.”.

1 **SEC. 103. EXPANSION OF THRESHOLD FOR 18-MONTH ON-**  
2 **SITE EXAMINATION CYCLE.**

3 Section 10(d) of the Federal Deposit Insurance Act  
4 (12 U.S.C. 1820(d)) is amended—

5 (1) in paragraph (4)(A), by striking  
6 “\$500,000,000” and inserting “\$1,000,000,000”;  
7 and

8 (2) in paragraph (10), by striking  
9 “\$500,000,000” and inserting “\$1,000,000,000”.

10 **SEC. 104. PRIVATELY INSURED CREDIT UNIONS AUTHOR-**  
11 **IZED TO BECOME MEMBERS OF A FEDERAL**  
12 **HOME LOAN BANK.**

13 (a) IN GENERAL.—Section 4(a) of the Federal Home  
14 Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding  
15 at the end the following:

16 “(5) CERTAIN PRIVATELY INSURED CREDIT  
17 UNIONS.—

18 “(A) IN GENERAL.—Subject to the re-  
19 quirements of subparagraph (B), a credit union  
20 that lacks insurance of its member accounts  
21 under Federal law shall be treated as an in-  
22 sured depository institution for purposes of this  
23 Act.

24 “(B) CERTIFICATION BY APPROPRIATE  
25 STATE SUPERVISOR.—For purposes of this  
26 paragraph, a credit union that lacks insurance



1 of its member accounts under Federal law and  
2 that has applied for membership in a Federal  
3 home loan bank shall be treated as an insured  
4 depository institution if the following has oc-  
5 curred:

6 “(i) DETERMINATION BY STATE SU-  
7 PERVISOR OF THE CREDIT UNION.—

8 “(I) IN GENERAL.—Subject to  
9 subclause (II), the appropriate super-  
10 visor of the State in which the credit  
11 union is chartered has determined  
12 that the credit union meets all the eli-  
13 gibility requirements under section  
14 201(a) of the Federal Credit Union  
15 Act (12 U.S.C. 1781(a)) to apply for  
16 insurance of its member accounts as  
17 of the date of the application for  
18 membership.

19 “(II) CERTIFICATION DEEMED  
20 VALID.—In the case of any credit  
21 union to which subclause (I) applies,  
22 if the appropriate supervisor of the  
23 State in which such credit union is  
24 chartered fails to make the determina-  
25 tion required pursuant to such sub-

1 clause by the end of the 12-month pe-  
2 riod beginning on the date on which  
3 the application is submitted to the su-  
4 pervisor, the credit union shall be  
5 deemed to have met the requirements  
6 of subclause (I).

7 “(ii) DETERMINATION BY STATE SU-  
8 PERVISOR OF THE PRIVATE DEPOSIT IN-  
9 SURER.—The licensing entity of the pri-  
10 vate deposit insurer that is insuring the  
11 member accounts of the credit union—

12 “(I) receives, on an annual basis,  
13 an independent actuarial opinion that  
14 the private insurer has set aside suffi-  
15 cient reserves for losses; and

16 “(II) obtains, as frequently as  
17 appropriate, but not less frequently  
18 than every 36 months, an independent  
19 actuary’s study of the capital ade-  
20 quacy of the private insurer.

21 “(iii) SUBMISSION OF FINANCIAL IN-  
22 FORMATION.—The credit union or the ap-  
23 propriate supervisor of the State in which  
24 such credit union is chartered makes avail-  
25 able, and continues to make available for

1 such time as the credit union is a member  
2 of a Federal home loan bank, to the Fed-  
3 eral Housing Finance Agency or to the  
4 Federal home loan bank all reports,  
5 records, and other information related to  
6 any examinations or inquiries performed  
7 by the supervisor concerning the financial  
8 condition of the credit union, as soon as is  
9 practicable.

10 “(C) SECURITY INTERESTS OF FEDERAL  
11 HOME LOAN BANK NOT AVOIDABLE.—Notwith-  
12 standing any provision of State law authorizing  
13 a conservator or liquidating agent of a credit  
14 union to repudiate contracts, no such provision  
15 shall apply with respect to—

16 “(i) any extension of credit from any  
17 Federal home loan bank to any credit  
18 union that is a member of any such bank  
19 pursuant to this paragraph; or

20 “(ii) any security interest in the as-  
21 sets of such a credit union securing any  
22 such extension of credit.

23 “(D) PROTECTION FOR CERTAIN FEDERAL  
24 HOME LOAN BANK ADVANCES.—Notwith-  
25 standing any State law to the contrary, if a

1 Bank makes an advance under section 10 to a  
2 State-chartered credit union that is not feder-  
3 ally insured—

4 “(i) the Bank’s interest in any collat-  
5 eral securing the advance has the same  
6 priority and is afforded the same standing  
7 and rights that the security interest would  
8 have had if the advance had been made to  
9 a federally insured credit union; and

10 “(ii) the Bank has the same right to  
11 access such collateral that the Bank would  
12 have had if the advance had been made to  
13 a federally insured credit union.”.

14 (b) COPIES OF AUDITS OF PRIVATE INSURERS OF  
15 CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE  
16 PROVIDED TO SUPERVISORY AGENCIES.—Section  
17 43(a)(2)(A) of the Federal Deposit Insurance Act (12  
18 U.S.C. 1831t(a)(2)(A)) is amended—

19 (1) in clause (i), by striking “and” at the end;

20 (2) in clause (ii), by striking the period at the  
21 end and inserting a semicolon; and

22 (3) by inserting at the end the following:

23 “(iii) in the case of depository institu-  
24 tions described in subsection (e)(2)(A), the  
25 member accounts of which are insured by

1 the private deposit insurer, which are  
2 members of a Federal home loan bank, to  
3 the Federal Housing Finance Agency, not  
4 later than 7 days after the audit is com-  
5 pleted.”.

6 (c) GAO REPORT.—Not later than 18 months after  
7 the date of enactment of this Act, the Comptroller General  
8 of the United States shall conduct a study and submit a  
9 report to Congress—

10 (1) on the adequacy of insurance reserves held  
11 by a private deposit insurer that insures the member  
12 accounts of an entity described in section  
13 43(e)(2)(A) of the Federal Deposit Insurance Act  
14 (12 U.S.C. 1831t(e)(2)(A)); and

15 (2) for an entity described in paragraph (1),  
16 the member accounts of which are insured by a pri-  
17 vate deposit insurer, information on the level of com-  
18 pliance with Federal regulations relating to the dis-  
19 closure of a lack of Federal deposit insurance.

20 **SEC. 105. REGISTRATION THRESHOLD FOR SAVINGS AND**  
21 **LOAN HOLDING COMPANIES.**

22 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
23 et seq.) is amended—

24 (1) in section 12(g)—

1 (A) in paragraph (1)(B), by inserting after  
2 “is a bank” the following: “, a savings and loan  
3 holding company (as such term is defined in  
4 section 10 of the Home Owners’ Loan Act (12  
5 U.S.C. 1467a(a)),”; and

6 (B) in paragraph (4), by inserting after  
7 “case of a bank” the following: “, a savings and  
8 loan holding company (as such term is defined  
9 in section 10 of the Home Owners’ Loan Act  
10 (12 U.S.C. 1467a(a)),”; and

11 (2) in section 15(d)(1), by striking “case of  
12 bank” and inserting the following: “case of a bank,  
13 a savings and loan holding company (as such term  
14 is defined in section 10 of the Home Owners’ Loan  
15 Act (12 U.S.C. 1467a(a)),”.

16 **SEC. 106. TRANSITIONAL LICENSE AUTHORITY.**

17 Section 1504 of the S.A.F.E. Mortgage Licensing Act  
18 of 2008 (12 U.S.C. 5103) is amended—

19 (1) in subsection (a), by inserting after “as the  
20 case may be,” the following: “and except as provided  
21 in subsection (c),”; and

22 (2) by adding at the end the following:  
23 “(c) TRANSITIONAL AUTHORITY.—

1           “(1) DEFINITION.—In this subsection, the term  
2           ‘covered registered loan originator’ means a reg-  
3           istered loan originator who—

4                   “(A) submits the information required  
5                   under section 1505(a); and

6                   “(B) during the 30-day period preceding  
7                   the date of such submission, met the standard  
8                   of being qualified under section 129B(b)(1)(A)  
9                   of the Truth in Lending Act (15 U.S.C.  
10                  1639b(b)(1)(A)).

11           “(2) AUTHORITY.—Notwithstanding the re-  
12           quirements of subsections (b) through (e) of section  
13           1505, a State may permit a covered registered loan  
14           originator to act as a loan originator, under the su-  
15           pervision of a non-depository firm that engages in  
16           loan origination in that State, for the 120-day pe-  
17           riod beginning on the date on which the covered reg-  
18           istered loan originator submits the information re-  
19           quired under section 1505(a).

20           “(3) LIMITATION.—A covered registered loan  
21           originator may not act as a loan originator under  
22           paragraph (2) after the date on which the 120-day  
23           period described in that paragraph expires.”.

1                   **TITLE II—PROTECTING**  
2                   **CONSUMERS**

3   **SEC. 201. PROTECTING SERVICEMEMBERS.**

4           Section 1002(12) of the Consumer Financial Protec-  
5   tion Act of 2010 (12 U.S.C. 5481(12)) is amended—

6           (1) in subparagraph (Q), by striking “; and”  
7           and inserting a semicolon;

8           (2) in subparagraph (R), by striking the period  
9           at the end and inserting “; and”; and

10          (3) by adding at the end the following:

11                   “(S) sections 101, 107 (except with respect  
12                   to bailments), 108 (except with respect to in-  
13                   surance), 201 (except with respect to child cus-  
14                   tody proceedings), 207, 301, 302, 303, 305,  
15                   and 305A of the Servicemembers Civil Relief  
16                   Act (50 U.S.C. App. 511, 517, 518, 521, 527,  
17                   531, 532, 533, 535, and 535a).”.

18   **SEC. 202. RESTORATION OF THE PROTECTING TENANTS AT**  
19                   **FORECLOSURE ACT OF 2009.**

20          (a) **REPEAL OF SUNSET PROVISION.**—Section 704 of  
21   the Protecting Tenants at Foreclosure Act of 2009 (12  
22   U.S.C. 5201 note; 12 U.S.C. 5220 note; 42 U.S.C. 1437f  
23   note) is repealed.

24          (b) **RESTORATION.**—Sections 701 through 703 of  
25   such Act, the provisions of law amended or repealed by



1 such sections, and any regulations promulgated pursuant  
2 to such sections, as were in effect on December 31, 2014,  
3 are restored and revived as if the sunset provision in sec-  
4 tion 704 had not taken effect.

5 **SEC. 203. CONFIDENTIALITY OF INFORMATION SHARED BE-**  
6 **TWEEN STATE AND FEDERAL FINANCIAL**  
7 **SERVICES REGULATORS.**

8 Section 1512(a) of the S.A.F.E. Mortgage Licensing  
9 Act of 2008 (12 U.S.C. 5111(a)) is amended by inserting  
10 “or financial services” before “industry”.

○