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114TH CONGRESS
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H. R. 3109

To permit certain current loans that would otherwise be treated as non-accrual loans as accrual loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2015

Mr. POSEY introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To permit certain current loans that would otherwise be treated as non-accrual loans as accrual loans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Common Sense Economic Recovery Act of 2015''.

SEC. 2. TREATMENT OF CERTAIN LOANS.

(a) IN GENERAL.—For purposes of determining capital requirements or measuring capital of an insured depository institution under section 38 of the Federal Deposit Insurance Act (12 U.S.C. 1831o) or any other provi-

sion of law or regulatory guidance, an insured depository institution that would otherwise be required to treat a loan as a non-accrual loan may treat such loan as an accrual loan, if—

(1) the loan is current;

(2) during the previous 6-month period, no monthly payment on the loan has been more than 30 days delinquent; and

(3) the payments on the loan are being made pursuant to the contractual terms of the loan agreement and any refinances and modifications that are agreed to by all of the parties.

(b) DEMONSTRATION OF ABILITY TO PERFORM ON A LOAN.—Notwithstanding subsection (a), a modified or restructured loan may not be treated as a non-accrual loan if the borrower demonstrates the ability to perform on such a loan—

(1) over a period of 6 months; or

(2) with respect to a loan on a quarterly, semi-annual, or longer repayment schedule, over a period of 3 consecutive payments.

(c) NO ADDITIONAL ADVERSE TREATMENT.—With respect to a loan held by an insured depository institution and treated as an accrual loan by reason of subsection (a), an appropriate Federal banking agency may not im-

pose any additional accounting requirements on such institution with respect to such loan compared to the requirements that would otherwise have been placed on such institution with respect to such loan if such loan were not being treated as an accrual loan by reason of subsection (a), if the result of such additional requirement would adversely impact the measurement of capital of the institution.

(d) PROHIBITION ON THE RE-CLASSIFICATION OF LOANS BASED SOLELY ON COLLATERAL VALUE.—An appropriate Federal banking agency may not require an insured depository institution to treat a loan as a non-accrual loan solely on the basis that the collateral of such loan has reduced in value.

(e) PROVISIONS NOT APPLICABLE TO PUBLICLY TRADED INSTITUTIONS.—This section shall not apply with respect to any issuer of a security registered pursuant to section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l).

SEC. 3. STUDY.

(a) IN GENERAL.—The Financial Stability Oversight Council shall conduct a study of how best to prevent contradictory guidance from being issued by appropriate Federal banking agencies to insured depository institutions

with respect to loan classifications and capital requirements.

(b) REPORT.—Not later than the end of the 60-day period beginning on the date of the enactment of this Act, the Financial Stability Oversight Council shall issue a report to the Congress containing—

(1) all determinations and conclusions made by the Council in carrying out the study required under subsection (a); and

(2) legislative recommendations that the Council believes will prevent contradictory guidance from being issued by appropriate Federal banking agencies to insured depository institutions with respect to loan classifications and capital requirements.

SEC. 4. DEFINITIONS.

For purposes of this Act:

(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term ''appropriate Federal banking agency''—

(A) has the meaning given such term under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) means the National Credit Union Administration Board, in the case of a credit union.

(2) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' means—

(A) an insured depository institution, as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) a credit union.

SEC. 5. SUNSET.

Effective after the end of the 2-year period beginning on the date of the enactment of this Act, this Act shall cease to have any force or effect.

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