S. 2155 – Economic Growth, Regulatory Relief, and Consumer Protection Act (Sen. Crapo, R-ID)

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FLOOR SCHEDULE:

Expected to be considered May 22, 2018 under a closed rule.

The rule also provides for consideration of S. 204, the Right to Try Act, and initial consideration of H.R. 5515, the FY 2019 National Defense Authorization Act.

The rule would further provide that the motion to reconsider the vote on the question of passage of H.R. 2, the Agriculture and Nutrition Act of 2018, may continue to be postponed through the legislative day of Friday, June 22, 2018.

TOPLINE SUMMARY:

S. 2155 would make a series of reforms that would reduce government overreach in the financial services sector, easing some of the overly burdensome regulatory framework of Dodd-Frank.

COST:

The Congressional Budget Office (CBO) estimates "that enacting the bill would increase federal deficits by $671 million over the 2018-2027 period; that increase in the deficit represents an increase in direct spending of $233 million and a decrease in revenues of $439 million. Some of that cost and reduction in revenues would be recovered through collections from financial institutions in years after 2027.

"CBO also estimates that, assuming appropriation of the necessary amounts, implementing the bill would cost $77 million over the 2018-2027 period."

CONSERVATIVE CONCERNS:

Some conservatives may be concerned that while this legislation is a solid first step toward dismantling some of Dodd-Franks onerous burdens, there are several, largely bipartisan pieces of legislation that could further roll back Dodd-Frank that are missing from the package. However, according to Speaker Ryan, an agreement has been reached for the Senate to take up a package of the House-passed bills.

Conservatives may be concerned that the bill does not include a repeal of the Volcker Rule, or the SIFI "too big to fail" designation.

Conservatives may be pleased this legislation makes significant reforms to curtail overreach of the federal government into financial markets and services, and lessens the regulatory burden on America's community banks.

- **Expand the Size and Scope of the Federal Government?** The bill would roll back burdensome regulations imposed by Dodd-Frank.

Encroach into State or Local Authority? Section 213 would preempt state laws to establish a new federal standard permitting financial institutions to record a copy of a customer's driver's license when opening a new account on an online service.

Section 301 would increase protections on consumers' credit by requiring credit bureaus to maintain fraud alerts for a minimum of 1 year following a consumer informing the institution of suspected identity theft or fraud. Presently, credit bureaus are only required to keep this information for 90 days. It would also give a consumer unlimited ability to undertake and remove security freezes, preempting complicated state laws. It also required the Federal Trade Commission to set up a webpage to facilitate the requests of security freezes.

- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

Title I: Improving Consumer Access to Mortgage Credit

The goal of title I is to ease the regulatory burden in the mortgage lending industry, and to expand access to credit. Many mortgage lending standards instituted under Dodd-Frank have unnecessarily slowed the lending process and have restricted access to home financing.

Section 101 would provide for minimum standards for residential mortgage loans so that certain loans that are originated and held by an insured depository institution or credit union with less than $10 billion in total consolidated assets would be considered qualified mortgages under the Truth in Lending Act (TILA), while still continuing consumer protections. The lender would be required to maintain documentation concerning a borrower's debts, incomes, and other resources.

Under Dodd-Frank, substantial changes have been made to the mortgage lending marketplace, requiring lenders to determine whether a borrower has the ability to repay at the time of lending. This could result in lawsuits and a lender paying damages to a borrower for failure to follow the ability to repay rule. To mitigate risk of frivolous lawsuits for lenders, Dodd-Frank provided a legal safe harbor to "Qualified Mortgages," providing the lender with a presumption of compliance with the ability to repay rule.

This subtitle would extend the legal safe harbor to creditors with residential loans held in the portfolio of the original creditor. If a loan is later sold, assigned, or transferred in certain circumstances, it loses this access to safe harbor.

This section is similar to section 516 of H.R. 10 and to H.R. 2226, which passed the House by voice vote, and Section 15 of H.R. 2133.

Section 102 would provide for donated appraisal services to eligible organizations that are eligible to receive tax-deductible contributions to be considered "customary and reasonable" under the Truth in Lending Act. Presently, appraisers meeting certain criteria must be compensated at a customary and reasonable rate, so that they act independent of the interests of other involved parties. This requirement, however, has made it difficult for appraisers to donate services to organizations that can receive tax-deductible contributions.

This section is similar to section 591 of H.R. 10, and to Title 1 of H.R. 2255, which passed the House by voice vote.

Section 103 would address the shortage of appraisers in rural area by providing an exemption from appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 for certain mortgage loans in rural areas valued at under $400,000, if the mortgage originator attempted to contact three state-licensed or certified appraisers who could not complete the service in a reasonable time period.

This section is similar to H.R. 2133 and H.R. 3221.

Section 104 would provide an exemption from certain reporting requirements under the Home Mortgage and Disclosure Act for banks and credit unions. Small depository institutions that have originated fewer than 500 closed-end mortgages in each of the preceding two years and fewer than 500 open-end lines of credit in each of the preceding two years would be eligible, so long as they are in compliance with the Community Reinvestment Act.

This section is similar to section 579 of H.R. 10 and to H.R. 2954, which passed the House by a vote of 243-185, and to H.R. 2133.

Section 105 would provide an exclusion to the definition of a member business loan for loans from credit unions to its members for non-owner-occupied one-to-four family residences under the Federal Credit Union Act.

Section 106 would permit state licensed mortgage loan originators (MLOs) that are licensed in one state to temporarily work in a new state or with a new financial institution while their license applications for the new state are pending. It would provide for restrictions on individuals with criminal records.

This section is similar to section 556 of H.R. 10, to H.R. 3978, which passed the House 271-145, and to H.R. 2948.

Section 107 would amend the definition of "mortgage originator" under TILA to clarify that retailers of manufactured homes and their employees are not considered "loan originators" under CFPB rules if they do not receive compensation or financial gain for taking residential mortgage loan applications.

This section is similar to section 501 of H.R. 10 and to H.R. 1699, which passed the House by a vote of 256-163.

Section 108 would provide an exemption from escrow requirements under TILA, for those community financial institutions for mortgage loans made by creditors with $10 billion or less in assets that had originated 1,000 or fewer mortgages in the preceding year.

This section is similar to Title V subtitle G of the Financial CHOICE Act. It is also similar to H.R. 3971 which passed the House by a vote of 294-129, and H.R. 2133.

Section 109 would remove the three-day wait period required for TILA/RESPA mortgage disclosures if a consumer receives a second offer of credit that gives them a lower mortgage interest rate. It would also express a sense of Congress that the CFPB should clarify and provide additional guidance on the rule requiring lenders to use the TRID/RESPA disclosure form.

This section is similar to H.R. 2133.

Title II: Regulatory Relief and Protecting Consumer Access to Credit

Title II addresses regulatory relief for community banks that were subject to overregulation and increased compliance costs under Dodd-Frank. Community banks are more likely to provide loans based on relationships, and therefore serve as vital credit sources to the communities they serve and underserved populations.

Section 201 would require regulators to establish a Community Bank Leverage Ratio (CBLR), setting the ratio for well-capitalization of between eight percent and 10 percent capital to unweighted assets. Banks with less than $10 billion in assets that maintain tangible equity in excess of the threshold would then be exempt from certain leverage and risk based capital requirements.

This section is similar to language found in sections 601 and 602 of the Financial CHOICE Act.

Section 202 would amend the Federal Deposit Insurance Act to exempt certain reciprocal deposits between banks from restrictions on funds deposited by deposit brokers, directly or indirectly.

This section is similar to section 14 of H.R. 2133.

Section 203 would exempt banks that have $10 billion or less in assets, of which not more than five percent are trading liabilities, from the Volcker Rule (Section 13 of the Bank Holding Company Act).

The Volcker Rule, found in title XI of Dodd-Frank, restricts American banks from engaging in proprietary trading, limiting the amount of capital in the market, reducing the depth, liquidity, and stability of the market. Proponents of the Volcker Rule believed this was a way to stop risky or speculative trading with customer deposits. Some naively believed this, rather than the collapse of the housing market, led to the 2008 financial crisis.

This legislation is similar to H.R. 4790. Similar language can be found in section IX of the Financial CHOICE Act.

Some conservatives may be concerned that this legislation does not fully repeal the Volcker Rule, unlike the Financial CHOICE Act.

Section 204 would amend the Bank Holding Company Act to remove naming restrictions under certain circumstances, allowing certain funds to share names with their bank-affiliated investment adviser.

This language is similar to H.R. 3093, passed by the House by voice vote. It is also similar to H.R. 4790.

Section 205 would address financial reporting for small banks through shortening "call report" requirements. If would direct federal financial regulators to reduce the reporting requirements for banks with assets totaling under $5 billion and that satisfy other criteria. This would apply to reports due in the first and third quarters.

Under current law, banks must file Consolidated Reports of Condition and Income (also called "Call Reports") with the Federal Financial Institutions Examination Council (FFIEC) four times per year. According to a report from the Treasury, "Currently, the bank Call Report form is over 80 pages and contains a substantial amount of data fields which are not applicable to community banks and their business model."

This section is similar to section 566 of H.R. 10. It is also similar to H.R. 4725, which passed the House by voice vote.

Section 206 would permit federal savings associations that have less than $20 billion in total assets to operate as covered savings associations, like national banks, without requiring them to go through the process of converting their charter.

The federal savings association that so chooses would have the same rights and privileges and be subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to a national bank. The covered savings association would be treated as a federal savings association for the purposes of governance, consolidation, merger, dissolution, and receivership. The federal savings association that makes such an election would be deemed to be approved unless the Comptroller of the Currency notifies the federal savings association otherwise.

This section is similar to section 566 of H.R. 10. It is also similar to H.R. 1426 which passed by voice vote.

Section 207 would require the Federal Reserve to raise the ''Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors'' from $1 billion to $3 billion.

The Federal Reserve Small Bank Holding Company Policy Statement guideline was established in 1980 to allow small bank holding companies to be allowed certain levels of debt. In 2015, the allowable size of a small bank holding company was raised to $1 billion from $500 million by regulations promulgated by the Federal Reserve.

This section is similar to H.R. 4771 which passed the House by a vote of 280-139. It is also similar to section 526 of H.R. 10.

Section 208 would require the Expedited Funds Availability Act to apply to American Samoa, the Northern Mariana Islands, and Guam. The Expedited Funds Availability Act governs bank deposit availability.

Section 209 would ease regulatory overreach for small public housing agencies in rural areas and would provide for consolidated reporting for public housing agencies that operate in consortia, reduced administrative burdens, and shared waiting lists for public housing agencies.

Section 210 would permit well capitalized banks that have up to $3 billion in assets to qualify for on-site examinations every 18 months, as opposed to every 12 months. Presently, only those banks that have less than $1 billion in assets qualify for the 18-month cycle.

This section is similar to H.R. 5076.

Section 211 would create an international insurance advisory committee at the Federal Reserve. It would require financial regulators to report on the global insurance industry. It would also require a joint report on how proposed international insurance standards could impact the U.S. market in advance of entering into any agreements pertaining to international insurance standards.

This section is similar to H.R. 4537. It is also similar to section 1101 and 1102 of H.R. 10.

Section 212 would require the National Credit Union Association to publish and hold annual public hearings regarding its budget. It would require the NCUA to make its budget publicly available.

This is similar to section 541 of H.R. 10.

Section 213 would preempt state laws to establish a new federal standard permitting financial institutions to record a copy of a customer's driver's license when opening a new account on an online service.

Most states allow mobile banking apps to scan or copy a driver's license or other identification card in order to verify the customer's identity, allowing customers to open a new bank account or access banking services on mobile devices. However, according to the Committee Report for H.R. 1457, "Five states prohibit making and retaining copies of driver's licenses (Colorado, Kansas, Mississippi, North Dakota, and Tennessee) and

two states prohibit swiping driver's licenses (Illinois and Oregon). Twelve additional states and the District of Columbia have potentially ambiguous laws (Arizona, California, Florida, Hawaii, Maine, Nebraska, New Hampshire, North Carolina, Oklahoma, Oregon, Rhode Island, and Vermont)."

This section is similar to H.R. 1457, which passed the House by a vote of 397-8.

Section 214 would allow certain credit facilities involved in the development and construction of property to be exempt from heightened risk weighting.

Under the Basel III framework, banks are required to maintain more capital in reserve when making High Volatility Commercial Real Estate (HVCRE) loans. Typically, non-HVCRE loans have a risk weight of 100 percent, and HVCRE loans have a risk weight of 150 percent. Determining HVCRE status is complicated, leading to uncertainty regarding the rules surrounding commercial real estate loans, which can in turn lead to an increase in costs for borrowers and lenders.

This section would clarify what qualifies as an HVCRE loan and would clarify capital requirements. Loans that may be designated as HVCRE loans are acquisition, developments, and construction loans (ADC loans). It would exempt from HVCRE designation those loans in which a borrower has contributed 15 percent equity based on the appraised value of the land, and not just the purchase price. This legislation would exempt loans made prior to January 1, 2015, as well as loans financing certain types of projects. These loans could then be reclassified as non-HVCRE ADC loans upon the substantial completion of construction or development of the property being financed and once the construction project begins to generate revenue to support a property's debt service and expenses.

This section is similar to H.R. 2148, which passed the House by voice vote.

Section 215 would address identity fraud, permitting the Social Security Administration to accept online signatures to verify identity.

Section 216 would require the Department of Treasury to submit a report to Congress regarding the risks to U.S. financial markets and financial institutions posed by cyber threats within one year following enactment.

Section 217 would decrease the amount of discretionary surplus funds that can be held at Federal Reserve Banks from $7.5 billion to $6.825 billion.

Title III would address protections for veterans, consumers, and homeowners.

Section 301 would increase protections on consumers' credit by requiring credit bureaus to maintain fraud alerts for a minimum of one year following a consumer informing the institution of suspected identity theft or fraud. Presently, credit bureaus are only required to keep this information for 90 days. It would also give a consumer unlimited ability to undertake and remove security freezes, preempting complicated state laws. It also required the Federal Trade Commission to set up a webpage to facilitate the requests of security freezes.

Section 302 would protect veterans' credit by amending the Fair Credit Reporting Act to prevent credit bureaus from submitting negative information to veterans' credit reports regarding certain adverse debt stemming from medical treatment. It would also establish a dispute process regarding veterans' medical debt and the creation of a database to facilitate the verification of whether or not the reported debt is medical debt.

Section 302 includes language similar to H.R. 2683.

Section 303 prevent certain employees of covered financial institutions that receive training on how to recognize and report the suspected exploitation of senior citizens from being held liable from disclosing the possible exploitation to the covered financial institution, so long as the disclosure was made in good faith and with reasonable care.

Seniors are a particularly vulnerable target for investment fraud. An estimated one-fifth of investors over the age of 65 are exploited. This section will enable covered financial institutions to provide protection to America's seniors and would promote training for employees in identifying suspected exploitation. Additionally, it would provide a safe harbor for covered financial institutions from liability resulting from their employee's disclosures of suspected exploitation, so long as the institution trained its employee on how to discern the exploitation of seniors and how to report a suspected exploitation.

This section is similar sections 491-493 of H.R. 10, and to H.R. 2255 which passed the House by voice vote.

Section 304 would permanently restore the Protecting Tenants at Foreclosure Act, which restricted the ability to evict tenants when a property was foreclosed upon.

Section 305 would permit the Treasury Department to help homeowners to remediate lead and asbestos hazards in residential properties.

Section 306 would provide for the streamlining of the Family Self-Sufficiency Program, to allow for housing choice voucher programs and public housing accounts could be combined. These accounts are currently maintained separately. It would also allow for the program to be expanded to tenants that receive assistance to live in privately owned properties.

The Department of Housing and Urban Development (HUD) Family Self-Sufficiency (FSS) program provides incentives for recipients of housing benefits to move off of welfare and into self-sufficiency.

Participants in the program sign a contract agreeing that the head of the household will seek and maintain employment and that all members of the household will be welfare-free for the twelve months prior to the end of the contract, along with specific action steps needed to meet these goals along the way. In return, increases in rent that are due to increases in income are deposited into an interest bearing escrow account which can be accessed by the family once the terms of the contract are completed. The program is administered by local public housing authorities and is available to Public Housing residents, Housing Choice Voucher (HCV) program participants, residents of NAHASDA-assisted housing, and residents of project based rental assistance (PBRA) projects.

This section would include eligibility for PBRA residents into the permanent FSS program; under current law, PBRA resident are only eligible through 2018.

The section would require public housing agencies to continue operating FSS programs for at least the number of families that the agency was required to serve. The required number of families would be reduced by an amount equal to the number of families that fulfil their obligations under the contract of participation after October 21, 1998. The bill would require the HUD Secretary to provide an exemption from the requirement to carry out a program if requested by a local housing agency and the Secretary determines that implementation is not feasible due to local circumstances.

The section would prohibit the termination of housing assistance as a consequence for failure to comply with the terms of a FSS contract or for successful completion of the program. Under current law, contracts were required to provide that the public housing agency could terminate Section 8 housing assistance if it determined the family has failed to comply with the requirements of the contract without good cause and after an administrative grievance procedure.

It would add attainment of a high school equivalency certificate, education in pursuit of a postsecondary degree or certification, financial literacy, and homeownership education and assistance to the list supportive services that public housing agencies are required to help coordinate for FSS participants.

It would require one member of the household to "seek and maintain suitable employment" as a condition of the contract of participation.

It would provide that the amounts in escrow accounts that are forfeited due to families not completing their contracts shall be used by public housing agencies for the benefit of participating families in good standing.

This section is similar to H.R. 4258, which passed the House by a vote of 412-5.

Section 307 would amend the Truth in Lending Act to require the CFPB to issue regulations so that consumer protections are extended to Property Assessed Clean Energy Loans. Creditors would be required to consider a borrower's ability to repay prior to financing.

Section 308 would require the GAO to conduct a study and report on the consumer reporting industry.

Section 309 would protect veterans from predatory lending by requiring lenders to show a net tangible benefit to refinancing housing loans obtained through the Department of Veterans Affairs. This section would require an annual report on refinanced loans. It would further place restrictions on new loans to prevent unreasonable costs.

Section 310 would require Fannie Mae and Freddie Mac to take applications to evaluate their uses of credit scores in mortgage underwriting. It would further require Fannie and Freddie to establish approval procedures for their credit score systems. The Federal Housing Finance Agency would be permitted to provide additional standards.

Section 311 would require the GAO to study and issue a report on the rate of foreclosures, the rate of return for housing developers, the rate of delinquencies, the rate of homeownership, and the rate of defaults on federally issued mortgages in Puerto Rico following Hurricane Maria.

Section 312 would require the Secretary of Housing and Urban Development to issue a report on policies pertaining to children's lead-based paint hazard prevention and abatement.

Section 313 would make permanent the one year protection enjoyed by active service members against the sale, foreclosure, or seizure of a mortgaged property, making certain provisions of the Servicemembers Civil Relief Act permanent.

Title IV would provide regulatory relief for larger banks.

Section 401 would increase the threshold for enhanced prudential standards from $50 billion to $250 billion. Banks holding between $50 and $100 billion in assets would be automatically, immediately exempt. Those with assets between $100 billion and $250 billion would still be subject to periodic supervisory stress tests. The Fed could still require increased individual enhanced prudential standards if necessary for financial stability. For banks with more than $100 billion, this section would go into effect in 18 months. This section would increase the asset threshold for required annual company-run stress tests from $10 billion to $250 billion.

Generally, most people agree the $50 billion threshold for enhanced prudential standards is far too low as it provides a dramatically enhanced regulatory cost for regional banks that are not actually systemically important.

This section includes text similar to H.R. 3312, which passed the House by a vote of 288-130, H.R. 4292, which passed the House by a vote of 414-10, and H.R. 4293.

Some conservatives may be concerned this legislation does not eliminate the SIFI "too big to fail" designation.

Section 402 would require the appropriate Federal banking agencies to amend the supplementary leverage ratio (SLR) final rule to exempt funds of custodial banks that are deposited in central banks from generally being taken into account when determining their SLR.

While custodial banks generally perform unique services, they are typically subject to similar regulatory requirements of all other banks. Because these banks operate differently, they find they are disproportionately burdened with rules regarding leverage ratios that don't take into account risk.

This section is similar to H.R. 2121.

Section 403 would address municipal bonds under the liquidity coverage ratio. This section would direct federal banking agencies to treat any liquid, readily marketable, investment grade municipal bond as no lower than a high-quality level 2B asset under the liquidity coverage ratio rules.

Following the 2008 economic crisis Federal banking regulations required all banks have enough High Quality Liquid Assets (HLQAs) to cover cash outflows for 30 days in the event of future financial crises. Under these new regulations, municipal bonds do not qualify as HLQAs, and are not included in the Liquidity Covered Ratio.

This legislation would, within 90 days following enactment, require regulators to include as HLQAs, any liquid, readily marketable, investment-grade municipal securities. The legislation would direct the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the Office of the Comptroller of Currency to classify these investment-grade municipal securities as HLQAs. It would classify investment grade municipal securities as no lower than level 2B HLQAs under the Liquidity Coverage Ratio Rule.

This section is similar to H.R. 1624, which passed the House by voice vote.

Title V would address regulatory relief to capital markets.

Section 501 would amend the Securities Act of 1933 to amend the "blue sky" exemption for securities traded on the New York Stock Exchange, the American Stock Exchange, and NASDAQ. Instead, it would extend the "blue sky" exemption to any security listed on a national securities exchange that is registered with the SEC and has listing standards that have been approved by the SEC.

The federal "blue sky" exemption preempts state-level anti-fraud statutes that typically require the registration of securities offerings, brokers, and brokerage firms. These laws on the state-level regulate the offer and sale of securities, and allow states to bring actions against those that violate state securities laws. Under current law, states are preempted from restricting the sale of securities listed on the major exchanges, including the New York Stock Exchange, the American Stock Exchange, and NASDAQ, in addition to any national security exchange that the SEC determines is substantially similar to the three listed exchanges.

This section is similar to section 496 of H.R. 10, H.R. 4546, and Title IV of H.R. 3978, which passed the House by a vote of 271-145.

Section 502 would require the SEC to issue a report on the effects of algorithmic trading.

Section 503 would amend the Small Business Investment Incentives Act to require the SEC to review its annual government-business forum's findings and recommendations, and issue public statements assessing them and detailing any action it intends to take pursuant to the findings and recommendations.

Section 504 would amend the Investment Company Act of 1940 to provide an increase to the investor limitation from 100 to 250 persons for qualifying venture capital funds, so long as it had no more than $10 million in invested capital before initiating requirements under the Investment Company Act. Currently, the act limits the number of investors for qualifying venture capital funds to 100 persons in order to be exempt from SEC registration.

This section is similar to section 471 of H.R. 10 and to H.R. 1219, which passed the House 417-3.

Section 505 would require the Securities and Exchange Commission (SEC) to offset future fees and assessments from a national securities exchange or association if the SEC is informed within 10 years that the entity has overpaid its fees and assessments.

This section is similar to section 416 of H.R. 10 and to H.R. 1257.

Section 506 would amend the Investment Company Act of 1940 so that it applies to investment companies incorporated in U.S. territories, giving them three years to comply.

This section is similar to H.R. 1366, which passed the House by voice vote.

Section 507 would increase from $5 million to $10 million the amount of sales before an issuer needs to disclose additional information like risk factors, certain financial statements, and the plans under which offerings are made.

Under current law, an issuer is required to provide further disclosures to investors, like risk factors, if an issuer sells more than $5 million of securities, in aggregate, over a consecutive 12-month period. This legislation would increase the disclosure level to $10 million of aggregate sales over a consecutive 12month period. The SEC would be required to index the aggregate sales price for inflation every five years, so that it reflects the change in the Consumer Price Index for All Urban Consumers.

Rule 701 was issued by the SEC in order to allow private companies to sell securities to employees as part of their compensation packages. In 1999, the SEC introduced the disclosure requirements for sales in excess of $5 million. According to the committee report, this rule "restricts the aggregate offering price of securities subject to outstanding offers and the amount sold in the preceding 12 months to no more than $5 million dollars." By amending the disclosure trigger amount, the legislation would let employees of private businesses take advantage of the registration exemptions and shareholder provisions issued in the Jumpstart Our Business Startups Act.

This section is similar to section 406 of H.R. 10 and to H.R. 1343, which passed the House by a vote of 331-46.

Section 508 would amend the Securities and Exchange Commission's (SEC) Regulation A+ to expand eligibility for the expedited securities issuance process under the JOBS Act to companies that are already fully reporting companies.

As created by the JOBS Act, Regulation A + is divided into tiers: Tier I allows an issuer to raise up to $20 million within a 12-month period, while Tier II would allow an issuer to raise up to $50 million within a 12month period. Tier II is often used by smaller issuers because of its more favorable standards necessary for raising capital. Currently, "fully reporting" companies are not permitted to use the Regulation A+

registration requirement exemptions - this section would allow all companies, including smaller fully reporting companies, to benefit as well and would establish a smoother SEC review process.

This section is similar to H.R. 2864, which passed the House 403-3.

Section 509 would require the Securities and Exchange Commission (SEC) to revise registration rules allow a closed end company to use the securities offering and proxy rules available to other securities issuers.

This is similar to section 499A of H.R. 10 and to H.R. 4279, which passed the House by a vote of 418-2.

Title VI would provide protections for student borrowers.

Section 601 would prevent private student lenders from accelerating a debt collection against a student or declaring default in the event of a co-signer's death or bankruptcy. It would also release the obligations of a co-signer on a private student loan, in the event of the student borrower's demise.

Section 602 would provide for the removal of a reported default from a credit report for private student borrowers if they can demonstrate they completed a rehabilitation program. It would also require a GAO study.

Section 603 would require the Treasury Financial Literacy and Education Commission to create non-binding best practices for higher learning institutions pertaining to methods for teaching financial literacy, and for informing and helping students when making borrowing decisions.

GROUPS IN SUPPORT

FreedomWorks – Key Vote Yes
Heritage Action for America – Key Vote Yes
Independent Community Bankers of America- Key Vote Yes
US Chamber of Commerce – Key Vote Yes
Coalition letter of state bankers associations
Freedom Partners
Credit Union National Association
American Bankers Association
Americans for Tax Reform
BB&T Corporation, Capital One Financial Corporation, The PNC Financial Services Group, Inc., U.S. Bankcorp
Financial Services Roundtable
Independent Insurance Agents and Brokers of America, National Association of Mutual Insurance Companies, and the Property Casualty Insurers Association of America
National Association of Federally-Insured Credit Unions
Mortgage Bankers Association
National Association of Home Builders
National Federation of Independent Business

COMMITTEE ACTION:

S. 2155 was introduced on November 16, 2017, and was referred to the Senate Committee on Banking, Housing, and Urban Affairs. It passed the Senate by a vote of 67-31.

ADMINISTRATION POSITION:

According to the Statement of Administration Policy, "If S. 2155 were presented to the President in its current form, his advisors would recommend he sign the bill into law."

CONSTITUTIONAL AUTHORITY:

A constitutional authority statement is not required for Senate bills.

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