



IMPLEMENTATION OF S. 2155

THE ECONOMIC GROWTH, REGULATORY RELIEF, AND CONSUMER PROTECTION ACT

Section/Subject	Summary	Agency	Status
Sec. 101 – Minimum Standards for Residential Mortgage Loans	Certain mortgage loans originated and retained in portfolio deemed to be qualified mortgages.	CFPB	In effect (<i>but awaiting guidance</i>). Analysis indicates that banks can take advantage of the provision immediately, yet there are several ambiguities and details that ICBA expects the bureau to address in a forthcoming regulation. ICBA has met with bureau staff to discuss specific facts of the act. ICBA has also submitted comments, urging the bureau to promulgate a regulation soon.
Sec. 103 – Exemption from Appraisals of Real Property Located in Rural Areas	Exemption for rural mortgage portfolio loans of less than \$400,000 if unable to find a state-certified/licensed appraiser to perform the appraisal in a timely manner.	FDIC, OCC, Fed	In effect. The final rule adds the statutory exemption to the list of exempted transactions in the appraisal regulations. However, the final rule goes further and increases the appraisal threshold at or below which appraisals would not be required for all residential real estate-related transactions, whether rural or not, from \$250,000 to \$400,000.
Sec. 104 – Home Mortgage Disclosure Act Adjustment and Study	Exemptions from collecting the new Dodd-Frank Act data fields for banks with “satisfactory” CRA ratings that originate fewer than 500 closed-end mortgage loans or fewer than 500 open-end lines of credit.	CFPB	In effect. The interpretive and procedural rule is available here . Separately, the bureau issued a proposed rule that would raise the coverage threshold for closed-end mortgage loans from 25 to either 50 or 100 loans and extend for another two years the current temporary coverage threshold

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			of 500 open-end lines of credit. ICBA submitted a comment in response.
Sec. 108 – Escrow Requirements Relating to Certain Consumer Credit Transactions	Exemption from TILA escrow requirement for banks that make 1,000 or fewer first lien mortgages on principal dwellings.	CFPB	Banks will not be able to benefit from this provision until the bureau promulgates a regulation. ICBA has already submitted a comment letter to the bureau, asking that it quickly implement this change by issuing an interim final rule.
Sec. 109 – No Wait for Lower Mortgage Rates	Removes three-day waiting period required under TILA-RESPA mortgage disclosure when creditor extends a second offer of credit with lower APR.	CFPB	In effect. Banks are already able to take advantage of this relief. The bureau issued guidance that incorporates this provision, which Congress codified in S. 2155.
Sec. 201 – Capital Simplification for Qualifying Community Banks	Agencies to establish a community bank leverage ratio (CBLR) between 8-10 percent for institutions with less than \$10 billion in consolidated assets; banks exceeding the ratio meet risk-based capital and leverage requirements and are “well-capitalized.”	FDIC, OCC, Fed	Final rule issued, effective on Jan. 1, 2020. The final rule establishes a 9 percent community bank leverage ratio (tier 1 capital to total assets). Banks that meet the ratio may opt out of risk-based capital calculations. Proposed Prompt Corrective Action proxy levels were dropped from the final rule. Instead, there is a two-quarter grace period for banks whose leverage ratio falls to below 9 percent, but above 8 percent.
Sec. 202 – Limited Exception for Reciprocal Deposits	Certain reciprocal deposits will not be considered brokered deposits.	FDIC	In effect. Final rule exempts certain reciprocal deposits from being considered brokered deposits, for banks where reciprocal deposits are less than 20 percent of liabilities or \$5 billion, whichever is lesser. The FDIC also issued an Advanced Notice of Proposed Rulemaking , seeking comments on all aspects of the brokered deposit and interest rate cap regulations. ICBA submitted a comment in response.
Sec. 203 – Community Bank Relief from Volcker Rule	Banks under \$10 billion in assets with total trading assets and liabilities not exceeding 5 percent of total assets exempt from the Volcker rule.	FDIC, OCC, Fed	In effect. The agencies issued a final rule that is consistent with the statutory changes.

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Sec. 205 – Short-Form Call Reports	Agencies required to reduce reporting requirements for the first and third quarters for banks under \$5 billion in assets and that meet other appropriate criteria.	FDIC, OCC, Fed	In effect. The final rule is available here . ICBA believes the final rule does little more than remove data items that generally do not apply to community banks and does not significantly reduce the call report burden for most community banks. ICBA will continue to seek meaningful relief that limits short-form reporting to the balance sheet, income statement, and statement of changes in shareholders' equity without any other supporting schedules.
Sec. 206 – Option for Federal Savings Associations to Operate as Covered Savings Associations	Institutions with assets of \$20 billion or less can elect to operate with national bank powers.	OCC	In effect. The final rule is available here . ICBA submitted supportive comments in response here .
Sec. 207 – Small Bank Holding Company Policy Statement	Raises the Federal Reserve's Small Bank Holding Company Policy Statement's asset limit from \$1 billion to \$3 billion.	Fed	In effect. The interim final rule is available here . ICBA submitted supportive comments in response here .
Sec. 210 – Examination Cycle	Well-managed, well-capitalized banks with assets of less than \$3 billion qualify for 18-month exam cycle, up from \$1 billion.	FDIC, OCC, Fed	In effect. The final rule is available here .
Sec. 214 – Promoting Construction and Development on Main Street	Acquisition, development and construction loans that meet certain criteria will not have higher risk-weights under risk-based capital rules.	FDIC, OCC, Fed	In effect. The agencies issued a statement that this is effective immediately and that banks only need to risk-weight at 150 percent those CRE exposures they believe meet the statutory definition of HVCRE ADC loan. The agencies have also proposed to revise the definition of an "HVCRE exposure" to conform to the new statutory definition of "HVCRE ADC loan." ICBA submitted comments , noting appreciation for swift implementation of Sec. 214, but questioning whether the punitive treatment of ADC loans is needed for community banks. ICBA also recommended that

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			the regulators remove the elevated risk-weight for banks with assets of \$50 billion or less.
Sec. 401 – Enhanced Supervision and Prudential Standards for Certain Bank Holding Companies	Increases the asset threshold at which certain enhanced prudential standards shall apply, from \$50 billion to \$250 billion, while allowing the Fed discretion in determining whether a financial institution with assets of \$100 billion or more must be subject to such standards. It also increases the asset threshold at which company-run stress tests are required, from \$10 billion to \$250 billion, and increases the asset threshold for mandatory risk committees, from \$10 billion to \$50 billion.	FDIC, OCC, Fed	The agencies issued a proposed rule that would remove several prudential standards for certain banks. The proposal places banks into one of four categories , depending on their asset size and risk profile. The lowest risk-category banks (generally firms with \$100B - \$250B in assets) would see the most relief, with biannual (rather than annual) stress testing, and exemptions from countercyclical buffers and the supplementary leverage ratio. The highest risk-category banks (GSIBs) would retain substantially all current supervision and prudential standards. Comments were due Jan. 22, 2019.
Sec. 403 – Treatment of Certain Municipal Obligations	Agencies directed to classify investment-grade muni bonds as level 2B liquid assets under the liquidity coverage ratio rule.	FDIC, OCC, Fed	In effect. The final rule is available here .