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ALERTS

Senate Bill Seeks To Provide Regulatory Relief To Small Financial Institutions

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In the wake of the financial crisis experienced with the start of the so-called Great Recession in 2007, a number of financial and market controls were enacted to help prevent similar reoccurrences. Recently, after a number of fairly stable economic years in the United States, Congress is poised to provide some relief from those early recession countermeasures.

On March 22, the U.S. Senate passed a bill, S. 2155, on a vote of 67-31. This bill, also known as the Economic, Growth, Regulatory Relief and Consumer Protection Act, now moves to the House for its consideration. Some of the major provisions of this bill apply to financial institutions with less than $10 billion in assets and make modifications to certain residential mortgage loan requirements. Should this bill become law, it will modify a wide range of requirements, including ability-to-repay requirements, appraisals, escrow requirements, mortgage data, and licensing of loan originators. Additionally, institutions with less than $10 billion in assets will be regulated under new capital and leverage ratios.

In all, the modifications contemplated by S. 2155 and its amendments to the Truth in Lending Act, the Bank Holding Company Act of 1956, and the United States Housing Act of 1937 should help local banks and credit unions, and may be of particular benefit to lending institutions in more rural areas of the country.

While it is impossible to predict how the House will view these amendments and modifications, the Senate bill had 26 co-sponsors from both sides of the aisle, so it may have the ability to garner bipartisan support. More information on S. 2155 can be found at Congress.gov.

For more information about this bill, or about other topics involving the federal government, please contact the Barnes & Thornburg attorney with whom you work or Ron Miller at 202-408-6923 or ronnie.miller@btlaw.com.