



## S. 2155 SECTION-BY-SECTION, NAFCU-BACKED PROVISIONS

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### TITLE I IMPROVING CONSUMER ACCESS TO MORTGAGE CREDIT

**Section 101: Minimum Standards for Residential Mortgage Loans.** This section provides that certain mortgage loans that are originated and retained in portfolio by an insured depository institution or an insured credit union with less than \$10 billion in total consolidated assets will be deemed Qualified Mortgages (QMs) under the *Truth in Lending Act* (TILA) while maintaining consumer protections, thus providing credit unions with key regulatory burden relief and safe harbor for these mortgage loans.

**Section 103: Access to Affordable Mortgages.** This section provides a common-sense tailored exemption from appraisal requirements under the *Financial Institutions Reform, Recovery, and Enforcement Act of 1989* for certain mortgage loans with a balance of less than \$400,000 if the originator is unable to find a State certified or State licensed appraiser to perform an appraisal after a good faith effort to do so. This will provide meaningful relief to institutions in rural areas, where a limited number of appraisers can be a hurdle to mortgage lending.

**Section 104: Home Mortgage Disclosure Act Adjustment and Study.** This section provides regulatory relief to small depository institutions that have originated less than 500 closed-end mortgage loans or less than 500 open-end lines of credit in each of the two preceding calendar years by exempting them from certain disclosure requirements under the *Home Mortgage Disclosure Act* (HMDA). It also directs the Comptroller General to conduct a study examining the impact on the amount of data available. The Bureau of Consumer Financial Protection's (Bureau) new HMDA rule, which went beyond the parameters of the *Dodd-Frank Act*, created new burdens and costs for many small lenders, with little likely benefit or additional data gained from them. Section 104 addresses this regulatory overreach by creating a common-sense exception and relief for smaller community lenders while maintaining requirements for larger national lenders.

**Section 105: Credit Union Residential Loans.** This section provides that a one- to four-unit dwelling that is not the primary residence of a member will not be considered a member business loan (MBL) under the *Federal Credit Union Act*. This would allow credit unions to treat loans that qualify for the exemption as residential loans with lower interest rates—similar to how banks make those loans to small businesses—and not have to count them toward their MBL cap. NAFCU estimates there are over 700 non-low income credit unions with one- to four- unit dwelling MBLs, with a total of close to \$8 billion in assets. Section 105 would free up this capital for additional lending to small businesses to help foster economic growth.

**Section 107: Protecting Access to Manufactured Homes.** This section amends TILA to exclude from the definition of “mortgage originator” an employee of a retailer of manufactured or modular homes who does not receive compensation or gain for taking residential mortgage loan applications while maintaining consumer protections.

**Section 108: Escrow Requirements Relating to Certain Consumer Credit Transactions.** This section provides an exemption from escrow requirements under TILA for certain loans made by an insured depository institution or an insured credit union.

**Section 109: No Wait for Lower Mortgage Rates.** This section (1) removes the three-day wait period required for the combined TILA/RESPA mortgage disclosure if a creditor extends to a consumer a second offer of credit with a lower annual percentage rate, and (2) expresses the sense of Congress that the Bureau should endeavor to provide clearer, authoritative guidance with respect to certain issues. Credit unions work for their members' best interests in a mortgage transaction and may be able to provide a better rate to a member as they head to closing. However, under current law, members may have to turn this down, as they have specific arrangements in place and cannot delay closing and wait the required three-day waiting period.

## TITLE II REGULATORY RELIEF AND PROTECTING CONSUMER ACCESS TO CREDIT

**Section 212: Budget Transparency for the NCUA.** This section requires the National Credit Union Administration (NCUA) to publish and hold a hearing on a draft budget prior to submitting the budget, ensuring transparency.

**Section 213: Making Online Banking Initiation Legal and Easy.** This section permits an insured depository institution or insured credit union to record personal information from, and make a copy of, a driver's license or personal identification card for purposes of opening an account or obtaining a financial product or service through an online service, thus improving consumer access to online banking services.

## TITLE III PROTECTIONS FOR VETERANS, CONSUMERS, AND HOMEOWNERS

**Section 303: Aiding Senior Protection.** This section extends protections to certain individuals who, in good faith and with reasonable care, disclose the suspected exploitation of a senior citizen to a regulatory or law-enforcement agency.

**Section 310: Credit Score Competition Act.** The *Credit Score Competition Act* directs the Federal Housing Finance Agency (FHFA) to create a process by which new credit scoring models can be validated and approved for use by Fannie Mae and Freddie Mac (GSEs) when they purchase mortgages. Currently, the GSEs are mandated to consider a decades-old credit scoring model that does not take into account consumer data on rent, utility, and cell phone bill payments. Section 310 could benefit a large number of consumers by increasing access to credit.