

[DISCUSSION DRAFT]114TH CONGRESS
2D SESSION**H. R.** _____

To amend the Securities Exchange Act of 1934 to exempt certain commercial real estate loans from risk retention requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. HILL introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Securities Exchange Act of 1934 to exempt certain commercial real estate loans from risk retention requirements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EXEMPTION FOR CERTAIN COMMERCIAL REAL**
4 **ESTATE LOANS FROM RISK RETENTION RE-**
5 **QUIREMENTS.**

6 Section 15G of the Securities Exchange Act of 1934
7 (15 U.S.C. 78o–11) is amended—

1 (1) in subsection (c)(1)(E)(ii), by striking “re-
2 tention of the first-loss position by a third-party pur-
3 chaser that” and inserting “retention of the first-
4 loss position by a one or two party third-party pur-
5 chaser, who may hold the retention obligation in ei-
6 ther a senior-subordinate structure or *pari passu*,
7 provided that each”; and

8 (2) in subsection (e)—

9 (A) by redesignating paragraph (6) as
10 paragraph (7); and

11 (B) by inserting after paragraph (5) the
12 following new paragraph:

13 “(6) EXEMPTION FOR CERTAIN COMMERCIAL
14 REAL ESTATE LOANS.—

15 “(A) EXEMPTION FOR SINGLE LOAN COM-
16 MERCIAL REAL ESTATE SECURITIZATION.—A
17 securitization of a single commercial real estate
18 loan or a group of cross-collateralized or cross-
19 defaulted commercial real estate loans that rep-
20 resent the obligation of one or more related bor-
21 rowers secured by one or more commercial
22 properties under direct or indirect common
23 ownership or control is exempt from the risk re-
24 tention requirements of this section.

1 “(B) EXEMPTION FOR QUALIFIED COM-
2 MERCIAL REAL ESTATE LOANS.—

3 “(i) REGULATIONS REQUIRED.—The
4 Federal banking agencies and the Commis-
5 sion shall jointly maintain regulations to
6 exempt qualified commercial real estate
7 loans from the risk retention requirements
8 of this section.

9 “(ii) STANDARDS FOR REGULA-
10 TIONS.—The regulations issued under
11 clause (i) shall—

12 “(I) include the requirements
13 under which interest-only loans may
14 be exempt from the risk retention re-
15 quirements of this section;

16 “(II) not impose any term re-
17 quirements on the length of a quali-
18 fied commercial real estate loan;

19 “(III) if an amortization require-
20 ment is included, not impose an amor-
21 tization schedule of less than 30
22 years; and

23 “(IV) not impose separate loan-
24 to-value ratio caps on qualified com-
25 mercial real estate loans that are doc-

1 umented with appraisals that utilize
2 lower capitalization rates than other
3 loans.”.