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114TH CONGRESS
2D SESSION

H. R. 4620

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

FEBRUARY 25, 2016

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

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Preserving Access to CRE Capital Act of 2016''.

SEC. 2. EXEMPTION FOR CERTAIN COMMERCIAL REAL ESTATE LOANS FROM RISK RETENTION REQUIREMENTS.

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

(1) in subsection (c)(1)(E)(ii), by striking ‘‘retention of the first-loss position by a third-party purchaser that’’ and inserting ‘‘retention of the first-loss position by a one or two party third-party purchaser, who may hold the retention obligation in either a senior-subordinate structure or pari passu, provided that each’’; and

(2) in subsection (e)—

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

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

‘‘(6) EXEMPTION FOR CERTAIN COMMERCIAL REAL ESTATE LOANS.—

‘‘(A) EXEMPTION FOR SINGLE LOAN COMMERCIAL REAL ESTATE SECURITIZATION.—A securitization of a single commercial real estate loan or a group of cross-collateralized or cross-defaulted commercial real estate loans that represent the obligation of one or more related borrowers secured by one or more commercial properties under direct or indirect common ownership or control is exempt from the risk retention requirements of this section.

"(B) EXEMPTION FOR QUALIFIED COMMERCIAL REAL ESTATE LOANS.—

"(i) REGULATIONS REQUIRED.—The Federal banking agencies and the Commission shall jointly maintain regulations to exempt qualified commercial real estate loans from the risk retention requirements of this section.

"(ii) STANDARDS FOR REGULATIONS.—The regulations issued under clause (i) shall—

"(I) include the requirements under which interest-only loans may be exempt from the risk retention requirements of this section;

"(II) not impose any term requirements on the length of a qualified commercial real estate loan;

"(III) if an amortization requirement is included, not impose an amortization schedule of less than 30 years; and

"(IV) not impose separate loan-to-value ratio caps on qualified commercial real estate loans that are documented with appraisals that utilize lower capitalization rates than other loans.''.

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