H. R. 1723

To permit certain current loans that would otherwise be treated as non-accrual loans as accrual loans for certain purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2011

Mr. Posey (for himself, Mr. Paul, Mr. Westmoreland, Mr. Issa, Mr. Webster, Mr. Jones, Mr. Manzullo, Mr. Miller of Florida, Mrs. Hartzler, Mr. Pitts, Mr. Flores, Mr. Gohmert, Mr. Bartlett, Mr. Pearce, Mr. Gingrey of Georgia, Mr. McCotter, Mr. Luetkemeyer, and Mr. Thompson of Pennsylvania) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To permit certain current loans that would otherwise be treated as non-accrual loans as accrual loans for certain purposes.

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

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Common Sense Economic Recovery Act of 2011”.

4 SEC. 2. TREATMENT OF CERTAIN LOANS.

5 (a) IN GENERAL.—For purposes of determining capital requirements or measuring capital of an insured de-
pository institution under section 38 of the Federal De-
posit Insurance Act (12 U.S.C. 1831o) or any other provi-
sion of law or regulatory guidance, an insured depository
institution that would otherwise be required to treat a loan
as a non-accrual loan may treat such loan as an accrual
loan, if—

(1) the loan is current;

(2) during the previous 6-month period, no
monthly payment on the loan has been more than 30
days delinquent;

(3) the loan is an amortizing loan; and

(4) the payments being made on the loan are
not being funded through an interest reserve ac-
count.

(b) Equality of Treatment for Modified
Mortgage Loans.—Subsection (a) shall apply to modi-
fied mortgage loans, including those loans that meet the
criteria for troubled debt restructuring, to the same extent
as non-modified mortgage loans, as long as the modified
mortgage loans also meet the requirements under para-
graphs (1) through (4) of subsection (a).

(c) No Additional Adverse Treatment.—With
respect to a loan held by an insured depository institution
and treated as an accrual loan by reason of subsection
(a), an appropriate Federal banking agency may not im-
pose any additional accounting requirements on such institution with respect to such loan compared to the requirements that would otherwise have been placed on such institution with respect to such loan if such loan were not being treated as an accrual loan by reason of subsection (a), if the result of such additional requirement would adversely impact the measurement of capital of the institution.

SEC. 3. STUDY.

(a) In General.—The Financial Stability Oversight Council shall conduct a study of how best to prevent contradictory guidance from being issued by appropriate Federal banking agencies to insured depository institutions with respect to loan classifications and capital requirements.

(b) Report.—Not later than the end of the 60-day period beginning on the date of the enactment of this Act, the Financial Stability Oversight Council shall issue a report to the Congress containing—

(1) all determinations and conclusions made by the Council in carrying out the study required under subsection (a); and

(2) legislative recommendations that the Council believe will prevent contradictory guidance from being issued by appropriate Federal banking agen-
cies to insured depository institutions with respect to loan classifications and capital requirements.

SEC. 4. DEFINITIONS.

For purposes of this Act, the terms “appropriate Federal banking agency” and “insured depository institution” shall have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

SEC. 5. SUNSET.

Effective after the end of the 2-year period beginning on the date of the enactment of this Act, this Act shall cease to have any force or effect.