FACT VERSUS FICTION S.2155

Bipartisan regulatory relief helps Main Street and rural communities while staying tough on Wall Street

CLAIM:

This bill would gut Wall Street Reform, which was passed after the financial crisis to prevent another global meltdown.

REALITY:

This bipartisan bill makes **targeted, commonsense fixes that will provide tangible relief** to community banks and credit unions, while **leaving in place the rules and regulations that keep Wall Street accountable.** Federal Reserve Chairman Jerome Powell said, "[The bill] gives us the tools that we need to continue to protect financial stability."

CLAIM:

This bill would gut oversight of foreign megabanks operating in the U.S., such as Deutsche Bank, Barclay's, and Credit Suisse, which have repeatedly violated U.S. laws.

REALITY:

Deutsche Bank, Barclay's and Credit Suisse will still be subject to Section 165 of Dodd Frank. This means that **foreign banks will still be subject to the foreign bank stress test requirement, liquidity stress testing, and strict Basel III capital requirements.** And this bipartisan bill does not change the Fed's requirement that large foreign banks establish an intermediate holding company in the U.S., which subjects a foreign bank's U.S. operations to requirements similar to those imposed on U.S. banks. Chairman Powell said at a March Senate Banking Committee hearing the bill would not exempt foreign banks from tough oversight under Dodd-Frank.

CLAIM:

This bill allows for discriminatory mortgage lending practices.

REALITY:

This bill does not weaken efforts to combat lending discrimination. Dodd-Frank more than doubled the number of data fields that lenders must collect and report under the Home Mortgage Disclosure Act. The burden to design, test, and implement all of these new protocols – set to take effect this year – has fallen particularly hard on small institutions, which lack the resources and personnel of big banks. **This provision grants a very narrow exemption** to small banks and credit unions that make fewer than 500 loans annually – impacting just 3.57% of data collected, according to the Kansas City Fed – **and existing reporting requirements including ethnicity, race, and gender data are preserved,** all while providing significant regulatory relief to smaller financial institutions.

CLAIM:

This bill blocks some homeowners from going to court to stop banks from wrongfully foreclosing and kicking them out of their homes.

REALITY:

Under this bipartisan bill, **borrowers can still sue any lender that has committed fraud or illegal acts.**

CLAIM:

This bill rolls back stress testing requirements for all big banks. Without effective, annual stress tests, taxpayers could once again be on the hook when 'too big to fail' banks collapse.

REALITY:

This bill ensures that all banks over $100 billion—**the 38 largest institutions—will continue to be subject to rigorous stress testing** "to evaluate whether such bank holding companies have the capital, on a total consolidated basis, necessary to absorb losses as a result of adverse economic conditions," as was required in Dodd Frank. **Chairman Powell, at his confirmation hearing, called the framework in this bill "a sensible one," and he affirmed that he would like to continue "meaningful" and "frequent" stress tests on banks between $100 billion and $250 billion,** as provided for in this bill, while confirming that it isn't necessary to stress test smaller banks. That's a position in line with that of former Federal Reserve Chair Janet Yellen, who recently voiced support for the Senate effort, telling the Joint Economic Committee in congressional testimony that "I do think it's appropriate to tailor regulations to the system footprint of the financial organization," and calling the bipartisan Senate bill "a move in a direction that we think would be good."

CLAIM:

This bill would exempt dozens of the largest banks from making "living wills" to make sure that if a bank fails, it won't bring the entire economy down.

REALITY:

Banks that the Fed has labeled "systemically important" will continue to make living wills. This bipartisan bill provides the Fed with the ability to tailor living will requirements for banks between $100 billion and $250 billion that have not been termed "systemically important."

Despite a potential perception that the bill benefits politically toxic Wall Street, in reality it does very little to help the biggest banks.

AMERICAN BANKER

CLAIM:

This bill does nothing to protect consumers.

REALITY:

This bipartisan bill will ensure that small lenders can provide mortgage and other credit to hardworking Americans, helping them and their families grow and start businesses. The bill also institutes several important consumer protections: **Provides consumers free credit freezes and unfreezes** and allows them to set year-long fraud alerts; allows parents to turn on and off credit reporting for their minor children; prevents credit bureaus from placing negative information on veterans' credit scores for one year due to delays in Choice Program payments; **provides free credit monitoring for all active-duty service members;** prevents mortgage companies from kicking tenants out of their rentals immediately if the landlord is foreclosed upon; **encourages banks to report suspicious behavior to help prevent seniors from getting scammed.**

FROM THE OFFICES OF

U.S. Senator Joe Donnelly (D-IN)

U.S. Senator Heidi Heitkamp (D-ND)

U.S. Senator Jon Tester (D-MT)

U.S. Senator Mark Warner (D-VA)