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Communities First Act

Congress: 112 (2011–2013, Ended)
Chamber: Senate
Policy Area: Finance and Financial Sector
Introduced: Sep 22, 2011
Current Status: Read twice and referred to the Committee on Finance.
Latest Action: Read twice and referred to the Committee on Finance. (Sep 22, 2011)
Official Text: https://www.congress.gov/bill/112th-congress/senate-bill/1600

Sponsor

Name: Sen. Moran, Jerry [R-KS]
Party: Republican • **State:** KS • **Chamber:** Senate

Cosponsors (6 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Barrasso, John [R-WY]	R · WY		Sep 22, 2011
Sen. Blunt, Roy [R-MO]	R · MO		Sep 22, 2011
Sen. Hutchison, Kay Bailey [R-TX]	R · TX		Oct 11, 2011
Sen. Roberts, Pat [R-KS]	R · KS		Oct 12, 2011
Sen. Boozman, John [R-AR]	R · AR		Jan 30, 2012
Sen. Johanns, Mike [R-NE]	R · NE		Jun 4, 2012

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Sep 22, 2011

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
112 HR 5817	Related bill	**Dec 13, 2012:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
112 S 2278	Related bill	**Mar 29, 2012:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
112 HR 1697	Related bill	**Nov 16, 2011:** Subcommittee Hearings Held.

Summary (as of Sep 22, 2011)

Community Banks Serving Their Communities First Act or Communities First Act - Revises regulatory requirements for community banks, including amendments to: (1) the Federal Deposit Insurance Act to permit certain insured depository institutions to submit a short form report of condition, and (2) the Sarbanes-Oxley Act of 2002 to exempt certain small-sized depository institutions from the annual management assessment of internal controls requirements.

Directs the Board of Governors of the Federal Reserve System (Federal Reserve Board) to publish in the Federal Register certain proposed revisions to the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors relating to: (1) certain bank holding companies with pro forma consolidated assets of less than $1 billion, and (2) an increased debt-to-equity ratio allowable for a small bank holding company.

Amends the Securities Exchange Act of 1934 to direct the Securities and Exchange Commission (SEC) to: (1) increase the shareholder registration threshold for certain banks and bank holding companies; and (2) terminate the registration of any class of security, in the case of a bank or bank holding company, whose holders of record are reduced to less than 1,700 persons.

Amends the Consumer Financial Protection Act of 2010 to: (1) authorize the Financial Stability Oversight Council to set aside a final regulation prescribed by the Consumer Financial Protection Bureau (CFPB) if the Council decides that it would be inconsistent with the safe and sound operation of U.S. financial institutions, and (2) repeal the authority of the Federal Reserve Board to delegate to the CFPB its authority to examine persons for compliance with federal consumer financial laws.

Amends the Truth in Lending Act (TILA) to direct the CFPB to exempt from escrow or impound account requirements any loan secured by a first lien on a consumer's principal dwelling, if the loan is held by an insured depository institution having assets of $10 billion or less.

Amends the Gramm-Leach-Bliley Act to exempt certain financial institutions from furnishing a mandatory annual privacy notice.

Amends the Consolidated Farm and Rural Development Act to authorize the Secretary of Agriculture to assess, for certain guaranteed business and industry loans for rural communities under $5 million, a one-time fee of 1% or less of the loan's guaranteed principal.

Amends the Right to Financial Privacy Act of 1978 to require a government authority to reimburse fees incurred by certain small-sized financial institutions with assets of $1 billion or less for all records required to be furnished for any federal law enforcement or investigative purpose outside the regular examination process.

Directs the Federal Deposit Insurance Corporation (FDIC) to report to Congress on the costs and benefits of allowing an insured depository institution with less than $10 billion in assets to: (1) amortize specified loan losses or write-downs over a 10-year period; and (2) use a 5-year average of the appraised value of any real estate securing a loan held by the institution, for purposes determining capital levels.

Amends the Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to the mandatory federal agency review of regulations requiring the use of an assessment of the credit-worthiness of a security or money market instrument. Repeals the requirement that an agency modify such a regulation to remove any reference to or requirement of reliance on credit ratings and to substitute for it an appropriate standard of credit-worthiness. Requires instead that an

agency modify the regulation to specify appropriate levels of due diligence for regulated entities to use in evaluating the creditworthiness of the obligor or assets underlying a rated security or instrument based on the characteristics of such obligor or assets. Requires agencies to seek to establish uniform standards of due diligence rather than credit-worthiness for use by each agency.

Amends the Equal Credit Opportunity Act regarding requirements with which a financial institution must comply in collecting data for evaluation of a credit application by a women-owned, minority-owned, or small business. Applies such requirements only to financial institutions having over $1 billion in assets (thus exempting smaller financial institutions).

Amends the Internal Revenue Code to: (1) defer income recognition on long-term certificates of deposit held by cash basis individuals, (2) exclude from gross income any interest on loans secured by agricultural real property, (3) increase the cap on qualified small issue bonds, (4) allow certain FDIC-insured financial institutions with $10 billion or less in gross assets to elect partnership (limited liability company) tax treatment, and (5) set forth special rules for Roth IRAs for individuals under age 26 (young savers' accounts).

Reduces by 20% (up to $250,000) the aggregate tax for a community bank, and by 50% (up to $500,000) for community banks operating in specified distressed areas. Allows similar aggregate tax reductions for small-sized community banks that are subchapter S corporations.

Subjects to certain IRS principles a qualifying investment in specified small bank issuers in the same manner as if such investment had been made by the Department of the Treasury.

Prescribes requirements for a 5-year Net Operating Loss (NOL) Carryback for 2010 and 2011 for certain community banks.

Increases to 200 the shareholder limit for small business subchapter S corporations.

Permits the issuance of preferred stock for subchapter S corporations.

Actions Timeline

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