

S 2405

Clarifying Commercial Real Estate Loans

**Congress:** 115 (2017–2019, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Feb 8, 2018

**Current Status:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 115-407.

**Latest Action:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 115-407. (Oct 2, 2018)

**Official Text:** <https://www.congress.gov/bill/115th-congress/senate-bill/2405>

Sponsor

**Name:** Sen. Cotton, Tom [R-AR]

**Party:** Republican • **State:** AR • **Chamber:** Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Jones, Doug [D-AL]	D · AL		Feb 8, 2018

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Hearings By (full committee)	Oct 2, 2018

Subjects & Policy Tags

**Policy Area:**

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
115 S 2155	Related bill	May 24, 2018: Became Public Law No: 115-174.
115 HR 2148	Related bill	Nov 8, 2017: Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

## **Clarifying Commercial Real Estate Loans**

This bill amends the Federal Deposit Insurance Act to specify that a federal banking agency may not subject a depository institution to higher capital standards with respect to a high-volatility commercial real-estate (HVCRE) exposure unless the exposure is an HVCRE acquisition, development, or construction (ADC) loan.

An HVCRE ADC loan is a one that: (1) is secured by land or improved real property; (2) has the purpose of providing financing to acquire, develop, or improve the real property such that the property becomes income-producing; and (3) is dependent upon future income or sales proceeds from, or refinancing of, the real property for the repayment of the loan.

An HVCRE ADC loan does not include financing for a one- to four-family residential property, agricultural land, real property that would qualify as an investment in community development, existing income-producing real property secured by a mortgage, or certain commercial real-property projects. Furthermore, such a loan does not include any loan made prior to January 1, 2015.

A depository institution may reclassify a loan as a non-HVCRE ADC loan if the depository institution is satisfied that: (1) the acquisition, development, or improvement of real property being financed by the loan is complete; and (2) the cash flow being generated by the real property is sufficient to support the debt service and expenses of the real property.

## **Actions Timeline**

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- **Oct 2, 2018:** Committee on Banking, Housing, and Urban Affairs. Hearings held. Hearings printed: S.Hrg. 115-407.
- **Feb 8, 2018:** Introduced in Senate
- **Feb 8, 2018:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.