

113TH CONGRESS  
1ST SESSION

# H. R. 2572

To improve the regulation of credit unions and depository institutions and to provide regulatory relief, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2013

Mr. GARY G. MILLER of California introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To improve the regulation of credit unions and depository institutions and to provide regulatory relief, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Regulatory Relief for  
5 Credit Unions Act of 2013”.

6 **SEC. 2. ENHANCING THE AUTHORITY OF THE NATIONAL**  
7 **CREDIT UNION ADMINISTRATION.**

8 (a) REVIEW OF BUREAU REGULATIONS.—

1           (1) IN GENERAL.—Section 120 of the Federal  
2           Credit Union Act (12 U.S.C. 1766) is amended by  
3           adding at the end the following:

4           “(k) REVIEW OF BUREAU REGULATIONS.—If the  
5           Board determines that a regulation issued by the Bureau  
6           would create an undue hardship when applied to credit  
7           unions, the Board may—

8           “(1) delay the application of the regulation to  
9           credit unions until such time as the Board deter-  
10          mines such application would not create an undue  
11          hardship; and

12          “(2) modify such regulation, as applied to cred-  
13          it unions, so long as the Board determines that such  
14          modification still meets the Bureau’s objective in  
15          issuing the regulation.”.

16          (2) BUREAU DEFINED.—Section 101 of the  
17          Federal Credit Union Act (12 U.S.C. 1752) is  
18          amended by adding at the end the following new  
19          paragraph:

20          “(10) The term ‘Bureau’ means the Bureau of  
21          Consumer Financial Protection.”.

22          (b) USE OF STATE REGULATIONS BY FEDERAL  
23          CREDIT UNIONS.—Section 120 of the Federal Credit  
24          Union Act (12 U.S.C. 1766), as amended by subsection  
25          (a), is further amended by adding at the end the following:

1 “(1) USE OF STATE REGULATIONS.—

2 “(1) APPLICATION.—With respect to a State  
3 law applicable to a State credit union, a Federal  
4 credit union may apply to the Board for permission  
5 to comply with such regulation in lieu of the applica-  
6 ble Federal regulation (if any), for purposes of the  
7 credit union’s branches located in such State. Such  
8 permission shall only apply to the State for which  
9 the permission is given, and the Federal credit union  
10 may not comply with such regulation in any other  
11 State in lieu of the applicable Federal regulation.

12 “(2) DETERMINATION.—The Board may ap-  
13 prove an application received under paragraph (1) if  
14 the Board determines that having the Federal credit  
15 union’s branches in such State comply with the par-  
16 ticular State law would—

17 “(A) improve the credit unions’s ability to  
18 serve members and lend in that particular  
19 State; and

20 “(B) not endanger the safety and sound-  
21 ness of the credit union.

22 “(3) EXCEPTION.—Notwithstanding paragraph  
23 (1), a Federal credit union may not apply to the  
24 Board for permission to comply with any provision

1 of a State law if such law would conflict with the re-  
2 quirements of section 107A.”.

3 **SEC. 3. IMPROVED CAPITAL STANDARDS AND LEVERAGE**  
4 **RATIOS FOR CREDIT UNIONS.**

5 (a) IN GENERAL.—Section 216 of the Federal Credit  
6 Union Act (12 U.S.C. 1790d) is amended—

7 (1) by redesignating subsection (o) as sub-  
8 section (p);

9 (2) by inserting after subsection (n) the fol-  
10 lowing:

11 “(o) REVISED CAPITAL STANDARDS.—

12 “(1) TWO-TIER SYSTEM.—The Board shall im-  
13 plement a two-tier system of net worth ratios for  
14 credit unions, consisting of a risk-based net worth  
15 ratio and a net worth capital ratio. Net worth cat-  
16 egories in this section shall take into account the  
17 simplicity or complexity of credit unions in terms of  
18 risk profile.

19 “(2) USE OF LEVERAGE RATIOS.—The Board  
20 shall establish standards under this section with re-  
21 spect to leverage ratios of a credit union to the same  
22 extent as are provided for net worth ratios of a cred-  
23 it union. Such standards shall take into account the  
24 unique nature of credit unions and, to the extent  
25 practicable, be comparable to, but not necessarily

1 identical to, the leverage ratio standards under sec-  
2 tion 38 of the Federal Deposit Insurance Act.”; and

3 (3) in subsection (p), as so redesignated, by  
4 amending paragraph (2) to read as follows:

5 “(2) NET WORTH.—The term ‘net worth’—

6 “(A) with respect to any insured credit  
7 union, means the retained earnings balance of  
8 the credit union, as determined under generally  
9 accepted accounting principles, together with—

10 “(i) any amounts that were previously  
11 retained earnings of any other credit union  
12 with which the credit union has combined;  
13 and

14 “(ii) components of equity under gen-  
15 erally accepted accounting principles not  
16 included in retained earnings, as deter-  
17 mined by the Board;

18 “(B) with respect to any insured credit  
19 union, includes, at the Board’s discretion and  
20 subject to rules and regulations established by  
21 the Board, assistance provided under section  
22 208 of this title to facilitate a least-cost resolu-  
23 tion consistent with the best interests of the  
24 credit union system; and

1           “(C) with respect to a low income credit  
2 union, includes secondary capital accounts, sub-  
3 ject to limitations set by the Board to address  
4 the safe and sound use of secondary capital to  
5 carry out the purpose of this section, that are—

6                   “(i) uninsured; and

7                   “(ii) subordinate to all other claims  
8 against the credit union, including the  
9 claims of creditors, shareholders, and the  
10 Fund.”.

11 (b) AMENDMENTS TO NET WORTH CATEGORIES.—

12           (1) Section 216(c)(1) of the Federal Credit  
13 Union Act is amended as follows:

14           (A) WELL CAPITALIZED.—In subpara-  
15 graph (A), by striking clauses (i) and (ii) and  
16 inserting the following:

17                   “(i) it has a risk-based net worth  
18 ratio of not less than 10 percent; or

19                   “(ii) is considered to be well capital-  
20 ized by any other standard, as determined  
21 by the Board.”.

22           (B) ADEQUATELY CAPITALIZED.—In sub-  
23 paragraph (B), by striking clauses (i) and (ii)  
24 and inserting the following:

1           “(i) it has a risk-based net worth  
2           ratio of not less than 8 percent; or

3           “(ii) is considered to be adequately  
4           capitalized by any other standard, as de-  
5           termined by the Board.”.

6           (C) UNDERCAPITALIZED.—In subpara-  
7           graph (C), by striking clauses (i) and (ii) and  
8           inserting the following:

9           “(i) it has a risk-based net worth  
10          ratio of not less than 6 percent; or

11          “(ii) is considered to be undercapital-  
12          ized by any other standard, as determined  
13          by the Board.”.

14          (D) SIGNIFICANTLY UNDERCAPITAL-  
15          IZED.—Subparagraph (D) is amended to read  
16          as follows:

17          “(D) SIGNIFICANTLY UNDERCAPITAL-  
18          IZED.—An insured credit union is ‘significantly  
19          undercapitalized’ if—

20                 “(i) it has a net worth ratio of less  
21                 than 3.25 percent;

22                 “(ii) it has a net worth ratio of less  
23                 than 4.25 percent, and either—

1                   “(I) fails to submit an acceptable  
2 net worth restoration plan within the  
3 time allowed under subsection (f); or

4                   “(II) materially fails to imple-  
5 ment a net worth restoration plan ap-  
6 proved by the Board; or

7                   “(iii) it has a risk-based net worth  
8 ratio of less than 6 percent.”.

9                   (2) RELEVANT CAPITAL MEASURES.—Section  
10 216(c)(2) of the Federal Credit Union Act is amend-  
11 ed—

12                   (A) by striking “, for purposes of section  
13 38(c) of the Federal Deposit Insurance Act,”;

14                   (B) by striking “(as those terms are used  
15 in section 38),”; and

16                   (C) by inserting “or relevant capital meas-  
17 ures as defined by the Board” after “leverage  
18 limit” each place such term appears.

19                   (3) ADJUSTMENT OF LEVELS.—Section  
20 216(c)(2)(A) of the Federal Credit Union Act is  
21 amended—

22                   (A) by striking “Federal banking agencies  
23 increase or decrease” and inserting “Federal  
24 Deposit Insurance Corporation increases or de-  
25 creases”; and

1 (B) by striking “level for” and inserting  
2 “levels for”.

3 (4) ADJUSTING NET WORTH LEVELS.—Section  
4 216(c)(2)(A) of the Federal Credit Union Act is  
5 amended by striking “not more than the difference  
6 between the required minimum level most recently  
7 established by the Federal banking agencies and 4  
8 percent of total assets (with respect to institutions  
9 regulated by those agencies)” and inserting “the in-  
10 crease or decrease made by the Federal Deposit In-  
11 surance Corporation”.

12 (5) CONSULTATION WITH FEDERAL DEPOSIT  
13 INSURANCE CORPORATION.—Section 216(c)(2)(B)(i)  
14 of the Federal Credit Union Act is amended by  
15 striking “Federal banking agencies” and inserting  
16 “Federal Deposit Insurance Corporation”.

17 (c) AMENDMENTS RELATING TO RISK-BASED NET  
18 WORTH REQUIREMENTS.—Section 216(d) of the Federal  
19 Credit Union Act is amended—

20 (1) in paragraph (1)—

21 (A) by striking “that are complex, as de-  
22 fined by the Board”; and

23 (B) by inserting “, as defined by the  
24 Board” before the period at the end;

1           (2) by amending paragraph (2) to read as fol-  
2           lows:

3           “(2) STANDARD.—The Board shall design the  
4           risk-based net worth requirement to take account of  
5           any material risks, as defined by the Board, applica-  
6           ble to insured credit unions that are taken account  
7           of by comparable standards applicable to institutions  
8           insured by the Federal Deposit Insurance Corpora-  
9           tion.”; and

10           (3) in the heading for such subsection, by strik-  
11           ing “FOR COMPLEX CREDIT UNIONS”.

12           (d) TREATMENT BASED ON OTHER CRITERIA.—Sec-  
13           tion 216(h)(1) of the Federal Credit Union Act is amend-  
14           ed to read as follows:

15           “(1) the Board may not reclassify an insured  
16           credit union into a lower net worth category due  
17           solely to interest rate risk, or treat an insured credit  
18           union as if it were in a lower net worth category, for  
19           reasons not pertaining to the safety and soundness  
20           of that credit union; and”.

21           (e) DEFINITIONS RELATING TO NET WORTH.—

22           (1) NET WORTH RATIO.—Section 216(p) of the  
23           Federal Credit Union Act, as redesignated by sub-  
24           section (a), is amended in paragraph (3)—

1 (A) by inserting “minus its deposit in the  
2 Fund,” after “net worth of credit union”; and

3 (B) by inserting “minus its deposit in the  
4 Fund” after “total assets of the credit union”.

5 (2) RISK-BASED NET WORTH RATIO.—Section  
6 216(p) of the Federal Credit Union Act, as redesignated  
7 by subsection (a), is amended by inserting  
8 after paragraph (4) the following new paragraph:

9 “(5) RISK-BASED NET WORTH RATIO.—The  
10 term ‘risk-based net worth ratio’ means, with respect  
11 to any credit union—

12 “(A) the ratio of the net worth of the credit  
13 union, plus any loan loss reserves (subject to  
14 limitations established by the Board), and  
15 minus the credit union’s deposit in the Fund, to

16 “(B) the risk assets of the credit union, as  
17 defined by the Board.”.

18 (3) AMENDMENTS RELATING TO NET WORTH  
19 RESTORATION PLANS.—

20 (A) TEMPORARY WAIVER OF NET WORTH  
21 RESTORATION PLAN REQUIREMENT IN RE-  
22 SPONSE TO DISASTERS.—Subsection 216(f)(1)  
23 of the Federal Credit Union Act is amended by  
24 striking “Each insured credit union” and in-  
25 serting “Except as determined by the Board in

1 the case of a credit union that becomes or re-  
2 mains no less than undercapitalized due to the  
3 impact of a major natural or man-made dis-  
4 aster, each insured credit union”.

5 (B) NET WORTH RESTORATION REQUIRE-  
6 MENT FOR CREDIT UNIONS THAT ARE NOT  
7 WELL CAPITALIZED.—Section 216(e) of the  
8 Federal Credit Union Act is amended to read  
9 as follows:

10 “(e) NET WORTH RESTORATION PLAN REQUIRE-  
11 MENT APPLICABLE TO CREDIT UNIONS THAT ARE NOT  
12 WELL CAPITALIZED.—The Board may require an insured  
13 credit union that is not well capitalized to submit a net  
14 worth restoration plan, as required under subsection (f),  
15 if—

16 “(1) material safety and soundness concerns  
17 caused the credit union to become less than well cap-  
18 italized; and

19 “(2) the safety and soundness concerns remain  
20 unresolved.”.

21 (C) BOARD ACTION MAY INCLUDE ORDER  
22 TO CREDIT UNION.—Section 216(i)(1)(B) of the  
23 Federal Credit Union Act is amended—

1 (i) by inserting “order the credit  
2 union to” before “take such other action”;  
3 and

4 (ii) by inserting “, in the discretion of  
5 the Board,” after “as the Board”.

6 (D) SUBSTITUTION OF 90 CALENDAR  
7 DAYS.—Section 216(i)(3)(A) of the Federal  
8 Credit Union Act is amended—

9 (i) by striking “calendar quarter” and  
10 inserting “90 calendar days”; and

11 (ii) by inserting “first” after “the  
12 date on which the credit union”.

13 (E) CLARIFICATION OF COORDINATION RE-  
14 QUIREMENT.—Section 216(l)(3)(A)(ii) of the  
15 Federal Credit Union Act is amended by insert-  
16 ing before the semicolon the following: “, if the  
17 Board determines that such action by the offi-  
18 cial will carry out the purpose of this section”.

19 (f) STUDY ON REFORM OF PROMPT CORRECTIVE AC-  
20 TION.—

21 (1) STUDY.—The National Credit Union Ad-  
22 ministration Board shall carry out a study of prob-  
23 lems associated with the current prompt corrective  
24 action regime. In carrying out such study, the Board

1 shall consult with qualified industry and National  
2 Credit Union Administration representatives.

3 (2) REPORT.—Not later than the end of the 1-  
4 year period beginning on the date of the enactment  
5 of this Act, the Board shall issue a report to the  
6 Congress containing all findings and determinations  
7 made in carrying out the study required under para-  
8 graph (1), including any specific legislative rec-  
9 ommendations recommended by the Board.

10 **SEC. 4. REVIEW OF CREDIT UNION REGULATIONS.**

11 (a) COST-BENEFIT ANALYSIS.—

12 (1) NATIONAL CREDIT UNION ADMINISTRA-  
13 TION.—Section 120 of the Federal Credit Union Act  
14 (12 U.S.C. 1766), as amended by section 2, is fur-  
15 ther amended by adding at the end the following:

16 “(m) COST-BENEFIT ANALYSES.—

17 “(1) PRE-ISSUANCE.—Each regulation issued  
18 by the Board shall include a thorough cost-benefit  
19 analysis that details the estimated cost to a credit  
20 union of complying with such regulation compared  
21 to the measurable benefit the regulation may have.  
22 Any information provided to the Board from credit  
23 unions for purposes of the Board’s analysis shall be  
24 on a voluntary basis.

1           “(2) 3-YEAR REVIEW.—At the end of the 3-year  
2 period following the date on which the Board issues  
3 a final regulation, the Board shall—

4                   “(A) carry out a review of the actual cost  
5 to a credit union of complying with the regula-  
6 tion; and

7                   “(B) issue a report to the Congress con-  
8 taining the results of such review.

9           “(3) RULE REVISION.—If, in carrying out a re-  
10 view under paragraph (2), the Board determines  
11 that the actual cost of complying with a regulation  
12 is more than 20 percent higher than the Board ini-  
13 tially estimated, the Board shall revise the rule.”.

14           (2) BUREAU OF CONSUMER FINANCIAL PROTEC-  
15 TION.—Section 1022 of the Consumer Financial  
16 Protection Act of 2010 (12 U.S.C. 5512) is amend-  
17 ed by adding at the end the following:

18           “(e) REGULATIONS APPLICABLE TO CREDIT  
19 UNIONS.—

20                   “(1) COST-BENEFIT ANALYSES.—

21                           “(A) PRE-ISSUANCE.—Each regulation  
22 issued by the Bureau shall, to the extent the  
23 rule applies to a credit union, include a thor-  
24 ough cost-benefit analysis that details the esti-  
25 mated cost to a credit union of complying with

1 such regulation compared to the measurable  
2 benefit the regulation may have. Any informa-  
3 tion provided to the Bureau from credit unions  
4 for purposes of its analysis shall be on a vol-  
5 untary basis.

6 “(B) 3-YEAR REVIEW.—At the end of the  
7 3-year period following the date on which the  
8 Bureau issues a final regulation that applies to  
9 a credit union, the Bureau shall—

10 “(i) carry out a review of the actual  
11 cost to a credit union of complying with  
12 the regulation; and

13 “(ii) issue a report to the Congress  
14 containing the results of such review.

15 “(C) RULE REVISION.—If, in carrying out  
16 a review under subparagraph (B), the Bureau  
17 determines that the actual cost of complying  
18 with a regulation is more than 20 percent high-  
19 er than the Bureau initially estimated, the Bu-  
20 reau shall revise the rule.

21 “(2) ADDITIONAL CONSIDERATIONS.—In pro-  
22 posing any regulation that applies to credit unions,  
23 the Bureau shall—

24 “(A) consider the impact of such regula-  
25 tion on—

1 “(i) all federally insured credit unions;

2 and

3 “(ii) consumers in rural areas; and

4 “(B) consult with the National Credit  
5 Union Administration and other appropriate  
6 Federal agencies, both prior to proposing such  
7 regulation and during the comment process for  
8 such regulation, regarding consistency with pru-  
9 dential, market, and systemic objectives of such  
10 Administration and other agencies.

11 “(3) OBJECTIONS.—

12 “(A) IN GENERAL.—If, during the con-  
13 sultation process described in paragraph (2)(B),  
14 the National Credit Union Administration or  
15 another agency provides the Bureau with a  
16 written objection to the proposed regulation, or  
17 a portion thereof, the Bureau shall include with  
18 the final regulation a description of the objec-  
19 tion and the basis for the Bureau’s decision, if  
20 any, regarding such objection.

21 “(B) CONSTRUCTION.—Nothing in this  
22 subsection shall be construed as altering or lim-  
23 iting the procedures under section 1023 that  
24 may apply to any regulation prescribed by the  
25 Bureau.”.

1 **SEC. 5. MODERNIZING THE CENTRAL LIQUIDITY FACILITY.**

2 (a) STUDY.—The Comptroller General of the United  
3 States shall, in consultation with the National Credit  
4 Union Administration, carry out a study of the Central  
5 Liquidity Facility that examines the need for any improve-  
6 ments or modernizing needed of such Facility.

7 (b) REPORT.—Not later than the end of the 180-day  
8 period beginning on the date of the enactment of this Act,  
9 the Comptroller General shall issue a report to the Con-  
10 gress containing all of the findings and determinations  
11 made in carrying out the study required under subsection  
12 (a), including any legislative recommendations the Comp-  
13 troller General may have for modernizing the Central Li-  
14 quidity Facility.

15 **SEC. 6. MODERNIZING CREDIT UNION INVESTMENT OP-**  
16 **TIONS.**

17 (a) INVESTMENTS IN SECURITIES BY FEDERAL  
18 CREDIT UNIONS.—Section 107 of the Federal Credit  
19 Union Act (12 U.S.C. 1757) is amended—

20 (1) by striking “A Federal credit union” and  
21 inserting the following:

22 “(a) IN GENERAL.—A Federal credit union”; and

23 (2) by adding at the end the following new sub-  
24 section:

25 “(b) INVESTMENT FOR THE CREDIT UNION’S OWN  
26 ACCOUNT.—

1           “(1) IN GENERAL.—A Federal credit union may  
2 purchase and hold for its own account such invest-  
3 ment securities of investment grade as the Board  
4 may authorize by regulation, subject to such limita-  
5 tions and restrictions as the Board may prescribe.

6           “(2) PERCENTAGE LIMITATIONS.—

7           “(A) SINGLE PERSON.—The total amount  
8 of investment securities of any single person  
9 held by a Federal credit union for the credit  
10 union’s own account may not exceed 10 percent  
11 of the net worth of the credit union.

12           “(B) AGGREGATE INVESTMENTS.—The ag-  
13 gregate amount of investment securities held by  
14 a Federal credit union for the credit union’s  
15 own account may not exceed 10 percent of the  
16 total assets of the credit union.

17           “(3) DEFINITIONS.—For purposes of this sub-  
18 section:

19           “(A) INVESTMENT GRADE.—The term ‘in-  
20 vestment grade’ means, with respect to an in-  
21 vestment security purchased by a credit union  
22 for its own account, an investment security that  
23 at the time of such purchase meets the credit  
24 criteria established by the Board and reflects  
25 the applicable market standards.

1 “(B) INVESTMENT SECURITY.—

2 “(i) IN GENERAL.—The term ‘invest-  
3 ment security’ means marketable obliga-  
4 tions evidencing the indebtedness of any  
5 person in the form of bonds, notes, or de-  
6 bentures and other instruments commonly  
7 referred to as investment securities.

8 “(ii) FURTHER DEFINITION BY  
9 BOARD.—The Board may further define  
10 the term ‘investment security’.

11 “(4) CLARIFICATION OF PROHIBITION ON  
12 STOCK OWNERSHIP.—No provision of this subsection  
13 shall be construed as authorizing a Federal credit  
14 union to purchase shares of stock of any corporation  
15 for the credit union’s own account, except as other-  
16 wise permitted by law.”.

17 (b) MORTGAGE SERVICING RIGHTS.—Section 107(a)  
18 of the Federal Credit Union Act, as amended by this sec-  
19 tion, is further amended by adding at the end the fol-  
20 lowing:

21 “(18) Federal credit unions may purchase  
22 mortgage servicing rights as an investment, includ-  
23 ing purchases of mortgage servicing rights from  
24 other credit unions subject to limits established by  
25 the Board.”.

1 **SEC. 7. NATIONAL CREDIT UNION SHARE INSURANCE FUND**  
2 **PARITY WITH FEDERAL DEPOSIT INSURANCE**  
3 **CORPORATION.**

4 Section 207(k)(1) of the Federal Credit Union Act  
5 (12 U.S.C. 1787(k)(1)) is amended—

6 (1) in subparagraph (A)—

7 (A) by inserting after “deposits in the  
8 name of the member” the following: “or held in  
9 the member’s account on behalf of another per-  
10 son”; and

11 (B) by striking “the member” and insert-  
12 ing “the person”; and

13 (2) in subparagraph (C), by striking “or in  
14 joint tenancy.” and inserting the following: “in joint  
15 tenancy, or where a member holds funds for the use  
16 of a nonmember. Coverage for an account estab-  
17 lished by a member shall be consistent with that of  
18 the Federal Deposit Insurance Corporation, regard-  
19 less of the membership status of the owner of the  
20 funds that are deposited in an account established  
21 by a member.”.

22 **SEC. 8. ENHANCING THE AUTHORITY OF THE APPRO-**  
23 **PRIATE FEDERAL BANKING AGENCIES.**

24 (a) IN GENERAL.—The Consumer Financial Protec-  
25 tion Act of 2010 (12 U.S.C. 5481 et seq.) is amended by  
26 inserting after section 1023 the following:

1 **“SEC. 1023A. REVIEW OF BUREAU REGULATIONS ON DEPOS-**  
 2 **ITORY INSTITUTIONS.**

3 “If the appropriate Federal banking agency deter-  
 4 mines that a regulation issued by the Bureau would create  
 5 an undue hardship when applied to a class of depository  
 6 institutions regulated by such agency, the agency may—

7 “(1) delay the application of the regulation to  
 8 the class of depository institutions until such time as  
 9 the agency determines such application would not  
 10 create an undue hardship; and

11 “(2) modify such regulation, as applied to the  
 12 class of depository institutions, so long as the agency  
 13 determines that such modification still meets the  
 14 Bureau’s objective in issuing the regulation.”.

15 (b) TECHNICAL AMENDMENT.—The table of contents  
 16 for the Dodd-Frank Wall Street Reform and Consumer  
 17 Protection Act is amended by inserting after the item re-  
 18 lating to section 1023 the following new item:

“1023A. Review of Bureau regulations on depository institutions.”.

19 **SEC. 9. REVIEW OF DEPOSITORY INSTITUTION REGULA-**  
 20 **TIONS.**

21 (a) COST-BENEFIT ANALYSIS.—

22 (1) PRE-ISSUANCE.—Each regulation issued by  
 23 an appropriate Federal banking agency shall include  
 24 a thorough cost-benefit analysis that details the esti-  
 25 mated cost to a depository institution of complying

1 with such regulation compared to the measurable  
2 benefit the regulation may have. Any information  
3 provided to an agency from a depository institution  
4 for purposes of the agency’s analysis shall be on a  
5 voluntary basis.

6 (2) 3-YEAR REVIEW.—At the end of the 3-year  
7 period following the date on which the agency issues  
8 a final regulation, the agency shall—

9 (A) carry out a review of the actual cost to  
10 a depository institution of complying with the  
11 regulation; and

12 (B) issue a report to the Congress con-  
13 taining the results of such review.

14 (3) RULE REVISION.—If, in carrying out a re-  
15 view under paragraph (2), the agency determines  
16 that the actual cost of complying with a regulation  
17 is more than 20 percent higher than the agency ini-  
18 tially estimated, the agency shall revise the rule.

19 (4) DEFINITIONS.—For purposes of this sub-  
20 section, the terms “appropriate Federal banking  
21 agency” and “depository institution” have the mean-  
22 ing given such terms, respectively, under section 3 of  
23 the Federal Deposit Insurance Act (12 U.S.C.  
24 1813).

1 (b) BUREAU OF CONSUMER FINANCIAL PROTEC-  
2 TION.—Section 1022 of the Consumer Financial Protec-  
3 tion Act of 2010 (12 U.S.C. 5512), as amended by section  
4 4, is further amended by adding at the end the following:

5 “(f) REGULATIONS APPLICABLE TO DEPOSITORY IN-  
6 STITUTIONS.—

7 “(1) COST-BENEFIT ANALYSES.—

8 “(A) PRE-ISSUANCE.—Each regulation  
9 issued by the Bureau shall, to the extent the  
10 rule applies to a depository institution, include  
11 a thorough cost-benefit analysis that details the  
12 estimated cost to a depository institution of  
13 complying with such regulation compared to the  
14 measurable benefit the regulation may have.  
15 Any information provided to the Bureau from  
16 depository institutions for purposes of its anal-  
17 ysis shall be on a voluntary basis.

18 “(B) 3-YEAR REVIEW.—At the end of the  
19 3-year period following the date on which the  
20 Bureau issues a final regulation that applies to  
21 a credit union, the Bureau shall—

22 “(i) carry out a review of the actual  
23 cost to a depository institution of com-  
24 plying with the regulation; and

1                   “(ii) issue a report to the Congress  
2                   containing the results of such review.

3                   “(C) RULE REVISION.—If, in carrying out  
4                   a review under subparagraph (B), the Bureau  
5                   determines that the actual cost of complying  
6                   with a regulation is more than 20 percent high-  
7                   er than the Bureau initially estimated, the Bu-  
8                   reau shall revise the rule.

9                   “(2) ADDITIONAL CONSIDERATIONS.—In pro-  
10                  posing any regulation that applies to depository in-  
11                  stitutions, the Bureau shall—

12                   “(A) consider the impact of such regula-  
13                  tion on—

14                   “(i) community-based depository insti-  
15                  tutions; and

16                   “(ii) consumers in rural areas; and

17                   “(B) consult with the appropriate Federal  
18                  banking agencies, both prior to proposing such  
19                  regulation and during the comment process for  
20                  such regulation, regarding consistency with pru-  
21                  dential, market, and systemic objectives of such  
22                  agencies.

23                  “(3) OBJECTIONS.—

24                   “(A) IN GENERAL.—If, during the con-  
25                  sultation process described in paragraph (2)(B),

1           an agency provides the Bureau with a written  
2           objection to the proposed regulation, or a por-  
3           tion thereof, the Bureau shall include with the  
4           final regulation a description of the objection  
5           and the basis for the Bureau’s decision, if any,  
6           regarding such objection.

7           “(B) CONSTRUCTION.—Nothing in this  
8           subsection shall be construed as altering or lim-  
9           iting the procedures under section 1023 that  
10          may apply to any regulation prescribed by the  
11          Bureau.”.

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