

115TH CONGRESS
2D SESSION

H. R. 3978

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2018

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To amend the Real Estate Settlement Procedures Act of
1974 to modify requirements related to mortgage disclo-
sures, 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,*

1 **SECTION 1. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

Sec. 1. Table of contents.

Sec. 2. Securities and Exchange Commission Reserve Fund.

TITLE I—TRID IMPROVEMENT

Sec. 101. Amendments to mortgage disclosure requirements.

TITLE II—PROTECTION OF SOURCE CODE

Sec. 201. Procedure for obtaining certain intellectual property.

TITLE III—FOSTERING INNOVATION

Sec. 301. Temporary exemption for low-revenue issuers.

TITLE IV—NATIONAL SECURITIES EXCHANGE REGULATORY
PARITY

Sec. 401. Nationally traded securities exemption.

TITLE V—ELIMINATING BARRIERS TO JOBS FOR LOAN
ORIGINATORS

Sec. 501. Eliminating barriers to jobs for loan originators.

Sec. 502. Amendment to civil liability of the Bureau and other officials.

Sec. 503. Effective date.

3 **SEC. 2. SECURITIES AND EXCHANGE COMMISSION RE-**
4 **SERVE FUND.**

5 Notwithstanding section 4(i)(2)(B)(i) of the Securi-
6 ties Exchange Act of 1934 (15 U.S.C. 78d(i)(2)(B)(i)),
7 the amount deposited in the Securities and Exchange
8 Commission Reserve Fund for fiscal year 2018 may not
9 exceed \$48,000,000.

10 **TITLE I—TRID IMPROVEMENT**

11 **SEC. 101. AMENDMENTS TO MORTGAGE DISCLOSURE RE-**
12 **QUIREMENTS.**

13 Section 4(a) of the Real Estate Settlement Proce-
14 dures Act of 1974 (12 U.S.C. 2603(a)) is amended—

1 (1) by striking “itemize all charges” and insert-
 2 ing “itemize all actual charges”;

3 (2) by striking “and all charges imposed upon
 4 the seller in connection with the settlement and” and
 5 inserting “and the seller in connection with the set-
 6 tlement. Such forms”; and

7 (3) by inserting after “or both.” the following
 8 new sentence: “Charges for any title insurance pre-
 9 mium disclosed on such forms shall be equal to the
 10 amount charged for each individual title insurance
 11 policy, subject to any discounts as required by State
 12 regulation or the title company rate filings.”.

13 **TITLE II—PROTECTION OF** 14 **SOURCE CODE**

15 **SEC. 201. PROCEDURE FOR OBTAINING CERTAIN INTEL-** 16 **LECTUAL PROPERTY.**

17 (a) PERSONS UNDER SECURITIES ACT OF 1933.—
 18 Section 8 of the Securities Act of 1933 (15 U.S.C. 77h)
 19 is amended by adding at the end the following:

20 “(g) PROCEDURE FOR OBTAINING CERTAIN INTEL-
 21 LECTUAL PROPERTY.—The Commission is not authorized
 22 to compel under this title a person to produce or furnish
 23 algorithmic trading source code or similar intellectual
 24 property that forms the basis for design of the algorithmic

1 trading source code, to the Commission unless the Com-
2 mission first issues a subpoena.”.

3 (b) PERSONS UNDER THE SECURITIES EXCHANGE
4 ACT OF 1934.—Section 23 of the Securities Exchange Act
5 of 1934 (15 U.S.C. 78w) is amended by adding at the
6 end the following:

7 “(e) PROCEDURE FOR OBTAINING CERTAIN INTEL-
8 LECTUAL PROPERTY.—The Commission is not authorized
9 to compel under this title a person to produce or furnish
10 algorithmic trading source code or similar intellectual
11 property that forms the basis for design of the algorithmic
12 trading source code, to the Commission unless the Com-
13 mission first issues a subpoena.”.

14 (c) INVESTMENT COMPANIES.—Section 31 of the In-
15 vestment Company Act of 1940 (15 U.S.C. 80a–30) is
16 amended by adding at the end the following:

17 “(e) PROCEDURE FOR OBTAINING CERTAIN INTEL-
18 LECTUAL PROPERTY.—The Commission is not authorized
19 to compel under this title an investment company to
20 produce or furnish algorithmic trading source code or
21 similar intellectual property that forms the basis for de-
22 sign of the algorithmic trading source code, to the Com-
23 mission unless the Commission first issues a subpoena.”.

1 (d) INVESTMENT ADVISERS.—Section 204 of the In-
 2 vestment Advisers Act of 1940 (15 U.S.C. 80b–4) is
 3 amended—

4 (1) by adding at the end the following:

5 “(f) PROCEDURE FOR OBTAINING CERTAIN INTEL-
 6 LECTUAL PROPERTY.—The Commission is not authorized
 7 to compel under this title an investment adviser to produce
 8 or furnish algorithmic trading source code or similar intel-
 9 lectual property that forms the basis for design of the al-
 10 gorithmic trading source code, to the Commission unless
 11 the Commission first issues a subpoena.”; and

12 (2) in the second subsection (d), by striking
 13 “(d)” and inserting “(e)”.

14 **TITLE III—FOSTERING** 15 **INNOVATION**

16 **SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE** 17 **ISSUERS.**

18 Section 404 of the Sarbanes-Oxley Act of 2002 (15
 19 U.S.C. 7262) is amended by adding at the end the fol-
 20 lowing:

21 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
 22 ISSUERS.—

23 “(1) LOW-REVENUE EXEMPTION.—Subsection
 24 (b) shall not apply with respect to an audit report
 25 prepared for an issuer that—

1 “(A) ceased to be an emerging growth
2 company on the last day of the fiscal year of
3 the issuer following the fifth anniversary of the
4 date of the first sale of common equity securi-
5 ties of the issuer pursuant to an effective reg-
6 istration statement under the Securities Act of
7 1933;

8 “(B) had average annual gross revenues of
9 less than \$50,000,000 as of its most recently
10 completed fiscal year; and

11 “(C) is not a large accelerated filer.

12 “(2) EXPIRATION OF TEMPORARY EXEMP-
13 TION.—An issuer ceases to be eligible for the exemp-
14 tion described under paragraph (1) at the earliest
15 of—

16 “(A) the last day of the fiscal year of the
17 issuer following the tenth anniversary of the
18 date of the first sale of common equity securi-
19 ties of the issuer pursuant to an effective reg-
20 istration statement under the Securities Act of
21 1933;

22 “(B) the last day of the fiscal year of the
23 issuer during which the average annual gross
24 revenues of the issuer exceed \$50,000,000; or

1 “(C) the date on which the issuer becomes
2 a large accelerated filer.

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

5 “(A) AVERAGE ANNUAL GROSS REVE-
6 NUES.—The term ‘average annual gross reve-
7 nues’ means the total gross revenues of an
8 issuer over its most recently completed three
9 fiscal years divided by three.

10 “(B) EMERGING GROWTH COMPANY.—The
11 term ‘emerging growth company’ has the mean-
12 ing given such term under section 3 of the Se-
13 curities Exchange Act of 1934 (15 U.S.C. 78c).

14 “(C) LARGE ACCELERATED FILER.—The
15 term ‘large accelerated filer’ has the meaning
16 given that term under section 240.12b–2 of title
17 17, Code of Federal Regulations, or any suc-
18 cessor thereto.”.

19 **TITLE IV—NATIONAL SECURI-**
20 **TIES EXCHANGE REGU-**
21 **LATORY PARITY**

22 **SEC. 401. NATIONALLY TRADED SECURITIES EXEMPTION.**

23 Section 18(b)(1) of the Securities Act of 1933 (15
24 U.S.C. 77r(b)(1)) is amended—

25 (1) by striking subparagraph (A);

1 (2) in subparagraph (B)—

2 (A) by inserting “a security designated as
3 qualified for trading in the national market sys-
4 tem pursuant to section 11A(a)(2) of the Secu-
5 rities Exchange Act of 1934 that is” before
6 “listed”; and

7 (B) by striking “that has listing standards
8 that the Commission determines by rule (on its
9 own initiative or on the basis of a petition) are
10 substantially similar to the listing standards ap-
11 plicable to securities described in subparagraph
12 (A)”;

13 (3) in subparagraph (C), by striking “or (B)”;
14 and

15 (4) by redesignating subparagraphs (B) and
16 (C) as subparagraphs (A) and (B), respectively.

17 **TITLE V—ELIMINATING BAR-**
18 **RIERS TO JOBS FOR LOAN**
19 **ORIGINATORS**

20 **SEC. 501. ELIMINATING BARRIERS TO JOBS FOR LOAN**
21 **ORIGINATORS.**

22 (a) IN GENERAL.—The S.A.F.E. Mortgage Licensing
23 Act of 2008 (12 U.S.C. 5101 et seq.) is amended by add-
24 ing at the end the following:

1 **“SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINA-**
2 **TORS.**

3 “(a) TEMPORARY AUTHORITY TO ORIGINATE LOANS
4 FOR LOAN ORIGINATORS MOVING FROM A DEPOSITORY
5 INSTITUTION TO A NON-DEPOSITORY INSTITUTION.—

6 “(1) IN GENERAL.—Upon employment by a
7 State-licensed mortgage company, an individual who
8 is a registered loan originator shall be deemed to
9 have temporary authority to act as a loan originator
10 in an application State for the period described in
11 paragraph (2) if the individual—

12 “(A) has not had an application for a loan
13 originator license denied, or had such a license
14 revoked or suspended in any governmental ju-
15 risdiction;

16 “(B) has not been subject to or served
17 with a cease and desist order in any govern-
18 mental jurisdiction or as described in section
19 1514(c);

20 “(C) has not been convicted of a felony
21 that would preclude licensure under the law of
22 the application State;

23 “(D) has submitted an application to be a
24 State-licensed loan originator in the application
25 State; and

1 “(E) was registered in the Nationwide
2 Mortgage Licensing System and Registry as a
3 loan originator during the 12-month period pre-
4 ceeding the date of submission of the informa-
5 tion required under section 1505(a).

6 “(2) PERIOD.—The period described in para-
7 graph (1) shall begin on the date that the individual
8 submits the information required under section
9 1505(a) and shall end on the earliest of—

10 “(A) the date that the individual with-
11 draws the application to be a State-licensed
12 loan originator in the application State;

13 “(B) the date that the application State
14 denies, or issues a notice of intent to deny, the
15 application;

16 “(C) the date that the application State
17 grants a State license; or

18 “(D) the date that is 120 days after the
19 date on which the individual submits the appli-
20 cation, if the application is listed on the Nation-
21 wide Mortgage Licensing System and Registry
22 as incomplete.

23 “(b) TEMPORARY AUTHORITY TO ORIGINATE LOANS
24 FOR STATE-LICENSED LOAN ORIGINATORS MOVING
25 INTERSTATE.—

1 “(1) IN GENERAL.—A State-licensed loan origi-
2 nator shall be deemed to have temporary authority
3 to act as a loan originator in an application State
4 for the period described in paragraph (2) if the
5 State-licensed loan originator—

6 “(A) meets the requirements of subpara-
7 graphs (A), (B), (C), and (D) of subsection
8 (a)(1);

9 “(B) is employed by a State-licensed mort-
10 gage company in the application State; and

11 “(C) was licensed in a State that is not the
12 application State during the 30-day period pre-
13 ceding the date of submission of the informa-
14 tion required under section 1505(a) in connec-
15 tion with the application submitted to the appli-
16 cation State.

17 “(2) PERIOD.—The period described in para-
18 graph (1) shall begin on the date that the State-li-
19 censed loan originator submits the information re-
20 quired under section 1505(a) in connection with the
21 application submitted to the application State and
22 end on the earliest of—

23 “(A) the date that the State-licensed loan
24 originator withdraws the application to be a

1 State-licensed loan originator in the application
2 State;

3 “(B) the date that the application State
4 denies, or issues a notice of intent to deny, the
5 application;

6 “(C) the date that the application State
7 grants a State license; or

8 “(D) the date that is 120 days after the
9 date on which the State-licensed loan originator
10 submits the application, if the application is
11 listed on the Nationwide Mortgage Licensing
12 System and Registry as incomplete.

13 “(c) APPLICABILITY.—

14 “(1) Any person employing an individual who is
15 deemed to have temporary authority to act as a loan
16 originator in an application State pursuant to this
17 section shall be subject to the requirements of this
18 title and to applicable State law to the same extent
19 as if such individual was a State-licensed loan origi-
20 nator licensed by the application State.

21 “(2) Any individual who is deemed to have tem-
22 porary authority to act as a loan originator in an ap-
23 plication State pursuant to this section and who en-
24 gages in residential mortgage loan origination activi-
25 ties shall be subject to the requirements of this title

1 and to applicable State law to the same extent as if
 2 such individual was a State-licensed loan originator
 3 licensed by the application State.

4 “(d) DEFINITIONS.—In this section, the following
 5 definitions shall apply:

6 “(1) STATE-LICENSED MORTGAGE COMPANY.—
 7 The term ‘State-licensed mortgage company’ means
 8 an entity licensed or registered under the law of any
 9 State to engage in residential mortgage loan origina-
 10 tion and processing activities.

11 “(2) APPLICATION STATE.—The term ‘applica-
 12 tion State’ means a State in which a registered loan
 13 originator or a State-licensed loan originator seeks
 14 to be licensed.”.

15 (b) TABLE OF CONTENTS AMENDMENT.—The table
 16 of contents in section 1(b) of the Housing and Economic
 17 Recovery Act of 2008 (42 U.S.C. 4501 note) is amended
 18 by inserting after the item relating to section 1517 the
 19 following:

“Sec. 1518. Employment transition of loan originators.”.

20 **SEC. 502. AMENDMENT TO CIVIL LIABILITY OF THE BU-**
 21 **REAU AND OTHER OFFICIALS.**

22 Section 1513 of the S.A.F.E. Mortgage Licensing Act
 23 of 2008 (12 U.S.C. 5112) is amended by striking “are
 24 loan originators or are applying for licensing or registra-
 25 tion as loan originators.” and inserting “have applied, are

1 applying, or are currently licensed or registered through
2 the Nationwide Mortgage Licensing System and Registry.
3 The previous sentence shall only apply to persons in an
4 industry with respect to which persons were licensed or
5 registered through the Nationwide Mortgage Licensing
6 System and Registry on the date of the enactment of this
7 sentence.”.

8 **SEC. 503. EFFECTIVE DATE.**

9 This title and the amendments made by this title
10 shall take effect on the date that is 18 months after the
11 date of the enactment of this Act.

Passed the House of Representatives February 14,
2018.

Attest:

KAREN L. HAAS,
Clerk.