

115TH CONGRESS 2D SESSION

H.R.3978

AN ACT

To amend the Real Estate Settlement Procedures Act of 1974 to modify requirements related to mortgage disclosures, and for other purposes.

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

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.
- 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	SEC. 201. PROCEDURE FOR OBTAINING CERTAIN INTEL- LECTUAL PROPERTY.
16 17	LECTUAL PROPERTY.
16 17 18	LECTUAL PROPERTY. (a) Persons Under Securities Act of 1933.—
16 17 18	LECTUAL PROPERTY. (a) Persons Under Securities Act of 1933.— Section 8 of the Securities Act of 1933 (15 U.S.C. 77h)
16 17 18 19	LECTUAL PROPERTY. (a) PERSONS UNDER SECURITIES ACT OF 1933.— Section 8 of the Securities Act of 1933 (15 U.S.C. 77h) is amended by adding at the end the following:
16 17 18 19 20	LECTUAL PROPERTY. (a) Persons Under Securities Act of 1933.— Section 8 of the Securities Act of 1933 (15 U.S.C. 77h) is amended by adding at the end the following: "(g) Procedure for Obtaining Certain Intel-
16 17 18 19 20 21	LECTUAL PROPERTY. (a) Persons Under Securities Act of 1933.— Section 8 of the Securities Act of 1933 (15 U.S.C. 77h) is amended by adding at the end the following: "(g) Procedure for Obtaining Certain Intellectual Property.—The Commission is not authorized

- 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)".
13 14	"(d)" and inserting "(e)". TITLE III—FOSTERING
14	TITLE III—FOSTERING
14 15	TITLE III—FOSTERING INNOVATION
14 15 16	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.
14 15 16 17	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS.
14 15 16 17 18	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS. Section 404 of the Sarbanes-Oxley Act of 2002 (15)
14 15 16 17 18	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS. Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the fol-
14 15 16 17 18 19 20 21	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS. Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following:
14 15 16 17 18 19 20 21	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS. Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following: "(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
14 15 16 17 18 19 20 21	TITLE III—FOSTERING INNOVATION SEC. 301. TEMPORARY EXEMPTION FOR LOW-REVENUE ISSUERS. Section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262) is amended by adding at the end the following: "(d) Temporary Exemption for Low-Revenue Issuers.—

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
2.5	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	ceding 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-

ties shall be subject to the requirements of this title

25

- 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-
- tion and processing activities.
- 11 "(2) APPLICATION STATE.—The term 'applica-
- tion State' means a State in which a registered loan
- originator or a State-licensed loan originator seeks
- 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.
- 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:

Clerk.

1157H CONGRESS H. R. 3978

AN ACT

To amend the Real Estate Settlement Procedures Act of 1974 to modify requirements related to mortgage disclosures, and for other purposes.