

**[DISCUSSION DRAFT]**114TH CONGRESS  
2D SESSION**H. R.** \_\_\_\_\_

To amend the Securities Exchange Act of 1934 to exempt certain commercial real estate loans from risk retention requirements, and for other purposes.

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**IN THE HOUSE OF REPRESENTATIVES**

Mr. HILL introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Securities Exchange Act of 1934 to exempt certain commercial real estate loans from risk retention requirements, 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. EXEMPTION FOR CERTAIN COMMERCIAL REAL**  
4 **ESTATE LOANS FROM RISK RETENTION RE-**  
5 **QUIREMENTS.**

6 Section 15G of the Securities Exchange Act of 1934  
7 (15 U.S.C. 78o–11) is amended—

1           (1) in subsection (c)(1)(E)(ii), by striking “re-  
2           tention of the first-loss position by a third-party pur-  
3           chaser that” and inserting “retention of the first-  
4           loss position by a one or two party third-party pur-  
5           chaser, who may hold the retention obligation in ei-  
6           ther a senior-subordinate structure or *pari passu*,  
7           provided that each”; and

8           (2) in subsection (e)—

9                   (A) by redesignating paragraph (6) as  
10                  paragraph (7); and

11                   (B) by inserting after paragraph (5) the  
12                  following new paragraph:

13                  “(6) EXEMPTION FOR CERTAIN COMMERCIAL  
14                  REAL ESTATE LOANS.—

15                   “(A) EXEMPTION FOR SINGLE LOAN COM-  
16                  MERCIAL REAL ESTATE SECURITIZATION.—A  
17                  securitization of a single commercial real estate  
18                  loan or a group of cross-collateralized or cross-  
19                  defaulted commercial real estate loans that rep-  
20                  resent the obligation of one or more related bor-  
21                  rowers secured by one or more commercial  
22                  properties under direct or indirect common  
23                  ownership or control is exempt from the risk re-  
24                  tention requirements of this section.

1           “(B) EXEMPTION FOR QUALIFIED COM-  
2           MERCIAL REAL ESTATE LOANS.—

3           “(i) REGULATIONS REQUIRED.—The  
4           Federal banking agencies and the Commis-  
5           sion shall jointly maintain regulations to  
6           exempt qualified commercial real estate  
7           loans from the risk retention requirements  
8           of this section.

9           “(ii) STANDARDS FOR REGULA-  
10          TIONS.—The regulations issued under  
11          clause (i) shall—

12           “(I) include the requirements  
13           under which interest-only loans may  
14           be exempt from the risk retention re-  
15           quirements of this section;

16           “(II) not impose any term re-  
17           quirements on the length of a quali-  
18           fied commercial real estate loan;

19           “(III) if an amortization require-  
20           ment is included, not impose an amor-  
21           tization schedule of less than 30  
22           years; and

23           “(IV) not impose separate loan-  
24           to-value ratio caps on qualified com-  
25           mercial real estate loans that are doc-

1                   umented with appraisals that utilize  
2                   lower capitalization rates than other  
3                   loans.”.