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FOR IMMEDIATE RELEASE
Wednesday, March 14, 2018
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Heitkamp's Bipartisan Bill to Boost Economic Growth and Protect Consumers in Rural America Passes U.S. Senate

VIDEO, AUDIO: Heitkamp Discusses Bipartisan Plan to Promote Economic Growth and Protect North Dakota Consumers

Bill Includes Free Credit Freezes, Financial Protections for Seniors and Veterans

Senator has Spent Years Working on Bipartisan Deal to Help Small Businesses, Farmers & Families by Reducing Red Tape for Community Banks & Credit Unions

WASHINGTON, D.C. – U.S. Senator Heidi Heitkamp today announced that her bipartisan bill to boost economic growth in rural communities and protect North Dakota consumers passed the U.S. Senate with robust support from Republicans and Democrats.

Her bill would provide needed relief for community banks and credit unions so they can support consumers in rural areas like North Dakota, where regulations designed for big banks are making it harder for small lenders to provide mortgages or loans to expand small businesses and family farms. The bill also strengthens consumer protections for seniors, veterans and servicemembers, and those who are vulnerable or have fallen victim to identity theft. The bill now moves to the U.S. House of Representatives.

Heitkamp helped write and negotiate the bill over several years and introduced it last fall with a bipartisan group of senators, including Republican U.S. Senator Mike Crapo from Idaho. It passed out of the U.S. Senate Committee on Banking, Housing, and Urban Affairs in December with bipartisan support.

"North Dakotans know it has become harder to get a home mortgage or a small business loan because of red tape, and rural areas are suffering the most," **Heitkamp said.** "Passage of this bill is a big win for Main Street in rural America and our families, farmers, and small businesses. For years, I've been working with my Republican and Democratic colleagues on a plan to give community banks and credit unions the freedom to focus on their customers – not on unnecessary paperwork. We're now an important step closer to cutting red tape for the small lenders our rural communities rely on while boosting consumer protections for veterans and servicemembers, seniors, and everyone who faces the threat of identity theft. This bill also shows that when members of Congress truly want to work across the aisle to reach solutions, it's possible – and that's what I try to do every day in the U.S. Senate."

"The needs of rural America are too often ignored in Washington, especially when it comes to regulations," **said Robert P. Wurl, President and CEO of Lincoln State Bank in Hankinson.** "A prime example is regulations that hurt farmers, small businesses, and families who bank locally. North Dakotans should have the option to do business with their local bank, but it's becoming harder and harder for small lenders to compete when they are faced with regulations intended for Wall Street. Senator Heitkamp's bill recognizes that for rural American to succeed, one-size-fits-all regulations just won't cut it, and we greatly appreciate her work to listen to our concerns and address them so that we can continue to serve borrowers in communities across North Dakota."

In addition to helping community banks and credit unions overcome barriers to helping North Dakota families, farmers, and small businesses, Heitkamp's bill also includes important new consumer protections, including financial protections for veterans and servicemembers.

Lonnie Wangen, North Dakota Veterans Affairs Commissioner, said, "From medical debt to identity theft, veterans and servicemembers face unique financial security challenges. Senator Heitkamp's bill takes important action to improve consumer protections and provide greater financial security for the brave North Dakotans who serve our nation. By helping veterans remain financially secure, her bipartisan legislation will honor their service and help keep every community strong. We greatly appreciate her advocacy for servicemembers and veterans."

Community banks and credit unions across the state support Heitkamp's bipartisan bill to allow them to provide more services and protections to North Dakotans. Click here for additional statements of support from North Dakota community banks, credit unions, and advocates for Heitkamp's bill.

Heitkamp's bipartisan bill would:

- Improve consumer access to mortgage credit and reduce paperwork for small lenders;

- Tailor regulations for small banks and credit unions to better reflect their business models and the needs of rural communities;

- Protect consumers' credit by providing free credit freezes and unfreezes, and allows consumers to set year-long fraud alerts;

- Provide free credit monitoring for all active-duty service members, and protects veterans' credit by prohibiting a credit reporting agency from including medical debt in reports;

- Protect seniors by extending immunity from liability to certain people who disclose suspected exploitation of seniors;

- Protect consumers from cyber security threats by requiring the Treasury Department to submit a report to Congress on the risks of cyber threats to financial institutions and the U.S. capital markets.

The bill comes after five years of bipartisan negotiations that Heitkamp helped lead that would give community banks and credit unions the relief they need to support borrowers by helping families get mortgages, enabling Main Street to get small business loans, and providing agriculture loans to farmers. In the past 30 years, the number of community banks and credit unions have dropped by about two-thirds, yet more than 80 percent of North Dakota deposits still go to community banks, reinforcing that small financial institutions remain a key resource for North Dakota families. The U.S. Chamber of Commerce [reports](#) that small business lending is down 41 percent since 2008.

In 2015, Heitkamp and a bipartisan group of senators came close to finalizing a deal, and she's been working to find a path forward ever since. The bill comes after more than 20 Senate Banking Committee hearings on regulatory reform and economic growth since 2015 that Heitkamp has been part of, and more than 30 discussions she has had with top financial regulators about the issue.

In the U.S. Senate, Heitkamp has been a leader in supporting local banks and making sure they have opportunities to succeed without facing undue regulations. In 2016, Heitkamp brought then Consumer Financial Protection Bureau Director Richard Cordray to Bismarck to hear directly from small banks and credit unions about the regulatory burdens they face that can deter their focus on relationship lending. In March 2014, Heitkamp urged President Obama to carefully consider the concerns of community banks when naming a nominee for the Federal Reserve Board of Governors, and called on him to nominate someone to the Board who understands the lifelines community banks play in rural areas so those voices are heard. In August 2013, she brought Federal Deposit Insurance Corporation (FDIC) Chairman Martin Gruenberg to North Dakota to hear directly from bankers in the state about the importance of local and community banks to helping small businesses and communities thrive.

In 2015, Heitkamp brought the head of the federal agency overseeing credit unions to North Dakota to hear directly from local credit union leaders about their concerns with potentially burdensome federal regulations, and to learn more about the positive impact these smaller financial institutions have on communities and businesses across the state.

Also in 2015, legislation introduced by Heitkamp was signed in to law to reduce unnecessary burdens on community banks and local financial institutions by eliminating redundant, costly, and often ignored annual banking notifications, and instead require banks to alert customers only when privacy and information-sharing changes actually occur.

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FACT versus FICTION

Bipartisan regulatory relief helps Main Street and rural communities while staying tough on Wall Street

CLAIM: This bill would gut Wall Street Reform, which was passed after the financial crisis to prevent another global meltdown.

REALITY: This bipartisan bill makes targeted, commonsense fixes that will provide tangible relief to community banks and credit unions, while leaving in place the rules and regulations that keep Wall Street accountable. Congressman Barney Frank, one of the authors of Dodd-Frank, has written that if this "bill became law tomorrow, well over 90 percent of the Wall Street Reform bill would be unchanged. The Consumer Financial Protection Bureau; the strict regulation of derivative trading; the orderly liquidation authority; the risk retention requirements on securitizations and most other provisions would remain in full force. There would be no change at all in the law as it applies to J.P.Morgan Chase; Bank of America; Wells Fargo; Morgan Stanley; Citicorp; or Goldman Sachs." Additionally, Frank has written: "it would be wholly inaccurate to accuse them of undermining the basic regulatory regime adopted in 2010."

- Improve consumer access to mortgage credit;
- Provide regulatory relief for small financial institutions and protects consumer access to credit;
- Tailors regulations for banks to better reflect their business models;
- Protect consumers' credit by including a fraud alert in consumers' files for one year and providing a free credit freeze alert for parents to put on their children;
- Protect veterans' credit by prohibiting a credit reporting agency from including medical debt in reports;
- Protect seniors by extending immunity from liability to certain people who disclose suspected exploitation of seniors;
- Protect tenants from foreclosure by a re-imposing bill to protect tenants that was repealed in 2014; and
- Protect consumers from cyber security threats by requiring the Treasury Department to submit a report to Congress on the risks of cyber threats to financial institutions and the U.S. capital markets.

Click here for a section-by-section summary.

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CLAIM: This bill rolls back stress testing requirements for all big banks. Without effective, annual stress tests, taxpayers could once again be on the hook when 'too big to fail' banks collapse.
REALITY: This bill ensures that all banks over $100 billion—the 38 largest institutions—will continue to be subject to rigorous stress testing "to evaluate whether such bank holding companies have the capital, on a total consolidated basis, necessary to absorb losses as a result of adverse economic conditions," as was required in Dodd Frank. Jay Powell, at his confirmation hearing, called the framework in this bill "a sensible one," and he affirmed that he would like to continue "meaningful" stress tests on banks between $100 billion and $250 billion, as provided for in this bill, while confirming that it isn't necessary to stress test smaller banks. That's a position in line with that of current Fed Chair Janet Yellen, who recently voiced support for the Senate effort, telling the Joint Economic Committee in congressional testimony that "I do think it's appropriate to tailor regulations to the system footprint of the financial organization," and calling the bipartisan Senate bill "a move in a direction that we think would be good."

CLAIM: This bill would allow dozens of the largest banks to once again borrow more money than they can afford to lose by weakening enhanced capital requirements.
REALITY: The bipartisan bill does not modify the capital or Comprehensive Capital Analysis and Review (CCAR) requirements imposed by the Fed on large banks, and the bill does not make any changes to narrow which banks are subject to the requirements.

CLAIM: This bill would gut oversight of foreign megabanks operating in the U.S., such as Deutsche Bank, Barclay's, and Credit Suisse, which have repeatedly violated U.S. laws.
REALITY: Deutsche Bank, Barclay's and Credit Suisse will still be subject to Section 165 of Dodd Frank. This means that foreign banks will still be subject to the foreign bank stress test requirement, liquidity stress testing, and strict Basel III capital requirements. And this bipartisan bill does not change the Fed's requirement that large foreign banks establish an intermediate holding company in the U.S., which subjects a foreign bank's U.S. operations to requirements similar to those imposed on U.S. banks.

CLAIM: This bill would exempt dozens of the largest banks from making "living wills" to make sure that if a bank fails, it won't bring the entire economy down.
REALITY: Banks that the Fed has labeled "systemically important" will continue to make living wills. This bipartisan bill provides the Fed with the ability to tailor living will requirements for banks between $100 billion and $250 billion that have not been termed "systemically important."

CLAIM: This bill blocks some homeowners from going to court to stop banks from wrongfully foreclosing and kicking them out of their homes.
REALITY: Under this bipartisan bill, borrowers can still sue any lender that has committed fraud or illegal acts.

CLAIM: This bill does nothing to protect consumers.

REALITY: This bipartisan bill will ensure that small lenders can provide mortgage and other credit to hardworking Americans, helping them and their families grow and start businesses. The bill also institutes several important consumer protections, including: one free year of fraud alerts for consumers impacted by the Wells Fargo scandal and the Equifax breach; unlimited free credit freezes and unfreezes; prevents credit bureaus from placing negative information on veterans' credit scores for one year due to mix-ups in Choice Program payments; prevents mortgage companies from immediately kicking tenants out of their rentals if the landlord is foreclosed upon; encourages banks to report suspicious behavior if seniors could be getting financially scammed; and allows seriously delinquent private student loan borrowers a one-time offer to remove negative reporting from their credit reports after making a series of on-time payments.

From the offices of
U.S. Senator Joe Donnelly (D-IN)
U.S. Senator Heidi Heitkamp (D-ND)
U.S. Senator Jon Tester (D-MT)
U.S. Senator Mark Warner (D-VA)