

103D CONGRESS  
1ST SESSION

**H. R. 3474**

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**AN ACT**

To reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions, and for other purposes.

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To reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions, 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       **TITLE I—REGULATORY REFORM**

#### 4       **SEC. 100. SHORT TITLE; TABLE OF SECTIONS.**

5       (a) SHORT TITLE.—This title may be cited as the  
6       “Regulatory Reform Act of 1993”.

1       (b) TABLE OF CONTENTS.—

TITLE I—REGULATORY REFORM

Sec. 100. Short title; table of sections.

Subtitle A—Amendments Relating to the Federal Deposit Insurance Corporation Improvement Act of 1991

Sec. 101. Audit costs.

Sec. 102. 18-month examination rule for certain small institutions.

Sec. 103. Standards for safety and soundness.

Sec. 104. Clarifying amendment relating to data collection.

Subtitle B—General Regulatory Reform

Sec. 111. State regulation of real estate appraisals.

Sec. 112. Collateralization of public deposits.

Sec. 113. Bank Deposit Financial Assistance Program.

Sec. 114. Coordinated and unified examinations.

Sec. 115. Coordination of Federal and State reporting requirements to reduce duplicative efforts.

Sec. 116. Limiting potential liability on foreign accounts.

Sec. 117. Expedited procedures for forming a bank holding company.

Sec. 118. Flexibility in choosing boards of directors.

Sec. 119. Repeal of obsolete requirements for national banks.

Sec. 120. Limited exemption authority.

Subtitle C—Other Regulatory Reform

Sec. 121. Elimination of duplicative disclosures for home equity loans.

Sec. 122. Alternative dispute resolutions.

Sec. 123. Clarification of RESPA disclosure requirements.

Sec. 124. Exemption of business loans from RESPA requirements.

Sec. 125. Expedited procedures for bank holding companies to seek approval to engage in certain activities.

Sec. 126. Waiver of right of rescission for certain refinancing transactions.

Sec. 127. Simplified disclosure for existing depositors.

Sec. 128. Deposit broker registration.

Sec. 129. Agency ombudsman.

Sec. 130. Alternative rules for disclosures for radio advertising of credit transactions, deposit accounts, and consumer leases.

Subtitle D—Reports, Studies, Streamlined Regulatory Requirements

Sec. 131. Study on capital standards and their impact on the economy.

Sec. 132. Study of the consumer credit system.

Sec. 133. Studies on the impact of the payment of interest on reserves.

Sec. 134. Streamlining of regulatory requirements.

Sec. 135. Call report simplification.

Sec. 136. Administrative consideration of burden with new regulations.

Sec. 137. Elimination of duplicative filings.

Sec. 138. Recourse agreements.

Sec. 139. Antitrust reports in connection with merger transactions.

Sec. 140. Bankers' banks.

Sec. 141. Due process protections relating to attachment of assets.

Sec. 142. Time limit on agency consideration of completed applications.  
Sec. 143. Timely completion of CRA review.  
Sec. 144. Revisions of standards.  
Sec. 145. Feasibility study of data bank.

1     **Subtitle A—Amendments Relating**  
2     **to the Federal Deposit Insur-**  
3     **ance Corporation Improvement**  
4     **Act of 1991**

5     **SEC. 101. AUDIT COSTS.**

6         (a) HOLDING COMPANY AUDIT REQUIREMENTS.—  
7     Section 36(i) of the Federal Deposit Insurance Act (12  
8     U.S.C. 1831m(i)) is amended by striking paragraph (2)  
9     and inserting the following:

10             “(2) the institution is described in 1 of the fol-  
11             lowing subparagraphs:

12                 “(A) The institution has total assets, as of  
13                 the beginning of such fiscal year, of less than  
14                 \$5,000,000,000.

15                 “(B) The institution has—

16                     “(i) total assets, as of the beginning  
17                     of such fiscal year, of \$5,000,000,000 or  
18                     more and less than \$9,000,000,000; and

19                     “(ii) a CAMEL composite rating of 1  
20                     or 2 under the Uniform Financial Institu-  
21                     tions Rating System (or an equivalent rat-  
22                     ing under a comparable rating system) as  
23                     of the most recent examination of such in-

1 stitution by the Corporation or the appropriate Federal banking agency.

2

3 “(C) The institution—

4 “(i) has—

5 “(I) total assets, as of the beginning  
6 of such fiscal year, of  
7 \$9,000,000,000 or more; and

8 “(II) a CAMEL composite rating  
9 of 1 or 2 under the Uniform Financial  
10 Institutions Rating System (or an  
11 equivalent rating under a comparable  
12 rating system) as of the most recent  
13 examination of such institution by the  
14 Corporation or the appropriate Federal  
15 banking agency; and

16 “(ii) in the case of an institution  
17 which has a CAMEL composite rating of  
18 2, is in compliance with the requirements  
19 of subsection (b) (without regard to any  
20 exemption such institution may otherwise  
21 have under this subsection from the re-  
22 quirements of subsection (b)).

23 Notwithstanding paragraph (2), the audit committee of  
24 the holding company of an insured depository institution

- 1 that the Corporation determines to be a large institution
- 2 shall not include any large customers of the institution.”.

3           (b) WRITTEN NOTICE OF REQUIREMENT FOR AUDIT  
4 OF QUARTERLY REPORTS.—Section 36(g)(2) of the Fed-  
5 eral Deposit Insurance Act (12 U.S.C. 1831m(g)(2)) is  
6 amended by adding at the end the following new subpara-  
7 graph:

8                 “(D) NOTICE TO INSTITUTION.—The Cor-  
9                 poration shall promptly notify an insured depos-  
10                 itory institution, in writing, of a determination  
11                 pursuant to subparagraph (A) to require a re-  
12                 view of such institution’s quarterly financial re-  
13                 ports.”.

**14 SEC. 102. 18-MONTH EXAMINATION RULE FOR CERTAIN  
15 SMALL INSTITUTIONS.**

16       (a) IN GENERAL.—Section 10(d)(4) of the Federal  
17 Deposit Insurance Act (12 U.S.C. 1820(d)(4)) is amend-  
18 ed—

21                   (2) in subparagraph (C), by striking “and” at  
22                   the end;

1                             (4) by inserting after subparagraph (C) the fol-  
2                             lowing new subparagraph:

3                             “(D) the insured institution is not cur-  
4                             rently subject to a formal enforcement proceed-  
5                             ing or order by the Corporation or the appro-  
6                             priate Federal banking agency; and”.

7                             (b) GUIDELINES REQUIRED.—

8                             (1) IN GENERAL.—Section 10(d) of the Federal  
9                             Deposit Insurance Act (12 U.S.C. 1820(d)) is  
10                             amended by adding at the end the following new  
11                             paragraph:

12                             “(6) STANDARDS FOR DETERMINING ADEQUACY  
13                             OF STATE EXAMINATIONS.—The Financial Institu-  
14                             tions Examination Council shall prescribe guidelines  
15                             establishing standards for determining whether a  
16                             State examination carries out the purposes of this  
17                             subsection for purposes of paragraph (3).”.

18                             (2) EFFECTIVE DATE OF INITIAL GUIDE-  
19                             LINES.—The initial guidelines required to be issued  
20                             pursuant to the amendment made by subsection (a)  
21                             shall be issued and shall take effect before the end  
22                             of the 1-year period beginning on the date of the en-  
23                             actment of this Act.

1     **SEC. 103. STANDARDS FOR SAFETY AND SOUNDNESS.**

2         (a) ELIMINATION OF STOCK VALUATION PROVI-  
3 SION.—Section 39(b)(1) of the Federal Deposit Insurance  
4 Act (12 U.S.C. 1831p-1(b)(1)) is amended—

5             (1) in subparagraph (A), by adding “and” at  
6 the end; and

7             (2) by striking subparagraph (C).

8         (b) HOLDING COMPANIES EXCLUDED FROM SCOPE  
9 OF STANDARDS.—Section 39 of the Federal Deposit In-  
10 surance Act (12 U.S.C. 1831p-1) is amended—

11             (1) in subsections (a) and (b), by striking “and  
12 depository institution holding companies”;

13             (2) in paragraphs (1)(A) and (2) of subsection  
14 (e), by striking “or depository institution holding  
15 company”; and

16             (3) in subsection (e), by striking “or company”  
17 each place such term appears.

18         (c) ESTABLISHING STANDARDS IN GUIDELINES.—

19             (1) IN GENERAL.—Section 39(d)(1) of the Fed-  
20 eral Deposit Insurance Act (12 U.S.C. 1831p-  
21 1(d)(1)) is amended—

22             (A) in the 1st sentence, by inserting “or  
23 guideline” before the period; and

24             (B) in the 2d sentence, by inserting “or  
25 guidelines” after “Such regulations”.

1                   (2) CLERICAL AMENDMENT.—The heading for  
2                   section 39(d) of the Federal Deposit Insurance Act  
3                   (12 U.S.C. 1831p-1(d)) is amended by striking “**BY**  
4                   **REGULATION**”.

5                   (d) EFFECTIVE DATE.—The amendments made by  
6                   subsection (a) to section 39 of the Federal Deposit Insur-  
7                   ance Act shall take effect as if such amendments had been  
8                   included in such section as of the effective date of the sec-  
9                   tion.

10 **SEC. 104. CLARIFYING AMENDMENT RELATING TO DATA  
11                   COLLECTION.**

12                   Section 7(a)(9) of the Federal Deposit Insurance Act  
13 (12 U.S.C. 1817(a)(9)) is amended by adding at the end  
14 the following new sentence: “In prescribing reporting and  
15 other requirements for the collection of actual and accu-  
16 rate information pursuant to this paragraph, the Corpora-  
17 tion shall minimize the regulatory burden imposed upon  
18 insured depository institutions while taking into account  
19 the benefit of the information to the Corporation, includ-  
20 ing the use of the information to enable the Corporation  
21 to more accurately determine the total amount of insured  
22 deposits in each insured depository institution.”.

## **1 Subtitle B—General Regulatory 2 Reform**

**3 SEC. 111. STATE REGULATION OF REAL ESTATE APPRAISAL  
4 ALS.**

5 Section 1122 of the Financial Institutions Reform,  
6 Recovery, and Enforcement Act of 1989 (12 U.S.C. 3351)  
7 is amended—

(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively;

10 (2) by inserting after subsection (a) the follow-  
11 ing new subsection:

12        "(b) RECIPROCITY.—The Appraisal Subcommittee  
13 shall encourage the States to develop reciprocity agree-  
14 ments that readily authorize an appraiser who—

15               “(1) is licensed or certified in 1 State; and

16               “(2) is in good standing with the State ap-  
17               praiser certifying or licensing agency in such State,  
18               to perform appraisals in other States.”; and

19 (3) in subsection (a)—

1                             (B) by striking “PRACTICE.—A State” and  
2                             inserting “PRACTICE.—

3                             “(1) IN GENERAL.—A State”; and

4                             (C) by adding at the end the following new  
5                             paragraph:

6                             “(2) FEES FOR TEMPORARY PRACTICE.—A  
7                             State appraiser certifying or licensing agency shall  
8                             not impose excessive fees or burdensome require-  
9                             ments, as determined by the Appraisal Subcommi-  
10                             tee, for temporary practice under this subsection.”.

11 **SEC. 112. COLLATERALIZATION OF PUBLIC DEPOSITS.**

12                             Section 13(e) of the Federal Deposit Insurance Act  
13 (12 U.S.C. 1823(e)) is amended—

14                             (1) by redesignating paragraphs (1) through  
15                             (4) as subparagraphs (A) through (D), respectively,  
16                             and moving the left margin of such subparagraphs  
17                             (as so redesignated) 2 ems to the right;

18                             (2) by striking “CORPORATION.—No agree-  
19                             ment” and inserting “CORPORATION.—

20                             “(1) IN GENERAL.—No agreement”; and

21                             (3) by adding at the end the following new  
22                             paragraph:

23                             “(2) PUBLIC DEPOSITS.—An agreement to pro-  
24                             vide for the lawful collateralization of—

1               “(A) deposits of a Federal, State, or local  
2               governmental entity or any depositor referred to  
3               in section 11(a)(2), including an agreement to  
4               provide collateral in lieu of a surety bond;  
5               “(B) bankruptcy estate funds pursuant to  
6               section 345 of title 11, United States Code; or  
7               “(C) extensions of credit from any Federal  
8               reserve bank or Federal home loan bank,  
9               shall not be deemed to be invalid pursuant to para-  
10               graph (1)(B) solely because such agreement was not  
11               executed contemporaneously with changes in the col-  
12               lateral made in accordance with such agreement.”.

13 **SEC. 113. BANK DEPOSIT FINANCIAL ASSISTANCE PRO-**  
14 **GRAM.**

15               (a) IN GENERAL.—Effective December 19, 1993, sec-  
16               tion 7(i) of the Federal Deposit Insurance Act (12 U.S.C.  
17               1817(i)) is amended—

18               (1) by redesignating paragraph (3) as para-  
19               graph (4); and  
20               (2) by inserting after paragraph (2), the follow-  
21               ing new paragraph:

22               “(3) BANK DEPOSIT FINANCIAL ASSISTANCE  
23               PROGRAM.—Notwithstanding paragraph (1), funds  
24               deposited by an insured depository institution pursu-  
25               ant to the Bank Deposit Financial Assistance Pro-

1       gram of the Department of Energy shall be sepa-  
2       rately insured in an amount not to exceed \$100,000  
3       for each insured depository institution depositing  
4       such funds.”.

5       (b) TECHNICAL AND CONFORMING AMENDMENT.—  
6 Section 11(a)(1)(C) of the Federal Deposit Insurance Act  
7 (12 U.S.C. 1821(a)(1)(C)) is amended by striking “sec-  
8 tion 7(i)(1)” and inserting “paragraph (1) or (2) of sec-  
9 tion 7(i) or any funds described in section 7(i)(3)’.

10 **SEC. 114. COORDINATED AND UNIFIED EXAMINATIONS.**

11       Section 10(d) of the Federal Deposit Insurance Act  
12 (12 U.S.C. 1820(d)) is amended by inserting after para-  
13 graph (6) (as added by section 102(b) of this Act) the  
14 following new paragraphs:

15           “(7) COORDINATED EXAMINATIONS.—To mini-  
16       mize the disruptive effects of examinations on the  
17       operations of insured depository institutions, each  
18       Federal banking agency shall, to the extent prac-  
19       ticable and consistent with safety and soundness  
20       principles and the public interest—

21           “(A) coordinate examinations to be con-  
22       ducted by that agency at an insured depository  
23       institution and any affiliate of such institution;

1               “(B) coordinate with the other Federal  
2               banking agencies in the conduct of such exami-  
3               nations;

4               “(C) work to coordinate the conduct of all  
5               examinations made pursuant to this subsection  
6               with the appropriate State bank supervisor; and

7               “(D) use copies of reports of examinations  
8               of insured depository institutions made by any  
9               other Federal banking agency or appropriate  
10              State bank supervisor.

11              “(8) SAFETY AND SOUNDNESS EXAMS.—Not-  
12              withstanding any provision of paragraph (7) or any  
13              system established pursuant to such paragraph, any  
14              appropriate Federal banking agency may conduct a  
15              separate examination of an insured depository insti-  
16              tution at any time for safety and soundness pur-  
17              poses.”.

18 **SEC. 115. COORDINATION OF FEDERAL AND STATE RE-**  
19               **PORTING REQUIREMENTS TO REDUCE DU-**  
20               **PLICATIVE EFFORTS.**

21              (a) STATE ACCESS TO FEDERAL AGENCY RE-  
22              PORTS.—The 1st sentence of section 7(a)(2)(A) of the  
23              Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)(A))  
24              is amended by inserting “and, with respect to any State

1 depository institution, any appropriate State bank super-  
2 visor for such institution” after “The Corporation”.

3 (b) STATE COORDINATION WITH FEDERAL REPORT-  
4 ING REQUIREMENTS.—The Federal banking agencies and  
5 State bank supervisors shall, to the greatest extent prac-  
6 ticable—

7 (1) coordinate the number, types, and frequency  
8 of reports required to be submitted to such agencies  
9 and supervisors by insured depository institutions  
10 and the type and amount of information required to  
11 be included in such reports; and

12 (2) use copies of reports of condition and other  
13 reports submitted by such institutions to any such  
14 agency or supervisor.

15 **SEC. 116. LIMITING POTENTIAL LIABILITY ON FOREIGN AC-**  
16 **COUNTS.**

17 (a) AMENDMENT TO THE FEDERAL RESERVE ACT.—  
18 The Federal Reserve Act (12 U.S.C. 221 et seq.) is  
19 amended by inserting after section 25B the following new  
20 section:

21 **“SEC. 25C. POTENTIAL LIABILITY ON FOREIGN ACCOUNTS.**

22 “(a) IN GENERAL.—A member bank shall not be re-  
23 quired to repay any deposit made at a foreign branch of  
24 the bank if the branch cannot repay the deposit due to—

1           “(1) an act of war, insurrection or civil strife;

2       or

3           “(2) an action by a foreign government or in-  
4       strumentality (whether de jure or de facto) in the  
5       country in which the branch is located,

6       unless the member bank has expressly agreed in writing  
7       to repay the deposit under those circumstances.

8           “(b) REGULATIONS.—The Board may prescribe such  
9       regulations as the Board may determine to be necessary  
10      to carry out this section.”.

11          (b) CONFORMING AMENDMENTS TO THE FEDERAL  
12       DEPOSIT INSURANCE ACT.—

13           (1) IN GENERAL.—Section 18 of the Federal  
14       Deposit Insurance Act (12 U.S.C. 1828) is amended  
15       by adding at the end the following new subsection:

16           “(q) SOVEREIGN RISK.—Section 25C of the Federal  
17       Reserve Act shall apply to every nonmember insured bank  
18       in the same manner and to the same extent as if the  
19       nonmember insured bank were a member bank.”.

20           (2) CONFORMING AMENDMENT.—Subparagraph  
21       (A) of section 3(l)(5) of the Federal Deposit Insur-  
22       ance Act (12 U.S.C. 1813(l)(5)) is amended to read  
23       as follows:

24           “(A) any obligation of a depository institu-  
25       tion which is carried on the books and records

1           of an office of such bank or savings association  
2           located outside of any State, unless—

3                 “(i) such obligation would be a deposit  
4                 if it were carried on the books and records  
5                 of the depository institution, and would  
6                 have been payable at, an office located in  
7                 any State; and

8                 “(ii) the contract evidencing the obli-  
9                 gation provides by express terms, and not  
10                 by implication, for payment at an office of  
11                 the depository institution located in any  
12                 State; and”.

13           (c) EXISTING CLAIMS NOT AFFECTED.—Section 25C  
14          of the Federal Reserve Act (as added by subsection (a))  
15          shall not be applied retroactively and shall not be con-  
16          strued to affect or apply to any claim or cause of action  
17          (to which such section would otherwise apply) which arises  
18          from events or circumstances that occurred before the date  
19          of enactment of this Act.

20 **SEC. 117. EXPEDITED PROCEDURES FOR FORMING A BANK  
HOLDING COMPANY.**

22          The 2d sentence of section 3(a) of the Bank Holding  
23          Company Act of 1956 (12 U.S.C. 1842(a)) is amended—  
24                 (1) by striking “or (B)” and inserting “(B)”;  
25                 and

1                             (2) by inserting before the period the following:  
2                         “; or (C) the acquisition, by a company, of control  
3                         of a bank in a reorganization in which a person or  
4                         group of persons exchange their shares of the bank  
5                         for shares of a newly formed bank holding company  
6                         and receive after the reorganization substantially the  
7                         same proportional share interest in the holding com-  
8                         pany as they held in the bank except for changes in  
9                         shareholders’ interests resulting from the exercise of  
10                         dissenting shareholders’ rights under State or Fed-  
11                         eral law if—

12                         “(i) immediately following the acqui-  
13                         sition—

14                         “(I) the bank holding company  
15                         meets the capital and other financial  
16                         standards prescribed by the Board by  
17                         regulation for such a bank holding  
18                         company; and

19                         “(II) the bank is adequately cap-  
20                         italized (as defined in section 38 of  
21                         the Federal Deposit Insurance Act);

22                         “(ii) the holding company does not en-  
23                         gage in any activities other than those of  
24                         managing and controlling banks as a result  
25                         of the reorganization;

1                         “(iii) the company provides 30 days  
2                         prior notice to the Board and the Board  
3                         does not object to such transaction during  
4                         such 30-day period; and

5                         “(iv) the holding company will not ac-  
6                         quire control of any additional bank as a  
7                         result of the reorganization.”.

8 **SEC. 118. FLEXIBILITY IN CHOOSING BOARDS OF DIREC-  
9                         TORS.**

10                  Section 5146 of the Revised Statutes (12 U.S.C. 72)  
11                  is amended in the 1st sentence, by striking “two thirds”  
12                  and inserting “a majority”.

13 **SEC. 119. REPEAL OF OBSOLETE REQUIREMENTS FOR NA-  
14                         TIONAL BANKS.**

15                  (a) REPEAL OF PROVISIONS IN THE REVISED STAT-  
16                  UTES.—The following sections of the Revised Statutes are  
17                  hereby repealed:

- 18                         (1) Section 5170 (12 U.S.C. 28).
- 19                         (2) Section 5203 (12 U.S.C. 87).
- 20                         (3) Section 5206 (12 U.S.C. 88).
- 21                         (4) Section 5196 (12 U.S.C. 89).
- 22                         (5) Section 5158 (12 U.S.C. 102).
- 23                         (6) Section 5159 (12 U.S.C. 101a).
- 24                         (7) Section 5172 (12 U.S.C. 104)
- 25                         (8) Section 5173 (12 U.S.C. 107).

- 1                   (9) Section 5174 (12 U.S.C. 108).
- 2                   (10) Section 5182 (12 U.S.C. 109).
- 3                   (11) Section 5183 (12 U.S.C. 110).
- 4                   (12) Section 5195 (12 U.S.C. 123).
- 5                   (13) Section 5184 (12 U.S.C. 124).
- 6                   (14) Section 5226 (12 U.S.C. 131).
- 7                   (15) Section 5227 (12 U.S.C. 132).
- 8                   (16) Section 5228 (12 U.S.C. 133).
- 9                   (17) Section 5229 (12 U.S.C. 134).
- 10                  (18) Section 5230 (12 U.S.C. 137).
- 11                  (19) Section 5231 (12 U.S.C. 138).
- 12                  (20) Section 5232 (12 U.S.C. 135).
- 13                  (21) Section 5233 (12 U.S.C. 136).
- 14                  (22) Section 5185 (12 U.S.C. 151).
- 15                  (23) Section 5186 (12 U.S.C. 152).
- 16                  (24) Section 5160 (12 U.S.C. 168).
- 17                  (25) Section 5161 (12 U.S.C. 169).
- 18                  (26) Section 5162 (12 U.S.C. 170).
- 19                  (27) Section 5163 (12 U.S.C. 171).
- 20                  (28) Section 5164 (12 U.S.C. 172).
- 21                  (29) Section 5165 (12 U.S.C. 173).
- 22                  (30) Section 5166 (12 U.S.C. 174).
- 23                  (31) Section 5167 (12 U.S.C. 175).
- 24                  (32) Section 5222 (12 U.S.C. 183).
- 25                  (33) Section 5223 (12 U.S.C. 184).

1                             (34) Section 5224 (12 U.S.C. 185).

2                             (35) Section 5225 (12 U.S.C. 186).

3                             (36) Section 5237 (12 U.S.C. 195).

4                             (b) REPEAL OF OTHER OBSOLETE PROVISIONS IN  
5 BANKING LAWS.—The following provisions of law are  
6 hereby repealed:

7                             (1) Section 26 of the Federal Deposit Insurance  
8 Act (12 U.S.C. 1831c).

9                             (2) Section 12 of the Act entitled “An Act To  
10 define and fix the standard of value, to maintain the  
11 parity of all forms of money issued or coined by the  
12 United States, to refund the public debt, and for  
13 other purposes.” and approved March 14, 1900 (12  
14 U.S.C. 101).

15                             (3) Section 3 of the Act entitled “An Act To  
16 amend the laws relating to the denominations of cir-  
17 culating notes by national banks and to permit the  
18 issuance of notes of small denominations, and for  
19 other purposes.” and approved October 5, 1917 (12  
20 U.S.C. 103).

21                             (4) The following sections of the Act entitled  
22 “An Act fixing the amount of United States notes,  
23 providing for a redistribution of the national-bank  
24 currency, and for other purposes.” and approved  
25 June 20, 1874:

- 1                             (A) Section 5 (12 U.S.C. 105).
- 2                             (B) Section 3 (12 U.S.C. 121).
- 3                             (C) Section 8 (12 U.S.C. 126).
- 4                             (D) Section 4 (12 U.S.C. 176).

5                         (5) The following sections of the Act entitled  
6                         “An Act to enable national-banking associations to  
7                         extend their corporate existence, and for other pur-  
8                         poses.” and approved July 12, 1882:

- 9                             (A) Section 8 (12 U.S.C. 177).
- 10                          (B) Section 9 (12 U.S.C. 178).

11                         (6) The Act entitled “An Act to amend the na-  
12                         tional bank act in providing for the redemption of  
13                         national bank notes stolen from or lost by banks of  
14                         issue.” and approved July 28, 1892 (12 U.S.C.  
15                         125).

16                         (7) The Act entitled “An Act authorizing the  
17                         conversion of national gold banks.” and approved  
18                         February 14, 1880 (12 U.S.C. 153).

19                         (8) The 1st sentence of the 8th undesignated  
20                         paragraph of section 16 of the Federal Reserve Act  
21                         (12 U.S.C. 418) is amended by striking “the Com-  
22                         troller of the Currency shall under the direction of  
23                         the Secretary of the Treasury,” and inserting “the  
24                         Secretary of the Treasury shall”.

1                             (9) The 9th undesignated paragraph of section  
2                             16 of the Federal Reserve Act (12 U.S.C. 419) is  
3                             amended to read as follows:

4                             “When such notes have been prepared, the  
5                             notes shall be delivered to the Board of Governors  
6                             of the Federal Reserve System subject to the order  
7                             of the Secretary of the Treasury for the delivery of  
8                             such notes in accordance with this Act.”.

9                             (10) The 10th undesignated paragraph of sec-  
10                             tion 16 of the Federal Reserve Act (12 U.S.C. 420)  
11                             is amended—

12                             (A) by striking “Comptroller of the Cur-  
13                             rency” and inserting “Secretary of the Treas-  
14                             ury”; and

15                             (B) by striking “Federal Reserve Board”  
16                             and inserting “Board of Governors of the Fed-  
17                             eral Reserve System”.

18                             (11) The 11th undesignated paragraph of sec-  
19                             tion 16 of the Federal Reserve Act (12 U.S.C. 421)  
20                             is amended to read as follows:

21                             “The Secretary of the Treasury may examine  
22                             the plates, dies, bed pieces, and other material used  
23                             in the printing of Federal Reserve notes and issue  
24                             regulations relating to such examinations.”.

25                             (c) AMENDMENTS TO OTHER LAWS.—

1                         (1) The Act entitled “An Act to provide for the  
2                         redemption of national-bank notes, Federal Reserve  
3                         bank notes, and Federal Reserve notes which cannot  
4                         be identified as to the bank of issue.” and approved  
5                         June 13, 1933, is amended—

6                             (A) in the 1st section (12 U.S.C. 121a)—

7                                 (i) by striking “whenever any na-  
8                         tional-bank notes, Federal Reserve bank  
9                         notes,” and inserting “whenever any Fed-  
10                         eral Reserve bank notes”; and

11                                 (ii) by striking “, and the notes, other  
12                         than Federal Reserve notes, so redeemed  
13                         shall be forwarded to the Comptroller of  
14                         the Currency for cancellation and destruc-  
15                         tion”; and

16                             (B) in section 2 (12 U.S.C. 122a)—

17                                 (i) by striking “National-bank notes  
18                         and”; and

19                                 (ii) by striking “national-bank notes  
20                         and”.

21                             (2) The 1st section of the Act entitled “An Act  
22                         making appropriations for sundry civil expenses of  
23                         the Government for the fiscal year ending June thir-  
24                         tieth, eighteen hundred and seventy-six, and for  
25                         other purposes.” and approved March 3, 1875, is

1       amended in the 1st paragraph which appears under  
2       the heading “NATIONAL CURRENCY” by striking  
3       “Secretary of the Treasury: *Provided*, That” and all  
4       that follows through the period and inserting “Sec-  
5       retary of the Treasury.”.

6                 (3) The Act entitled “An Act to simplify the ac-  
7       counts of the Treasurer of the United States, and  
8       for other purposes.” and approved October 10, 1940  
9       (12 U.S.C. 177a) is amended by striking all after  
10      the enacting clause and inserting the following:  
11       “That the cost of transporting and redeeming out-  
12      standing national bank notes and Federal Reserve  
13      bank notes as may be presented to the Treasurer of  
14      the United States for redemption shall be paid from  
15      the regular annual appropriation for the Department  
16      of the Treasury.”.

17                 (4) Section 5234 of the Revised Statutes (12  
18      U.S.C. 192) is amended by striking “has refused to  
19      pay its circulating notes as therein mentioned, and”.

20                 (5) Section 5236 of the Revised Statutes (12  
21      U.S.C. 194) is amended by striking “, after full pro-  
22      vision has been first made for refunding to the Unit-  
23      ed States any deficiency in redeeming the notes of  
24      such association”.

1                         (6) Section 5238 of the Revised Statutes (12  
2                         U.S.C. 196) is amended by striking the 1st sentence.

3                         (d) AMENDMENTS TO OUTDATED DIVIDEND PROVI-  
4                         SIONS.—

5                         (1) WITHDRAWAL OF CAPITAL.—Section 5204  
6                         of the Revised Statutes (12 U.S.C. 56) is amend-  
7                         ed—

8                         (A) in the 2d sentence, by striking “net  
9                         profits then on hand, deducting therefrom its  
10                         losses and bad debts” and inserting “undivided  
11                         profits, subject to other applicable provisions of  
12                         law”; and

13                         (B) by striking the 3d sentence.

14                         (2) DECLARATION OF DIVIDENDS.—Section  
15                         5199 of the Revised Statutes (12 U.S.C. 60) is  
16                         amended—

17                         (A) in the 1st sentence, by striking “net  
18                         profits of the association” and inserting “undi-  
19                         vided profits of the association, subject to the  
20                         limitations in subsection (b),”;

21                         (B) by striking “net profits” each subse-  
22                         quent place such term appears and inserting  
23                         “net income”; and

24                         (C) by striking subsection (c).

25                         (e) CLERICAL AMENDMENTS.—

1                             (1) The table of sections for chapter 1 of title  
2                             LXII of the Revised Statutes of the United States  
3                             is amended—

4                             (A) by inserting after the item relating to  
5                             section 5156 the following new item:

“5156A. Mergers, consolidations, and other acquisitions authorized.”; and

6                             (B) by striking the items relating to sec-  
7                             tions 5141 and 5151.

8                             (2) The table of sections for chapter 2 of title  
9                             LXII of the Revised Statutes of the United States  
10                            is amended by striking the item relating to each of  
11                            the following sections:

12                            (A) Section 5158.

13                            (B) Section 5159.

14                            (C) Section 5160.

15                            (D) Section 5161.

16                            (E) Section 5162.

17                            (F) Section 5163.

18                            (G) Section 5164.

19                            (H) Section 5165.

20                            (I) Section 5166.

21                            (J) Section 5167.

22                            (K) Section 5170.

23                            (L) Section 5171.

24                            (M) Section 5172.

25                            (N) Section 5173.

- 1                             (O) Section 5174.
- 2                             (P) Section 5175.
- 3                             (Q) Section 5176.
- 4                             (R) Section 5177.
- 5                             (S) Section 5178.
- 6                             (T) Section 5179.
- 7                             (U) Section 5180.
- 8                             (V) Section 5181.
- 9                             (W) Section 5182.
- 10                            (X) Section 5183.
- 11                            (Y) Section 5184.
- 12                            (Z) Section 5185.
- 13                            (AA) Section 5186.
- 14                            (BB) Section 5187.
- 15                            (CC) Section 5188.
- 16                            (DD) Section 5189.

17                            (3) The table of sections for chapter 3 of title  
18                            LXII of the Revised Statutes of the United States  
19                            is amended by striking the item relating to each of  
20                            the following sections:

- 21                            (A) Section 5193.
- 22                            (B) Section 5194.
- 23                            (C) Section 5195.
- 24                            (D) Section 5196.
- 25                            (E) Section 5202.

- 1 (F) Section 5203.
  - 2 (G) Section 5206.
  - 3 (H) Section 5209.
  - 4 (I) Section 5212.

(A) by inserting after the item relating to  
section 5239 the following new item:

“5239A. Regulatory authority.”; and

10 (B) by striking the items relating to the  
11 following sections:

- 12 (i) Section 5222.
  - 13 (ii) Section 5223.
  - 14 (iii) Section 5224.
  - 15 (iv) Section 5225.
  - 16 (v) Section 5226.
  - 17 (vi) Section 5227.
  - 18 (vii) Section 5228.
  - 19 (viii) Section 5229.
  - 20 (ix) Section 5230.
  - 21 (x) Section 5231.
  - 22 (xi) Section 5232.
  - 23 (xii) Section 5233.
  - 24 (xiii) Section 5237.
  - 25 (xiv) Section 5243.

1   **SEC. 120. LIMITED EXEMPTION AUTHORITY.**

2       Section 22(h)(5)(C) of the Federal Reserve Act (12  
3   U.S.C. 375b(5)(C)) is amended by striking “subparagraph  
4   (A) for member banks with less than \$100,000,000 in de-  
5   posits if the Board” and inserting “subparagraph (A)  
6   for—

7                     “(i) member banks with less than  
8                     \$100,000,000 in deposits; and

9                     “(ii) member banks which have—

10                    “(I) total deposits of  
11                    \$100,000,000 or more and less than  
12                    \$250,000,000; and

13                    “(II) a CAMEL composite rating  
14                    of 1 or 2 under the Uniform Financial  
15                    Institutions Rating System (or an  
16                    equivalent rating under a comparable  
17                    rating system) as of the most recent  
18                    examination of such institution by the  
19                    Federal Deposit Insurance Corpora-  
20                    tion or the appropriate Federal bank-  
21                    ing agency,

22                    if the Board”.

1                   **Subtitle C—Other Regulatory**  
2                   **Reform**

3                   **SEC. 121. ELIMINATION OF DUPLICATIVE DISCLOSURES**  
4                   **FOR HOME EQUITY LOANS.**

5                 Section 4(a) of the Real Estate Settlement Proce-  
6 dures Act (12 U.S.C. 2603(a)) is amended by adding at  
7 the end the following: “In the case of a federally related  
8 mortgage loan extended under an open end credit plan (as  
9 defined in section 103(i) of the Truth in Lending Act),  
10 disclosures made under section 127A(a) of the Truth in  
11 Lending Act may be used in lieu of the disclosures re-  
12 quired under this section if—

13                 “(1) the disclosures made pursuant to such sec-  
14 tion 127A(a) contain all of the information that is  
15 required under this section; and

16                 “(2) the information is disclosed in a manner  
17 that is no less conspicuous than is required under  
18 this section.”.

19                   **SEC. 122. ALTERNATIVE DISPUTE RESOLUTIONS.**

20                 (a) IN GENERAL.—Each Federal banking agency  
21 shall develop and implement a program for using alter-  
22 native means of dispute resolution of issues in controversy  
23 (hereafter in this section referred to as the “alternative  
24 dispute resolution program”) if the parties to the dispute,  
25 including the agency, agree to such proceeding.

1       (b) STANDARDS.—Alternative dispute resolution pro-  
2 grams shall—

- 3               (1) be fair to all interested parties to a dispute;  
4               (2) resolve disputes expeditiously; and  
5               (3) be less costly than traditional means of dis-  
6 pute resolution, including litigation.

7       (c) IMPLEMENTATION OF PROGRAM.—Each Federal  
8 banking agency shall—

9               (1) within 18 months of the date of the enact-  
10 ment of this Act, establish a pilot alternative dispute  
11 resolution program which is consistent with the re-  
12 quirements of the subchapter IV of chapter 5 of title  
13 5, United States Code;

14               (2) within 24 months of such date, make a  
15 written evaluation of the pilot program on the basis  
16 of subsection (b); and

17               (3) within 30 months of such date, implement  
18 an alternative dispute resolution program through-  
19 out the agency, taking into account the results of  
20 the evaluation made pursuant to paragraph (2).

21       (d) INDEPENDENT EVALUATION.—Before the end of  
22 the 30-month period beginning on the date of the enact-  
23 ment of this Act, the Administrative Conference of the  
24 United States shall submit to the Congress a report con-  
25 taining—

1                         (1) an evaluation of the pilot programs estab-  
2                         lished under subsection (c)(1);

3                         (2) the extent to which the pilot programs meet  
4                         the standards established under subsection (b);

5                         (3) the extent to which parties to disputes were  
6                         offered alternative means of dispute resolution and  
7                         the frequency with which the parties, including the  
8                         agencies, accepted or declined to use such means;  
9                         and

10                         (4) any recommendations of the Conference to  
11                         improve the alternative dispute resolution procedures  
12                         of the Federal banking agencies.

13                         (e) COORDINATION WITH EXISTING AGENCY ADR  
14                         PROGRAMS.—

15                         (1) EVALUATION REQUIRED.—Any Federal  
16                         banking agency which, as of the date of the enact-  
17                         ment of this Act, maintains an alternative dispute  
18                         resolution program under any other provision of law  
19                         shall include such program in the evaluation con-  
20                         ducted under subsection (c)(2).

21                         (2) MULTIPLE ADR PROGRAMS.—No provision  
22                         of this section shall be construed as precluding any  
23                         Federal banking agency from establishing more than  
24                         1 alternative means of dispute resolution.

25                         (f) DEFINITIONS.—For purposes of this section—

1                             (1) ALTERNATIVE MEANS OF DISPUTE RESOLU-  
2                             TION.—The term “alternative means of dispute reso-  
3                             lution” has the meaning given to such term in sec-  
4                             tion 571 of title 5, United States Code.

5                             (2) FEDERAL BANKING AGENCY.—The term  
6                             “Federal banking agency”—

7                                 (A) has the meaning given to such term in  
8                             section 3 of the Federal Deposit Insurance Act;  
9                             and

10                              (B) includes the National Credit Union  
11                             Administration.

12                             (3) ISSUES IN CONTROVERSY.—The term “is-  
13                             sues in controversy” means—

14                                 (A) any final agency decision involving any  
15                             claim against an insured depository institution  
16                             or insured credit union for which the agency  
17                             has been appointed conservator or receiver;

18                                 (B) any final action taken by an agency in  
19                             the agency’s capacity as conservator or receiver  
20                             for an insured depository institution or insured  
21                             credit union; and

22                                 (C) any other issue for which the appro-  
23                             priate Federal banking agency determines that  
24                             alternative means of dispute resolution would be  
25                             appropriate.

1 **SEC. 123. CLARIFICATION OF RESPA DISCLOSURE RE-**2 **QUIREMENTS.**

3       Section 6(a)(1)(B) of the Real Estate Settlement  
4 Procedures Act of 1974 (12 U.S.C. 2605(a)(1)(B)) is  
5 amended—

6               (1) by striking “(B) for each of the most re-  
7 cent” and inserting “(B) at the choice of the person  
8 making a federally related mortgage loan—

9                       “(i) for each of the most recent”;

10               (2) by redesignating clauses (i) and (ii) as  
11 subclauses (I) and (II), respectively, and moving the  
12 left margin of such subclauses (as so redesignated)  
13 2 ems to the right;

14               (3) by striking “and” at the end of subclause  
15 (II) (as so redesignated by paragraph (2) of this sec-  
16 tion) and inserting “or”; and

17               (4) by inserting after clause (i) (as so des-  
18 ignated by paragraph (1) of this section) the follow-  
19 ing new clause:

20                       “(ii) a statement that the person mak-  
21 ing the loan has previously assigned, sold,  
22 or transferred the servicing of federally re-  
23 lated mortgage loans; and”.

1   **SEC. 124. EXEMPTION OF BUSINESS LOANS FROM RESPA**

2                   **REQUIREMENTS.**

3         The Real Estate Settlement Procedures Act of 1974

4   (12 U.S.C. 2601 et seq.) is amended by inserting after

5   section 6 the following new section:

6   **“SEC. 7. EXEMPTED TRANSACTIONS.**

7         “This Act shall not apply to credit transactions in-

8   volving extensions of credit—

9                 “(1) primarily for business, commercial, or ag-

10          ricultural purposes; or

11          “(2) to government or governmental agencies or

12          instrumentalities.”.

13   **SEC. 125. EXPEDITED PROCEDURES FOR BANK HOLDING**

14                   **COMPANIES TO SEEK APPROVAL TO ENGAGE**

15                   **IN CERTAIN ACTIVITIES.**

16         Section 4 of the Bank Holding Company Act of 1956

17   (12 U.S.C. 1843) is amended by adding at the end the

18   following new subsection:

19          “(j) NOTICE PROCEDURES FOR NONBANKING Ac-

20   TIVITIES.—

21          “(1) GENERAL NOTICE PROCEDURE.—

22                 “(A) NOTICE REQUIREMENT.—No bank

23          holding company may engage in any non-

24          banking activity or acquire or retain ownership

25          or control of the shares of a company engaged

26          in activities described in subsection (c)(8) with-

1 out providing the Board with written notice of  
2 the proposed transaction or activity at least 60  
3 days before the transaction or activity is pro-  
4 posed to occur or commence.

5 “(B) CONTENTS OF NOTICE.—The notice  
6 submitted to the Board shall contain such in-  
7 formation as the Board shall prescribe by regu-  
8 lation or by specific request in connection with  
9 a particular notice.

10 “(C) PROCEDURE FOR AGENCY ACTION.—

11 “(i) NOTICE OF DISAPPROVAL.—Any  
12 notice filed under this subsection shall be  
13 deemed to be approved by the Board un-  
14 less, before the end of the 60-day period  
15 beginning on the date the Board receives a  
16 complete notice under subparagraph (A),  
17 the Board issues an order disapproving the  
18 transaction or activity and setting forth  
19 the reasons for disapproval.

20 “(ii) EXTENSION OF PERIOD.—The  
21 Board may extend the 60-day period re-  
22 ferred to in clause (i) for an additional 30  
23 days.

24 “(D) APPROVAL BEFORE END OF PE-  
25 RIOD.—

1                     “(i) IN GENERAL.—Any transaction  
2                     or activity may commence before the expi-  
3                     ration of any period for disapproval estab-  
4                     lished under this paragraph if the Board  
5                     issues a written notice of approval.

6                     “(ii) SHORTER PERIODS BY REGULA-  
7                     TION.—The Board may prescribe regula-  
8                     tions which provide for no notice under  
9                     this paragraph or for a shorter notice pe-  
10                     riod with respect to particular activities or  
11                     transactions.

12                     “(E) EXTENSION OF PERIOD.—In the case  
13                     of any notice to engage in, or to acquire or re-  
14                     tain ownership or control of shares of any com-  
15                     pany engaged in, any activity pursuant to sub-  
16                     section (c)(8) that has not been previously ap-  
17                     proved by order or regulation, the Board may  
18                     extend the notice period under this subsection  
19                     for an additional 90 days.

20                     “(2) GENERAL STANDARDS FOR REVIEW.—

21                     “(A) CRITERIA.—In connection with a no-  
22                     tice under this subsection, the Board may con-  
23                     sider the following criteria:

24                     “(i) The managerial resources of the  
25                     companies involved.

1                 “(ii) The adequacy of the companies  
2 financial resources, including capital, giv-  
3 ing consideration to the financial resources  
4 and capital of others engaged in similar ac-  
5 tivities.

6                 “(iii) Any material adverse effect on  
7 the safety and soundness or financial con-  
8 dition of any insured depository institution  
9 affiliate.

10                 “(iv) Whether, performance of the ac-  
11 tivity by a bank holding company or a sub-  
12 sidiary of such company can reasonably be  
13 expected to produce benefits to the public,  
14 such as greater convenience, increased  
15 competition, or gains in efficiency, that  
16 outweigh possible adverse effects, such as  
17 undue concentration of resources, de-  
18 creased or unfair competition, conflicts of  
19 interests, or unsound banking practices.

20                 “(B) REQUIREMENTS FOR DIS-

21 APPROVAL.—The Board shall not approve any  
22 proposed transaction under this subsection if  
23 the Board determines that any insured deposi-  
24 tory institution subsidiary of the bank holding  
25 company is engaging in any unsafe and un-

1           sound practice or is in an unsafe and unsound  
2           condition.

3           “(3) PUBLIC NOTICE RELATING TO NEW AC-  
4           TIVITIES.—

5           “(A) PUBLICATION AND OPPORTUNITY  
6           FOR COMMENT.—The Board shall—

7                 “(i) publish in the Federal Register a  
8                 notice of the receipt by the Board of a no-  
9                 tice under paragraph (1) involving insur-  
10               ance or any other nonbanking activity  
11               which has not previously been determined  
12               by the Board (by regulation or order) to be  
13               closely related to banking as to be a proper  
14               incident thereto; and

15                 “(ii) provide a reasonable period for  
16               public comment.

17           “(B) NOTICE OF APPROVAL BEFORE COM-  
18           MENCEMENT OF ACTIVITY.—The Board shall  
19           issue an order with respect to any such notice  
20           before the commencement of the proposed in-  
21           surance activity or the other new activity.”.

22 **SEC. 126. WAIVER OF RIGHT OF RESCISSION FOR CERTAIN  
23                   REFINANCING TRANSACTIONS.**

24           The Board of Governors of the Federal Reserve Sys-  
25           tem, in consultation with the consumer advisory council

1 to such Board, shall, within 6 months of the date of the  
2 enactment of this Act, submit recommendations to the  
3 Congress regarding whether a waiver or modification, at  
4 the option of a consumer, of the right of rescission under  
5 section 125 of the Truth in Lending Act with respect to  
6 transactions which constitute a refinancing or consolida-  
7 tion (with no new advances) of the principal balance then  
8 due and any accrued and unpaid finance charges of an  
9 existing extension of credit by a different creditor secured  
10 by an interest in the same property would benefit consum-  
11 ers more than existing law.

12 **SEC. 127. SIMPLIFIED DISCLOSURE FOR EXISTING DEPOSI-**

13 **TORS.**

14 (a) IN GENERAL.—Section 43(b)(3) of the Federal  
15 Deposit Insurance Act (12 U.S.C. 1831t(b)(3)) is amend-  
16 ed to read as follows:

17 “(3) ACKNOWLEDGEMENT OF DISCLOSURE.—

18 “(A) NEW DEPOSITORS.—With respect to  
19 any depositor who was not a depositor at the  
20 depository institution before June 19, 1994, re-  
21 ceive any deposit for the account of such de-  
22 positor only if the depositor has signed a writ-  
23 ten acknowledgement that—

24 “(i) the institution is not federally in-  
25 sured; and

1                 “(ii) if the institution fails, the Fed-  
2                 eral Government does not guarantee that  
3                 the depositor will get back the depositor’s  
4                 money.

5                 “(B) CURRENT DEPOSITORS.—Receive any  
6                 deposit after the effective date of this para-  
7                 graph for the account of any depositor who was  
8                 a depositor before June 19, 1994, only if—

9                 “(i) the depositor has signed a written  
10                 acknowledgement described in subparagraph  
11                 (A); or

12                 “(ii) the institution has complied with  
13                 the provisions of subparagraph (C) which  
14                 are applicable as of the date of the deposit.

15                 “(C) ALTERNATIVE PROVISION OF NOTICE  
16                 TO CURRENT DEPOSITORS.—

17                 “(i) IN GENERAL.—Transmit to each  
18                 depositor who was a depositor before June  
19                 19, 1994, and has not signed a written ac-  
20                 knowledgement described in subparagraph  
21                 (A)—

22                 “(I) a card containing the infor-  
23                 mation described in clauses (i) and  
24                 (ii) of subparagraph (A), and a line  
25                 for the signature of the depositor; and

1                 “(II) accompanying materials re-  
2                 questing the depositor to sign the  
3                 card, and return the signed card to  
4                 the institution.

5                 “(ii) MANNER AND TIMING OF NO-  
6                 TICE.—

7                 “(I) FIRST NOTICE.—Make the  
8                 transmission described in clause (i)  
9                 via first class mail within 90 days  
10                 after June 19, 1994.

11                 “(II) SECOND NOTICE.—Make a  
12                 2d transmission described in clause (i)  
13                 via first class mail not less than 30  
14                 days and not more than 45 days after  
15                 a transmission to the depositor in ac-  
16                 cordance with subclause (I), if the in-  
17                 stitution has not, by the date of such  
18                 mailing, received from the depositor a  
19                 card referred to in clause (i)(I) which  
20                 has been signed by the depositor.

21                 “(III) THIRD NOTICE.—Make a  
22                 3d transmission described in clause (i)  
23                 via first class mail not less than 30  
24                 days and not more than 45 days after  
25                 a transmission to the depositor in ac-

1 cordance with subclause (II), if the in-  
2 stitution has not, by the date of such  
3 mailing, received from the depositor a  
4 card referred to in clause (i)(I) which  
5 has been signed by the depositor.”.

6 (b) EFFECTIVE DATE.—Section 43(b)(3) of the Fed-  
7 eral Deposit Insurance Act, as amended by subsection (a),  
8 shall take effect in accordance with section 151(a)(2)(D)  
9 of the Federal Deposit Insurance Corporation Improve-  
10 ment Act of 1991.

11 **SEC. 128. DEPOSIT BROKER REGISTRATION.**

12 Section 29(g)(3) of the Federal Deposit Insurance  
13 Act (12 U.S.C. 1831f(g)(3)) is amended—

14 (1) by inserting “that is not well capitalized”  
15 after “includes any insured depository institution”;

16 (2) by inserting “such” after “any employee of  
17 any”; and

18 (3) by striking “having the same type of char-  
19 ter”.

20 **SEC. 129. AGENCY OMBUDSMAN.**

21 (a) ESTABLISHMENT REQUIRED.—Not later than  
22 180-days after the date of the enactment of this Act, each  
23 Federal banking agency and the National Credit Union  
24 Administration shall appoint an ombudsman.

1       (b) DUTIES OF OMBUDSMAN.—The ombudsman for  
2 any agency shall—

3                 (1) act as a liaison between the agency and any  
4 party with respect to the accuracy, consistency, or  
5 quality of any examination or regulatory activity of  
6 the agency that results in a material supervisory or  
7 agency determination rendered by the agency, or  
8 may result in an enforcement action by the agency,  
9 with respect to such party;

10               (2) act as a liaison between the agency and any  
11 party with respect to any problem such party may  
12 have in dealing with the agency; and

13               (3) assure that safeguards exist to encourage  
14 complainants to come forward and preserve con-  
15 fidentiality.

16       (c) DEFINITIONS.—For purposes of this section—

17               (1) AGENCY.—The term “agency” means a  
18 Federal banking agency or the National Credit  
19 Union Administration.

20               (2) FEDERAL BANKING AGENCY.—The term  
21 “Federal banking agency” has the meaning given to  
22 such term in section 3(z) of the Federal Deposit In-  
23 surance Act.

1                             (3) MATERIAL SUPERVISORY DETERMINA-  
2                             TION.—The term “material supervisory determina-  
3                             tion”—

4                             (A) means a supervisory determination re-  
5                             lating to an insured depository institution that  
6                             the Federal banking agency has determined to  
7                             be material under guidelines which the agency  
8                             shall issue; and

9                             (B) does not include a determination by a  
10                             Federal banking agency to appoint a conserva-  
11                             tor or receiver for an insured depository institu-  
12                             tion or a decision to take action pursuant to  
13                             section 38 of the Federal Deposit Insurance  
14                             Act.

15 **SEC. 130. ALTERNATIVE RULES FOR DISCLOSURES FOR**  
16                             **RADIO ADVERTISING OF CREDIT TRANS-**  
17                             **ACTIONS, DEPOSIT ACCOUNTS, AND**  
18                             **CONSUMER LEASES.**

19                             (a) OPEN END CREDIT PLANS.—Section 143 of the  
20                             Truth in Lending Act (15 U.S.C. 1663) is amended—

21                             (1) by striking “No advertisement” and insert-  
22                             ing “(a) IN GENERAL.—No advertisement”; and  
23                             (2) by adding at the end the following new sub-  
24                             sections:

1       “(b) RADIO ADVERTISEMENTS.—In order to provide  
2 a practical alternative for complying with the disclosure  
3 requirements of subsection (a) at the option of a creditor,  
4 an advertisement by radio broadcast to aid, promote, or  
5 assist, directly or indirectly, the extension of consumer  
6 credit under an open end credit plan shall be deemed to  
7 meet the requirements of subsection (a) if the advertise-  
8 ment, clearly and conspicuously—

9           “(1) states any periodic rate that may be ap-  
10 plied under the plan, expressed as an annual per-  
11 centage rate;

12           “(2) states that a variable periodic rate applies  
13 under the plan, if such a rate applies; and

14           “(3) includes—

15              “(A) a referral to—

16                  “(i) a toll-free telephone number that  
17 may be used by consumers to obtain the  
18 information required under subsection (a)  
19 in accordance with subsection (c); or

20                  “(ii) an advertisement that—

21                      “(I) appears in a publication in  
22 general circulation in the community  
23 served by the radio station (on which  
24 such advertisement is broadcast) dur-  
25 ing the period beginning 7 days before

1                   the broadcast and ending 7 days after  
2                   the broadcast; and

3                   “(II) includes the information re-  
4                   quired to be disclosed under sub-  
5                   section (a); and

6                   “(B) in any case to which subparagraph  
7                   (A)(ii) applies, the name and date of the publi-  
8                   cation.

9                 “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE  
10                 NUMBER.—

11                 “(1) IN GENERAL.—In the case of an advertise-  
12                 ment described in subsection (b) or section 144(e) or  
13                 147(b) which includes a referral to a toll-free tele-  
14                 phone number in accordance with such subsection or  
15                 section, a creditor that offers the credit which such  
16                 advertisement aids, supports, or assists shall—

17                 “(A) establish the telephone number by not  
18                 later than the date on which any advertisement  
19                 is broadcast which includes a referral to the  
20                 number; and

21                 “(B) maintain the telephone number at  
22                 least until the end of the 7-day period begin-  
23                 ning on the date of any such broadcast.

24                 “(2) AVAILABILITY OF INFORMATION.—

1                 “(A) IN GENERAL.—The creditor referred  
2                 to in paragraph (1) shall provide the informa-  
3                 tion required under subsection (a) with respect  
4                 to the open end credit plan for which the toll-  
5                 free telephone line is established to any person  
6                 who calls such number in response to an adver-  
7                 tisement by radio broadcast.

8                 “(B) FORM OF INFORMATION.—The infor-  
9                 mation required to be provided under subpara-  
10                 graph (A) may be provided orally or by offering  
11                 to mail a written copy of such information to  
12                 such person.”.

13                 (b) CREDIT OTHER THAN UNDER OPEN END CRED-  
14 IT PLANS.—Section 144 of the Truth in Lending Act (15  
15 U.S.C. 1664) is amended—

16                 (1) in subsection (a) by inserting “APPLICA-  
17 TION GENERALLY.” before “Except as provided”;

18                 (2) in subsection (b) by inserting “LIMITATION  
19 ON APPLICATION.” before “The provisions”;

20                 (3) in subsection (c) by inserting “DISCLO-  
21 SURES REGARDING FINANCE CHARGES.” before  
22 “If any”;

23                 (4) in subsection (d) by inserting “OTHER RE-  
24 QUIRED DISCLOSURES.” before “If any advertise-  
25 ment”; and

1                         (5) by adding at the end the following new sub-  
2                         section:

3                         “(e) RADIO ADVERTISEMENTS.—In order to provide  
4                         a practical alternative for complying with the disclosure  
5                         requirements of subsection (d) at the option of the credi-  
6                         tor, an advertisement by radio broadcast to aid, promote,  
7                         or assist, directly or indirectly, any consumer credit sale,  
8                         loan, or other extension of credit subject to this title, other  
9                         than an open end consumer credit plan, shall be deemed  
10                         to meet the requirements of subsection (d) if the advertise-  
11                         ment, clearly and conspicuously—

12                         “(1) states the rate of the finance charge, ex-  
13                         pressed as an annual percentage rate;

14                         “(2) states that the rate of finance charge may  
15                         be increased after the date on which credit is ex-  
16                         tended, if such an increase is authorized under the  
17                         terms of the extension of credit to which the adver-  
18                         tisement relates; and

19                         “(3) includes—

20                         “(A) a referral to—

21                         “(i) a toll-free telephone number that  
22                         may be used by consumers to obtain, in ac-  
23                         cordance with section 143(c), the informa-  
24                         tion required under subsection (d); or

25                         “(ii) an advertisement that—

1                         “(I) appears in a publication in  
2                         general circulation in the community  
3                         served by the radio station (on which  
4                         such advertisement is broadcast) dur-  
5                         ing the period beginning 7 days before  
6                         the broadcast and ending 7 days after  
7                         the broadcast; and

8                         “(II) includes the information re-  
9                         quired to be disclosed under sub-  
10                         section (d); and

11                         “(B) in any case to which subparagraph  
12                         (A)(ii) applies, the name and date of the publi-  
13                         cation.”.

14                         (c) CREDIT PLANS SECURED BY CONSUMER'S PRIN-

15                         CIPAL DWELLING.—Section 147 of the Truth in Lending

16                         Act (15 U.S.C. 1665b) is amended—

17                         (1) by redesignating subsections (b), (c), (d),  
18                         (e), and (f) as subsections (c), (d), (e), (f), and (g),  
19                         respectively; and

20                         (2) by inserting after subsection (a) the follow-  
21                         ing:

22                         “(b) RADIO ADVERTISEMENTS.—In order to provide  
23                         a practical alternative for complying with the disclosure  
24                         requirements of subsection (a) at the option of a creditor,  
25                         an advertisement by radio broadcast to aid, promote, or

1 assist, directly or indirectly, the extension of consumer  
2 credit under an open end consumer credit plan under  
3 which extensions of credit are secured by a consumer's  
4 principal dwelling shall be deemed to meet the require-  
5 ments of subsection (a) if the advertisement, clearly and  
6 conspicuously—

7           “(1) contains the information described in para-  
8       graphs (2) and (3) of subsection (a); and

9           “(2) includes—

10           “(A) a referral to—

11            “(i) a toll-free telephone number that  
12       may be used by consumers to obtain the  
13       information required under subsection (a)  
14       in accordance with section 143(c); or

15            “(ii) an advertisement that—

16              “(I) appears in a publication in  
17       general circulation in the community  
18       served by the radio station (on which  
19       such advertisement is broadcast) dur-  
20       ing the period beginning 7 days before  
21       the broadcast and ending 7 days after  
22       the broadcast; and

23              “(II) includes the information re-  
24       quired to be disclosed under sub-  
25       section (a); and

1               “(B) in any case to which subparagraph  
2               (A)(ii) applies, the name and date of the publi-  
3               cation.”.

4       (d) DEPOSITS SUBJECT TO TRUTH IN SAVINGS.—  
5   Section 263(b) of the Truth in Savings Act (12 U.S.C.  
6 4302(b)) is amended—

7               (1) by striking “EXCEPTION.—The Board  
8               may—” and inserting “EXCEPTION.—  
9               “(1) IN GENERAL.—The Board may”; and  
10          (2) by adding at the end the following new  
11               paragraph:

12               “(2) RADIO ADVERTISEMENTS.—Paragraphs  
13               (4), (5), and (6) of subsection (a) shall not apply  
14               with respect to an advertisement, announcement, or  
15               solicitation (which is otherwise subject to such sub-  
16               section) by radio broadcast.”.

17       (e) CONSUMER LEASES.—Section 184 of the Truth  
18   in Leasing Act is amended—

19               (1) by redesignating subsection (b) as sub-  
20               section (d); and

21               (2) by inserting after subsection (a) the follow-  
22               ing new subsections:

23               “(b) RADIO ADVERTISEMENTS.—In order to provide  
24               a practical alternative for complying with the disclosure  
25               requirements of subsection (a) at the option of a lessor,

1 an advertisement by radio broadcast to aid, promote, or  
2 assist, directly or indirectly, any consumer lease shall be  
3 deemed to meet the requirements of subsection (a) if the  
4 advertisement, clearly and conspicuously—

5           “(1) states the information described in para-  
6       graphs (1) and (2) of subsection (a);

7           “(2) states the total amount of all payments re-  
8       quired under the lease; and

9           “(3) includes—

10           “(A) a referral to—

11           “(i) a toll-free telephone number that  
12       may be used by consumers to obtain the  
13       information required under subsection (a)  
14       in accordance with subsection (c); or

15           “(ii) an advertisement that—

16           “(I) appears in a publication in  
17       general circulation in the community  
18       served by the radio station (on which  
19       such advertisement is broadcast) dur-  
20       ing the period beginning 7 days before  
21       the broadcast and ending 7 days after  
22       the broadcast; and

23           “(II) includes the information re-  
24       quired to be disclosed under sub-  
25       section (a); and

1               “(B) in any case to which subparagraph  
2               (A)(ii) applies, the name and date of the publi-  
3               cation.

4               “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE  
5               NUMBER.—

6               “(1) IN GENERAL.—In the case of an advertise-  
7               ment described in subsection (b) which includes a re-  
8               ferral to a toll-free telephone number in accordance  
9               with such subsection, a lessor who offers the  
10              consumer lease which such advertisement aids, sup-  
11              ports, or assists shall—

12              “(A) establish the telephone number by not  
13              later than the date on which an advertisement  
14              is broadcast which includes a referral to the  
15              number; and

16              “(B) maintain the telephone number at  
17              least until the end of the 7-day period begin-  
18              ning on the date of any such broadcast.

19              “(2) AVAILABILITY OF INFORMATION.—

20              “(A) IN GENERAL.—The lessor referred to  
21              in paragraph (1) shall provide the information  
22              required under subsection (a) with respect to  
23              the consumer lease for which the toll-free tele-  
24              phone line is established to any person who

1       calls such number in response to an advertise-  
2       ment by radio broadcast.

3           “(B) FORM OF INFORMATION.—The infor-  
4       mation required to be provided under subpara-  
5       graph (A) may be provided orally or by offering  
6       to mail a written copy of such information to  
7       such person.”.

8 **Subtitle D—Reports, Studies,  
9       Streamlined Regulatory Re-  
10      quirements**

11 **SEC. 131. STUDY ON CAPITAL STANDARDS AND THEIR IM-  
12      PACT ON THE ECONOMY.**

13       (a) IN GENERAL.—The Secretary of the Treasury, in  
14       consultation with the Federal banking agencies, shall con-  
15       duct a study of the effect that the implementation of risk-  
16       based capital standards, including the Basle international  
17       capital standards, is having on—

18           (1) the safety and soundness of insured deposi-  
19       tory institutions;

20           (2) the availability of credit, particularly to in-  
21       dividuals and small businesses; and

22           (3) economic growth.

23       (b) REPORT.—

24           (1) IN GENERAL.—Before the end of the 1-year  
25       period beginning on the date of the enactment of

1       this Act, the Secretary of the Treasury shall submit  
2       a report to the Congress on the findings and conclu-  
3       sions of the Secretary with respect to the study con-  
4       ducted under subsection (a).

5           (2) RECOMMENDATIONS.—The report shall con-  
6       tain any recommendations with respect to capital  
7       standards that the Secretary of the Treasury may  
8       determine to be appropriate.

9           (c) DEFINITIONS.—For purposes of this section, the  
10      terms “Federal banking agency” and “insured depository  
11      institution” have the meanings given to such terms in sec-  
12      tion 3 of the Federal Deposit Insurance Act.

13 **SEC. 132. STUDY OF THE CONSUMER CREDIT SYSTEM.**

14           (a) IN GENERAL.—The Secretary of the Treasury, in  
15      consultation with the Board of Governors of the Federal  
16      Reserve System, the Administrator of the Small Business  
17      Administration, the Secretary of Housing and Urban De-  
18      velopment, and the other Federal banking agencies, shall  
19      conduct a study of the manner in which and the extent  
20      to which credit is made available for consumers and small  
21      businesses in order to identify procedures which have the  
22      effect of—

23                  (1) reducing the amount of credit available for  
24                  such purposes or the number of persons eligible for  
25                  such credit; and

8 (b) REPORT.—

19 (c) DEFINITIONS.—For purposes of this section, the  
20 terms “Federal banking agency” and “insured depository  
21 institution” have the meanings given to such terms in sec-  
22 tion 3 of the Federal Deposit Insurance Act.

1   **SEC. 133. STUDIES ON THE IMPACT OF THE PAYMENT OF**  
2                   **INTEREST ON RESERVES.**

3                 (a) FEDERAL RESERVE STUDY.—Not later than 180  
4 days after the date of enactment of this Act, the Board  
5 of Governors of the Federal Reserve System, in consulta-  
6 tion with the Federal Deposit Insurance Corporation and  
7 the National Credit Union Administration, shall conduct  
8 a study and report to Congress on—

9                         (1) the necessity, for monetary policy purposes,  
10 of continuing to require insured depository institu-  
11 tions to maintain sterile reserves;

12                         (2) the appropriateness of paying a market rate  
13 of interest to insured depository institutions on ster-  
14 ile reserves or, in the alternative, providing for pay-  
15 ment of such interest into the appropriate deposit  
16 insurance fund;

17                         (3) the monetary impact that the failure to pay  
18 interest on sterile reserves has had on insured depos-  
19 itory institutions, including an estimate of the total  
20 dollar amount of interest and the potential income  
21 lost by insured depository institutions; and

22                         (4) the impact that the failure to pay interest  
23 on sterile reserves has had on the ability of the  
24 banking industry to compete with nonbanking pro-  
25 viders of financial services and with foreign banks.

1       (b) BUDGETARY IMPACT STUDY.—Not later than  
2 180 days after the date of enactment of this Act, the Di-  
3 rector of the Office of Management and Budget and the  
4 Director of the Congressional Budget Office, in consulta-  
5 tion with the Committees on the Budget of the Senate and  
6 the House of Representatives, shall each conduct a study  
7 and report to the Congress on the budgetary impact of—

8             (1) paying a market rate of interest to insured  
9 depository institutions on sterile reserves; and  
10             (2) paying such interest into the respective  
11 deposit insurance funds.

12       (c) INSURED DEPOSITORY INSTITUTION DEFINED.—  
13 For purposes of this section, the term “insured depository  
14 institution”—

15             (1) has the meaning given to such term in sec-  
16 tion 3(c) of the Federal Deposit Insurance Act; and  
17             (2) includes an insured credit union (as defined  
18 in section 101 of the Federal Credit Union Act).

19 **SEC. 134. STREAMLINING OF REGULATORY REQUIRE-  
20 MENTS.**

21       (a) REVIEW OF REGULATIONS; REGULATORY UNI-  
22 FORMITY.—During the 2-year period beginning on the  
23 date of the enactment of this Act, each Federal banking  
24 agency shall, consistent with principles of safety and  
25 soundness and the public interest—

1                         (1) conduct a review of the regulations and  
2 written policies of that agency to—

3                             (A) streamline those regulations and poli-  
4 cies in order to improve efficiency, reduce un-  
5 necessary costs, and eliminate unwarranted con-  
6 straints on credit availability;

7                             (B) remove inconsistencies and outmoded  
8 and duplicative requirements; and

9                             (C) with respect to regulations prescribed  
10 pursuant to section 18(o) of the Federal De-  
11 posit Insurance Act, consider the impact that  
12 such standards have on the availability of credit  
13 for small business, residential, and agricultural  
14 purposes, and on low- and moderate-income  
15 communities;

16                         (2) work jointly with the other Federal banking  
17 agencies to make uniform all regulations and guide-  
18 lines implementing common statutory or supervisory  
19 policies; and

20                         (3) review what information is collected under  
21 the fair housing data system, from which institu-  
22 tions the information is collected, how the informa-  
23 tion collected is used, and how that information  
24 compares with information collected under the Home  
25 Mortgage Disclosure Act of 1975.

1       (b) REVIEW OF DISCLOSURES.—The Board of Gov-  
2 ernors of the Federal Reserve System, in consultation with  
3 the consumer advisory council to such Board, shall—

4           (1) review the regulations and written policies  
5           of the Board with respect to disclosures pursuant to  
6           the Truth in Lending Act with regard to variable-  
7           rate mortgages in order to simplify the disclosures  
8           and make the disclosures more meaningful for con-  
9           sumers; and

10          (2) implement any regulatory changes, if appro-  
11          priate, consistent with applicable law.

12          (c) REPORT TO CONGRESS.—The Federal banking  
13 agencies shall submit a joint report to the Congress annu-  
14 ally for 3 years following the date of the enactment of this  
15 Act detailing the progress of the agencies in carrying out  
16 the requirements of subsection (a).

17 **SEC. 135. CALL REPORT SIMPLIFICATION.**

18          (a) MODERNIZATION OF CALL REPORT FILING AND  
19 DISCLOSURE SYSTEM.—In order to reduce the adminis-  
20 trative requirements pertaining to bank reports of condi-  
21 tion, savings association financial reports, and bank hold-  
22 ing company consolidated financial statements, and to im-  
23 prove the timeliness of such reports and statements, the  
24 Federal banking agencies shall—

1                         (1) work jointly to develop a system under  
2 which—

3                             (A) insured depository institutions and  
4 their affiliates may file such reports and state-  
5 ments electronically; and

6                             (B) the Federal banking agencies may  
7 make such reports and statements available to  
8 the public electronically; and

9                         (2) not later than 1 year after the date of the  
10 enactment of this Act, submit a report to the Con-  
11 gress containing recommendations for legislation  
12 that would enhance efficiency for filers and users of  
13 such reports and statements.

14                         (b) UNIFORM REPORTS AND SIMPLIFICATION OF IN-  
15 STRUCTURES.—The Federal banking agencies shall, con-  
16 sistent with the principles of safety and soundness, work  
17 jointly to—

18                             (1) adopt a single form for the filing of core in-  
19 formation required to be submitted under Federal  
20 law to all such agencies in the reports and state-  
21 ments referred to in subsection (a);

22                             (2) simplify instructions accompanying such re-  
23 ports and statements; and

24                             (3) provide an index to the instructions that is  
25 adequate to meet the needs of both filers and users.

1       (c) REVIEW OF CALL REPORT SCHEDULE.—Each  
2 Federal banking agency shall—

3           (1) review the information required by schedules supplementing the core information referred to in subsection (b); and

6           (2) eliminate requirements that are not warranted for reasons of safety and soundness or other public purposes.

9 **SEC. 136. ADMINISTRATIVE CONSIDERATION OF BURDEN**

10           **WITH NEW REGULATIONS.**

11       (a) IN GENERAL.—In determining the effective date  
12 and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or  
14 other requirements on insured depository institutions,  
15 each Federal banking agency (as defined in section 3 of  
16 the Federal Deposit Insurance Act) shall consider, consist-  
17 ent with the principles of safety and soundness and the  
18 public interest—

19           (1) any administrative burdens that such regulations would place on depository institutions, in-  
21 cluding small depository institutions, and customers  
22 of depository institutions; and

23           (2) the benefits of such regulations.

24       (b) ADEQUATE TRANSITION PERIOD FOR NEW REG-  
25 ULATIONS.—

1                         (1) IN GENERAL.—New regulations and amend-  
2                         ments to regulations prescribed by a Federal bank-  
3                         ing agency which impose additional reporting, disclo-  
4                         sures, or other new requirements on insured deposi-  
5                         tory institutions shall take effect on the 1st day of  
6                         the calendar quarter which begins at or after the  
7                         end of the 90-day period beginning on the date the  
8                         regulations are published in final form unless—

9                                     (A) the agency makes a finding that—  
10   (i) an emergency exists which requires  
11   the regulation to take effect before the 1st  
12   day of such calendar quarter; or

13                                     (ii) a delay would have a substantial  
14   impact upon the safety and soundness of  
15   insured depository institutions;

16                                     (B) the regulation is issued by the Board  
17   of Governors of the Federal Reserve System in  
18   connection with the implementation of monetary  
19   policy; or

20                                     (C) the regulation is required to take effect  
21   on a date other than the date determined under  
22   this paragraph pursuant to any other Act of  
23   Congress.

24                                     (2) EARLY COMPLIANCE.—Any person who is  
25   subject to a regulation described in paragraph (1)

1       may comply with the regulation before the effective  
2       date of the regulation.

3 **SEC. 137. ELIMINATION OF DUPLICATIVE FILINGS.**

4       The Federal banking agencies (as defined in section  
5 3(z) of the Federal Deposit Insurance Act) shall work  
6 jointly—

7                 (1) to eliminate, to the extent practicable, du-  
8       plicative or otherwise unnecessary requests for infor-  
9       mation in connection with applications or notices to  
10      the agencies; and

11                 (2) to harmonize, to the extent practicable, any  
12      inconsistent publication and public notice require-  
13      ments.

14 **SEC. 138. RE COURSE AGREEMENTS.**

15       The Federal banking agencies (as defined in section  
16 3(z) of the Federal Deposit Insurance Act) shall jointly—

17                 (1) review the manner in which loans sold with  
18      recourse by insured depository institutions are treat-  
19      ed under capital standards and other accounting  
20      principles applicable with respect to such insured de-  
21      pository institutions; and

22                 (2) revise any such standard or principle in ac-  
23      cordance with the findings and conclusions of the  
24      agencies pursuant to such review before the end of  
25      the 1-year period beginning on the date of the enact-

1       ment of this Act, except the revision may not be less  
2       stringent than generally accepted accounting prin-  
3       ciples.

4 **SEC. 139. ANTITRUST REPORTS IN CONNECTION WITH**  
5                   **MERGER TRANSACTIONS.**

6       (a) BANKING AGENCY REPORTS.—Section 18(c)(4)  
7 of the Federal Deposit Insurance Act (12 U.S.C.  
8 1828(c)(4)) is amended by adding at the end the following  
9 new sentence: ‘‘Notwithstanding the preceding sentence,  
10 a banking agency shall not be required to file a report  
11 requested by the responsible agency under this paragraph  
12 if the other banking agency advises the responsible agency  
13 by the applicable date under the preceding sentence that  
14 the report is not necessary because none of the effects de-  
15 scribed in paragraph (5) is likely to occur as a result of  
16 the transaction.’’.

17       (b) LIMITATION ON DELAY OF CONSUMMATION OF  
18 TRANSACTION.—The last sentence of section 18(c)(6) of  
19 the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6))  
20 is amended by inserting before the period at the end the  
21 following :‘‘, unless the agency is advised by the other 2  
22 banking agencies before such date that the reports re-  
23 quired under paragraph (4) on the anticompetitive effects  
24 of the transaction are not necessary because none of the

1 effects described in paragraph (5) is likely to occur as a  
2 result of the transaction".

3 **SEC. 140. BANKERS' BANKS.**

4 (a) OWNERSHIP BY DEPOSITORY INSTITUTION  
5 HOLDING COMPANIES.—

6 (1) PROVISION RELATING TO NATIONAL BANK  
7 INVESTMENTS.—The 5th proviso of the 7th undesig-  
8 nated paragraph of section 5136 of the Revised  
9 Statutes of the United States (12 U.S.C. 24) is  
10 amended by inserting "or by depository institution  
11 holding companies (as defined in section 3(w) of the  
12 Federal Deposit Insurance Act)" after "is owned ex-  
13clusively (except to the extent directors' qualifying  
14 shares are required by law) by depository institu-  
15tions".

16 (2) PROVISION RELATING TO NATIONAL BANK  
17 CHARTERS.—Section 5169(b)(1) of the Revised  
18 Statutes of the United States (12 U.S.C. 27(b)(1))  
19 is amended by inserting "or by depository institution  
20 holding companies (as defined in section 3(w) of the  
21 Federal Deposit Insurance Act)" after "is owned ex-  
22clusively (except to the extent directors' qualifying  
23 shares are required by law) by other depository insti-  
24tutions".

1       (b) OWNERSHIP BY SAVINGS ASSOCIATIONS.—Sec-  
2 tion 5(c)(4) of the Home Owners' Loan Act (12 U.S.C.  
3 1464(c)(4)) is amended by adding at the end the following  
4 new subparagraph:

5                 “(E) BANKERS' BANKS.—A Federal sav-  
6       ings association may purchase, for the associa-  
7       tion's own account, shares of stock of a bank-  
8       ers' bank or holding company described in the  
9       5th proviso of the 7th undesignated paragraph  
10      of section 5136 of the Revised Statutes of the  
11      United States or section 5169(b) of such Re-  
12      vised Statutes on the same terms and condi-  
13      tions a national bank may purchase such  
14      shares.”.

15       (c) TECHNICAL AND CONFORMING AMENDMENTS.—  
16                 (1) BANK HOLDING COMPANY ACT.—Section  
17      3(e) of the Bank Holding Company Act of 1956 (12  
18      U.S.C. 1842(e)) is amended by striking the second  
19      sentence.

20                 (2) DEPOSITORY INSTITUTION MANAGEMENT  
21      INTERLOCKS ACT AMENDMENT.—Section 202(3)(D)  
22      of the Depository Institution Management Interlocks  
23      Act (12 U.S.C. 3201(3)(D)) is amended by striking  
24      “the voting securities” the 1st place such term ap-  
25      pears and all that follows through “the surplus of

1 such other bank; or" and inserting "which is a  
2 bankers' bank described in the 5th proviso of the  
3 7th undesignated paragraph of section 5136 of the  
4 Revised Statutes of the United States; or".

5 (d) SERVICES.—

6 (1) PROVISION RELATING TO NATIONAL BANK  
7 INVESTMENTS.—The 5th proviso of the 7th undesig-  
8 nated paragraph of section 5136 of the Revised  
9 Statutes of the United States (12 U.S.C. 24) is  
10 amended by striking "engaged exclusively in provid-  
11 ing services for other depository institutions and  
12 their officers, directors and employees" and inserting  
13 "engaged exclusively in providing services to or for  
14 other depository institutions and their officers, direc-  
15 tors and employees and providing correspondent  
16 banking services at the request of other depository  
17 institutions (any such bank or company is commonly  
18 referred to as a 'bankers' bank')".

19 (2) PROVISION RELATING TO NATIONAL BANK  
20 CHARTERS.—Section 5169(b)(1) of the Revised  
21 Statutes of the United States (12 U.S.C. 27(b)(1))  
22 is amended by striking "engage exclusively in pro-  
23 viding services for other depository institutions and  
24 their officers, directors and employees" and inserting  
25 "engage exclusively in providing services to or for

1 other depository institutions and their officers, direc-  
2 tors and employees and providing correspondent  
3 banking services at the request of other depository  
4 institutions (any such association is commonly re-  
5 ferred to as a ‘bankers’ bank’”).

6 **SEC. 141. DUE PROCESS PROTECTIONS RELATING TO AT-**

7 **TACHMENT OF ASSETS.**

8 Section 8 of the Federal Deposit Insurance Act (12  
9 U.S.C. 1818) is amended—

10 (1) by striking subsection (i)(4)(B) and insert-  
11 ing the following new subparagraph:

12 “(B) STANDARD.—

13 “(i) SHOWING.—Rule 65 of the Fed-  
14 eral Rules of Civil Procedure shall apply  
15 with respect to any proceeding under sub-  
16 paragraph (A) without regard to the re-  
17 quirement of such rule that the applicant  
18 show that the injury, loss, or damage is ir-  
19 reparable and immediate.

20 “(ii) STATE PROCEEDING.—If, in the  
21 case of any proceeding in a State court,  
22 the court determines that rules of civil pro-  
23 cedure available under the laws of such  
24 State provide substantially similar protec-  
25 tions to such party’s right to due process

1                   as Rule 65 (as modified with respect to  
2                   such proceeding by clause (i)), the relief  
3                   sought under subparagraph (A) may be re-  
4                   quested under the laws of such State.”;  
5                   and

6                   (2) in subsection (b), by adding the following  
7                   new paragraph:

8                   “(9) STANDARD FOR CERTAIN ORDERS.—No  
9                   authority under this subsection or subsection (c) to  
10                  prohibit any institution-affiliated party from with-  
11                  drawing, transferring, removing, dissipating, or dis-  
12                  posing of any funds, assets, or other property may  
13                  be exercised unless the agency meets the standards  
14                  of Rule 65 of the Federal Rules of Civil Procedure  
15                  without regard to the requirement of such rule that  
16                  the applicant show that the injury, loss, or damage  
17                  is irreparable and immediate.”.

18 **SEC. 142. TIME LIMIT ON AGENCY CONSIDERATION OF**  
19                   **COMPLETED APPLICATIONS.**

20                   (a) IN GENERAL.—Each Federal banking agency (as  
21                  defined in section 3(z) of the Federal Deposit Insurance  
22                  Act) shall take final action on any application to the agen-  
23                  cy before the end of the 1-year period beginning on the  
24                  date a completed application is received by the agency.

1       (b) WAIVER BY APPLICANT AUTHORIZED.—Any per-  
2 son submitting an application to a Federal banking agency  
3 may waive the applicability of subsection (a) with respect  
4 to such application at any time.

5 **SEC. 143. TIMELY COMPLETION OF CRA REVIEW.**

6       The comprehensive regulatory review of the Commu-  
7 nity Reinvestment Act of 1977 that, as of the date of the  
8 enactment of this Act, is being conducted by the Federal  
9 banking agencies, shall be completed before the end of the  
10 6-month period beginning on such date of enactment.

11 **SEC. 144. REVISIONS OF STANDARDS.**

12       Section 305(b)(1) of the Federal Deposit Insurance  
13 Corporation Improvement Act of 1991 (12 U.S.C. 1828  
14 note) is amended—

15               (1) by striking “and” at the end of subpara-  
16 graph (A);

17               (2) by striking the period at the end of sub-  
18 paragraph (B) and inserting “; and”; and

19               (3) by adding at the end the following new sub-  
20 paragraph:

21               “(C) ensure that such revisions take into  
22 account the size and activities of the institu-  
23 tions and do not cause undue reporting bur-  
24 dens.”.

1   **SEC. 145. FEASIBILITY STUDY OF DATA BANK.**

2       (a) IN GENERAL.—Not later than 18 months after  
3   the date of the enactment of this Act, the Financial Insti-  
4   tutions Examination Council shall study the feasibility, in-  
5   cluding the costs and benefits to insured depository insti-  
6   tutions, of establishing and maintaining a data bank for  
7   reports submitted by any depository institution to a Fed-  
8   eral banking agency and report the results of such study  
9   to the Congress.

10     (b) ADDITIONAL FACTORS.—The study under sub-  
11   section (a) shall consider the feasibility of—

12           (1) permitting depository institutions to file re-  
13   ports directly with the data bank; and  
14           (2) permitting Federal banking agencies, State  
15   bank supervisors, and the public to obtain access to  
16   any appropriate report on file with the data bank  
17   which such agency or supervisor or the public is oth-  
18   erwise authorized to receive.

19   **TITLE II—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS**

20   **SEC. 201. SHORT TITLE; TABLE OF CONTENTS.**

21       (a) SHORT TITLE.—This title may be cited as the  
22   “Community Development Banking and Financial Institu-  
23   tions Act of 1993”.

24       (b) TABLE OF CONTENTS.—

## TITLE II—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- Sec. 201. Short title; table of contents.
- Sec. 202. Findings and purpose.
- Sec. 203. Definitions.
- Sec. 204. Establishment of National Fund for Community Development Banking.
- Sec. 205. Applications for assistance.
- Sec. 206. Community development partnerships.
- Sec. 207. Selection of institutions.
- Sec. 208. Assistance provided by the Fund.
- Sec. 209. Capitalization assistance to enhance liquidity.
- Sec. 210. Encouragement of private entities.
- Sec. 211. Clearinghouse function.
- Sec. 212. Training assistance for organizing and operating community development financial institutions.
- Sec. 213. Recordkeeping, reports, and audits.
- Sec. 214. Investment of receipts and proceeds.
- Sec. 215. Enforcement provisions.
- Sec. 216. Authorization of appropriations.
- Sec. 217. Conforming amendment.
- Sec. 218. Appointment of Community Enterprise Assessment Credit Board.
- Sec. 219. Community development credit union assistance.
- Sec. 220. Insured community development financial institution access to Federal home loan bank advances.
- Sec. 221. Community investment program incentives.
- Sec. 222. 30 percent lending cap increased.

1 **SEC. 202. FINDINGS AND PURPOSE.**

2       (a) FINDINGS.—The Congress finds that—

3               (1) many of the Nation's urban and rural com-  
4               munities and Indian reservations face critical social  
5               and economic problems arising in part from the lack  
6               of economic growth, people living in poverty, and the  
7               lack of employment and other opportunities;8               (2) the restoration and maintenance of the  
9               economies of these communities will require coordi-  
10              nated development strategies, intensive supportive  
11              services, and increased access to capital and credit  
12              for development activities, including investment in  
13              businesses, housing, commercial real estate, human

1 development, and other activities that promote the  
2 long-term economic and social viability of the com-  
3 munity;

4 (3) in many urban and rural communities, low-  
5 and moderate-income neighborhoods, and Indian res-  
6 erations, there is a shortage of capital and credit  
7 for business and affordable housing;

8 (4) access to capital and credit is essential to  
9 unleash the untapped entrepreneurial energy of  
10 America's poorest communities and to empower indi-  
11 viduals and communities to become self-sufficient;  
12 and

13 (5) community development financial institu-  
14 tions have proven their ability to identify and re-  
15 spond to community needs for capital, credit, and  
16 development services in the absence of, or as a com-  
17 plement to, services provided by other lenders.

18 (b) PURPOSES.—The purposes of this title are as fol-  
19 lows:

20 (1) To create a Community Development Bank-  
21 ing and Financial Institutions Fund that will sup-  
22 port a program for making investments in and pro-  
23 viding assistance to community development finan-  
24 cial institutions, including enhancing the liquidity of  
25 community development financial institutions.

1                         (2) To enable the Community Development  
2                         Banking and Financial Institutions Fund to—  
3                             (A) provide financial and technical assist-  
4                         ance, including training, to community develop-  
5                         ment financial institutions;  
6                             (B) serve as a national information clear-  
7                         inghouse; and  
8                             (C) be an institutional voice for community  
9                         development.  
10                         (3) To provide for the establishment of, or qual-  
11                         ification of existing financial institutions as, commu-  
12                         nity development financial institutions that, with the  
13                         support of the Community Development Banking  
14                         and Financial Institutions Fund, will provide capital,  
15                         credit, and development services to targeted invest-  
16                         ment areas or populations, and will promote eco-  
17                         nomic revitalization and community development.

18 **SEC. 203. DEFINITIONS.**

19                         For purposes of this title—

- 20                         (1) **AFFILIATE.**—The term ‘affiliate’ has the  
21                         meaning given to such term in section 2(k) of the  
22                         Bank Holding Company Act of 1956.  
23                         (2) **APPROPRIATE FEDERAL BANKING AGEN-**  
24                         **CY.**—The term “appropriate Federal banking agen-

1       cy” has the meaning given to such term in section  
2       3(q) of the Federal Deposit Insurance Act.

3                     (3) COMMUNITY DEVELOPMENT FINANCIAL IN-  
4                     STITUTION.—

5                     (A) IN GENERAL.—The term “community  
6                     development financial institution” means any  
7                     bank, savings association, depository institution  
8                     holding company (subject to section 205(d)),  
9                     credit union, microenterprise loan fund, com-  
10                  munity development corporation, community de-  
11                  velopment revolving loan fund, minority-owned  
12                  or other insured depository institution, or  
13                  nondepository organization that—

14                         (i) has as the institution’s primary  
15                     mission the promotion of community devel-  
16                  opment through the provision of capital,  
17                  credit, or development services, directly,  
18                  through an affiliate, or through a commu-  
19                  nity development partner, in the institu-  
20                  tion’s investment areas or to targeted pop-  
21                  ulations; and

22                         (ii) encourages, through representa-  
23                  tion on the institution’s governing board or  
24                  otherwise, the input of residents in the in-  
25                  vestment areas or the targeted populations.



1 company” has the meaning given to such term in  
2 section 3(w) of the Federal Deposit Insurance Act.

3 (7) DEVELOPMENT SERVICES.—The term “de-  
4 velopment services” means activities conducted by a  
5 community development financial institution or com-  
6 munity development partner that promote commu-  
7 nity development by developing, supporting, and  
8 strengthening the lending, investment, and capacity-  
9 building activities undertaken by institutions, includ-  
10 ing—

11 (A) business planning services;  
12 (B) financial and credit counseling serv-  
13 ices;  
14 (C) marketing and management assistance;  
15 and  
16 (D) administrative activities associated  
17 with lending or investment.

18 (8) INDIAN RESERVATION.—The term “Indian  
19 reservation” includes public domain Indian allot-  
20 ments, former Indian reservations in the State of  
21 Oklahoma, land held by incorporated Native groups,  
22 regional corporations and village corporations (as de-  
23 fined in or established pursuant to the Alaska Na-  
24 tive Claims Settlement Act), and dependent Indian  
25 communities within the borders of the United

1 States, whether within the original or subsequently  
2 acquired territory of the United States and whether  
3 within or without the borders of a State.

4 (9) INDIAN TRIBE.—The term “Indian tribe”  
5 means any Indian tribe, band, pueblo, nation, or  
6 other organized group or community, including any  
7 Alaska Native village or regional or village corpora-  
8 tion as defined in or established pursuant to the  
9 Alaska Native Claims Settlement Act, which is rec-  
10ognized as eligible for the special programs and serv-  
11ices provided by the United States to Indians be-  
12cause of their status as Indians.

13 (10) INSURED COMMUNITY DEVELOPMENT FI-  
14 NANCIAL INSTITUTION.—The term “insured commu-  
15 nity development financial institution” means any  
16 community development financial institution that is  
17 an insured depository institution or an insured credit  
18 union.

19 (11) INSURED CREDIT UNION.—The term “in-  
20 sured credit union” has the meaning given to such  
21 term in section 101(7) of the Federal Credit Union  
22 Act.

23 (12) INSURED DEPOSITORY INSTITUTION.—The  
24 term “insured depository institution” has the mean-

1       ing given to such term in section 3(c) of the Federal  
2       Deposit Insurance Act.

3                 (13) INVESTMENT AREA.—The term “invest-  
4       ment area” means an identifiable community, in-  
5       cluding an Indian reservation, or identifiable com-  
6       munities that—

7                     (A) meet objective criteria of distress, in-  
8       cluding the number of low-income families, the  
9       extent of poverty, the extent of unemployment,  
10      the extend of unmet credit needs, the degree of  
11      availability of basic financial services, the de-  
12      gree of limited access to capital and credit pro-  
13      vided by existing financial institutions, and  
14      other factors that the Fund determines to be  
15      appropriate; or

16                     (B) are located in an empowerment zone  
17      or enterprise community designated under sec-  
18      tion 1391 of the Internal Revenue Code of  
19      1986.

20                 (14) QUALIFIED COMMUNITY DEVELOPMENT  
21      FINANCIAL INSTITUTION.—The term “qualified com-  
22      munity development financial institution” means a  
23      community development financial institution that  
24      meets the requirements of paragraphs (2) through  
25      (8) of section 205(b).

(15) STATE.—The term “State” has the meaning given to such term in section 3 of the Federal Deposit Insurance Act.

(16) SUBSIDIARY.—The term “subsidiary” has the meaning given to such term in section 3 of the Federal Deposit Insurance Act, except that a community development institution that is a corporation shall not be considered to be a subsidiary of any insured depository institution or bank holding company that controls less than 25 percent of the voting shares of the corporation.

**17 SEC. 204. ESTABLISHMENT OF NATIONAL FUND FOR COM-**

**18 MUNITY DEVELOPMENT BANKING.**

19 (a) ESTABLISHMENT.—

1                         (2) SUCCESSION.—The Fund shall have succes-  
2 sion until dissolved.

3                         (3) RESERVATION OF POWER OF THE CON-  
4 GRESS.—The charter of the Fund may be revised,  
5 amended, or modified by Congress at any time.

6                         (4) OFFICES.—The offices of the Fund shall be  
7 in Washington, D.C.

8                         (b) BOARD OF DIRECTORS.—

9                         (1) IN GENERAL.—The powers and manage-  
10 ment of the Fund shall be vested in a Board of Di-  
11 rectors (hereafter referred to in this title as the  
12 “Board”), which shall have 15 members.

13                         (2) MEMBERS.—The members of the Board  
14 shall consist of the following:

15                             (A) The Secretary of Agriculture.

16                             (B) The Secretary of Commerce.

17                             (C) The Secretary of Housing and Urban  
18 Development.

19                             (D) The Secretary of the Interior.

20                             (E) The Secretary of the Treasury.

21                             (F) The Administrator of the Small Busi-  
22 ness Administration.

23                             (G) 9 private citizens, appointed by the  
24 President, who shall be selected, to the maxi-  
25 mum extent practicable, to provide for national

1 geographic representation and racial, ethnic,  
2 and gender diversity, and shall consist of the  
3 following individuals:

4 (i) 2 individuals who are officers of  
5 existing community development financial  
6 institutions.

7 (ii) 2 individuals who are officers of  
8 insured depository institutions (as such  
9 term is defined in section 3 of the Federal  
10 Deposit Insurance Act).

11 (iii) 2 individuals who are officers of  
12 national consumer or public interest orga-  
13 nizations.

14 (iv) 2 individuals who have expertise  
15 in community development.

16 (v) 1 individual who has personal ex-  
17 perience and specialized expertise in the  
18 unique lending and community develop-  
19 ment issues confronted by Indian tribes on  
20 Indian reservations.

21 (3) CHAIRPERSON.—The President shall ap-  
22 point from among the members of the Board speci-  
23 fied in paragraph (2)(G) a chairperson of the Board,  
24 who shall serve at the pleasure of the President for  
25 a term of 2 years.

1                             (4) VICE-CHAIRPERSON.—The President shall  
2 appoint from among the members specified in para-  
3 graph (2) a vice-chairperson who will serve as chair-  
4 person in the absence, disability, or recusal of the  
5 chairperson. The vice-chairperson shall serve at the  
6 pleasure of the President for a term of 2 years.

7                             (5) TERMS OF APPOINTED MEMBERS.—

8                                 (A) IN GENERAL.—Each member ap-  
9 pointed pursuant to paragraph (2)(G) shall  
10 serve at the pleasure of the President for a  
11 term of 4 years, except as provided in subpara-  
12 graph (C).

13                             (B) VACANCIES.—Any member appointed  
14 to fill a vacancy occurring before the expiration  
15 of the term for which the previous member was  
16 appointed shall be appointed for the remainder  
17 of such term. Appointed members may continue  
18 to serve following the expiration of their terms  
19 until a successor is appointed and qualified.

20                             (C) TERMS.—The terms of the initial ap-  
21 pointed members shall be for 4 years and shall  
22 begin on the date each member is appointed,  
23 except that 2 of the members initially appointed  
24 pursuant to paragraph (2)(G) shall be des-

1           ignated to serve at the pleasure of the President  
2           for 5 years.

3           (6) ACTING OFFICIALS.—In the event of a va-  
4           cancy or absence of the individual in any of the of-  
5           fices described in subparagraphs (A) through (F) of  
6           paragraph (2), the official acting in that office shall  
7           be a member of the Board.

8           (7) AUTHORITY TO DELEGATE.—Each member  
9           of the Board specified in subparagraphs (A) through  
10          (F) of paragraph (2) may designate another official  
11          who has been appointed by the President with the  
12          advice and consent of the Senate within the same  
13          agency to serve as a member in his or her stead.

14           (8) COMPENSATION.—

15           (A) GOVERNMENT OFFICERS OR EMPLOY-  
16          EES.—Members of the Board who are otherwise  
17          officers or employees of the United States shall  
18          serve without additional compensation for their  
19          duties as members, but shall be reimbursed by  
20          the Fund for travel, per diem, and other nec-  
21          essary expenses incurred in the performance of  
22          their duties, in accordance with sections 5702  
23          and 5703 of title 5, United States Code.

24           (B) APPOINTED MEMBERS.—The ap-  
25          pointed members of the Board shall be entitled

1           to receive compensation at the daily equivalent  
2           of the rate for a position under Level IV of the  
3           Executive Schedule under section 5315 of title  
4           5, United States Code, and shall be reimbursed  
5           by the Fund for travel, per diem, and other  
6           necessary expenses incurred in the performance  
7           of their duties, in accordance with sections  
8           5702 and 5703 of title 5, United States Code.

9           (9) MEETINGS.—The Board shall hold meetings  
10          at least quarterly. Special meetings of the Board  
11          may be called by the Chairperson or on the written  
12          request of 3 members of the Board. A majority of  
13          the members of the Board in office shall constitute  
14          a quorum.

15          (c) OFFICERS AND EMPLOYEES.—

16           (1) CHIEF EXECUTIVE OFFICER.—The Board  
17          shall appoint a chief executive officer who shall be  
18          responsible for the management of the Fund and  
19          such other duties deemed appropriate by the Board.

20           (2) CHIEF FINANCIAL OFFICER.—The Board  
21          shall appoint a chief financial officer who shall over-  
22          see all of the financial management activities of the  
23          Fund.

24           (3) INSPECTOR GENERAL.—The Board shall  
25          also appoint an inspector general.

1                             (4) OTHER OFFICERS AND EMPLOYEES.—The  
2                             Board may appoint such other officers and employ-  
3                             ees of the Fund as the Board determines to be nec-  
4                             essary or appropriate.

5                             (5) APPOINTMENT PROVISION AND RATES OF  
6                             PAY.—The chief executive officer, chief financial of-  
7                             ficer, and up to 3 other officers of the Fund may  
8                             be—

9                                 (A) appointed without regard to the provi-  
10                             sions of title 5 of the United States Code, gov-  
11                             erning appointments in the Federal service; and  
12                                 (B) subject to paragraph (6), compensated  
13                             without regard to chapter 51 and subchapter  
14                             III of chapter 53 of title 5 of the United States  
15                             Code,

16                             (6) MAXIMUM RATES OF PAY.—The rate of pay  
17                             for the chief executive officer shall not exceed the  
18                             rate for a position under Level II of the Executive  
19                             Schedule under section 5313 of title 5 of the United  
20                             States Code and the rate of pay for the remaining  
21                             4 officers shall not exceed the rate for a position  
22                             under Level IV of the Executive Schedule under sec-  
23                             tion 5315 of title 5 of the United States Code.

24                             (d) GENERAL POWERS.—In carrying out the Fund's  
25                             powers and duties, the Fund—

1                   (1) shall have all necessary and proper powers  
2 to carry out the Fund's authority under this title;

3                   (2) may adopt, alter, and use a corporate seal,  
4 which shall be judicially noticed;

5                   (3) may sue and be sued in the Fund's cor-  
6 porate name and complain and defend in any court  
7 of competent jurisdiction;

8                   (4) may adopt, amend, and repeal bylaws and  
9 regulations governing the manner in which the  
10 Fund's business may be conducted and shall have  
11 power to make such rules and regulations as may be  
12 necessary or appropriate to implement the provisions  
13 of this title;

14                  (5) may enter into and perform such agree-  
15 ments, contracts, and transactions as may be  
16 deemed necessary or appropriate to the conduct of  
17 activities authorized under this title;

18                  (6) may determine the character of and neces-  
19 sity for its expenditures and the manner in which  
20 they shall be incurred, allowed, and paid;

21                  (7) may utilize or employ the services of person-  
22 nel of any agency or instrumentality of the United  
23 States with the consent of the agency or instrumen-  
24 tality concerned on a reimbursable or  
25 nonreimbursable basis; and

1                         (8) may execute all instruments necessary or  
2 appropriate in the exercise of any of the Fund's  
3 functions under this title and may delegate to the  
4 members of the Board, to the chief executive officer,  
5 or the officers of the Fund such of the Fund's pow-  
6 ers and responsibilities as it deems necessary or ap-  
7 proprieate for the administration of the Fund.

8                         (e) WHOLLY-OWNED GOVERNMENT CORPORATE  
9 TION.—

10                         (1) IN GENERAL.—The Fund shall be a wholly-  
11 owned Government corporation in the executive  
12 branch and shall be treated in all respects as an  
13 agency of the United States, except to the extent  
14 this title provides otherwise.

15                         (2) TECHNICAL AND CONFORMING AMEND-  
16 MENT.—Section 9101(3) of title 31, United States  
17 Code, is amended—

18                         (A) by redesignating paragraphs (B)  
19 through (M) as paragraphs (C) through (N),  
20 respectively; and

21                         (B) by inserting after paragraph (A) the  
22 following:

23                         “(B) the Community Development Bank-  
24 ing and Financial Institutions Fund.”.

1                         (3) Section 9107(b) of title 31, United States  
2                         Code, shall not apply to deposits of the Fund made  
3                         pursuant to section 207.

4                         (f) LIMITATION OF FUND AND FEDERAL LIABILITY.—The liability of the Fund and of the United States  
5                         Government arising out of any investment in a community  
6                         development financial institution in accordance with this  
7                         title shall be limited to the amount of the investment and  
8                         the Fund shall be exempt from any assessments and other  
9                         liabilities that may be imposed on controlling or principal  
10                        shareholders by any Federal law or the law of any State.  
11                        A community development financial institution that re-  
12                        ceives assistance pursuant to this title shall not be deemed  
13                        to be an agency, department, or instrumentality of the  
14                        United States.

16                         (g) PROHIBITION OF ISSUANCE OF SECURITIES.—  
17                         The Fund may not issue stock, bonds, debentures, notes,  
18                         or other securities.

19                         **SEC. 205. APPLICATIONS FOR ASSISTANCE.**

20                         (a) FORM AND PROCEDURES.—

21                         (1) IN GENERAL.—An application for assistance  
22                         under this title shall be submitted by an applicant  
23                         in such form and in accordance with such proce-  
24                         dures as the Board shall establish.

1                         (2) REGULATIONS.—The Board shall publish  
2 regulations with respect to application requirements  
3 and procedures not later than 210 days after enact-  
4 ment of this title.

5                         (b) MINIMUM REQUIREMENTS.—Except as provided  
6 in section 209, the Board shall require that the applica-  
7 tion—

8                             (1) demonstrate to the satisfaction of the Board  
9 that the applicant is, or upon the receipt of a char-  
10 ter will be, a community development financial insti-  
11 tution;

12                             (2) demonstrate that the applicant will serve—

13                                     (A) a targeted population; or

14                                     (B) an area which is an investment area;

15                             (3) in the case of an applicant that has pre-  
16 viously received assistance under this title, dem-  
17 onstrate that the applicant—

18                                     (A) has successfully carried out its respon-  
19 sibilities under this title;

20                                     (B) has become or is about to become an  
21 entity that will not be dependent upon assist-  
22 ance from the Fund for continued viability; and

23                                     (C) will expand its operations into a new  
24 investment area, offer new services, or will in-  
25 crease the volume of its current business;

- 1                         (4) in the case of a community development fi-  
2                         nancial institution with existing operations, dem-  
3                         onstrate a record of success of serving investment  
4                         areas or targeted populations;
- 5                         (5) include a detailed and comprehensive strate-  
6                         gic plan for the organization that contains—
- 7                             (A) a business plan of at least 5 years that  
8                             demonstrates the applicant is properly managed  
9                             and has the capacity to form and operate a  
10                          community development financial institution  
11                          that is, or will become, an entity that will not  
12                          be dependent upon assistance from the Fund  
13                          for continued viability;
- 14                          (B) a statement that the applicant has, or  
15                          will have, in its charter or other governing doc-  
16                          uments a primary commitment to community  
17                          development, or other evidence of a prior his-  
18                          tory and a continuing affirmation of a primary  
19                          commitment to community development;
- 20                          (C) an analysis of the needs of the invest-  
21                          ment areas or targeted populations and a strat-  
22                          egy for how the applicant will attempt to meet  
23                          those needs;
- 24                          (D) a plan to coordinate use of assistance  
25                          from the Fund with existing assistance pro-

1           grams of the Federal Government, State and  
2           local governments, Indian tribes, and govern-  
3           ment-sponsored enterprises and with private  
4           sector financial services;

5           (E) a statement that the proposed activi-  
6           ties of the applicant are consistent with existing  
7           economic, community, and housing development  
8           plans adopted by or applicable to the invest-  
9           ment areas;

10          (F) a description of how the applicant will  
11          affiliate, network, or otherwise coordinate with  
12          a full range of community organizations and fi-  
13          nancial institutions which provide, or will pro-  
14          vide, capital, credit, or secondary markets in  
15          order to assure that banking, economic develop-  
16          ment, investment, affordable housing, and other  
17          related services will be available within the in-  
18          vestment areas or to targeted populations; and

19          (G) such other information as the Board  
20          deems appropriate for inclusion in the strategic  
21          plan;

22          (6) demonstrate that the applicant will carry on  
23          its activities consistent with the purposes of this title  
24          within an investment area or with respect to a tar-  
25          geted population;

1                         (7) include a detailed and specific statement of  
2                         applicant's plans and likely sources of funds to  
3                         match the amount of assistance from the Fund with  
4                         funds from private sources in accordance with the  
5                         requirements of section 208(e); and

6                         (8) include such other information as the Board  
7                         may require.

8                         (c) PRE-APPLICATION OUTREACH PROGRAM.—The  
9                         Fund shall provide for an outreach program to identify  
10                         and provide information to potential applicants and to in-  
11                         crease the capacity of potential applicants to meet the ap-  
12                         plication and other requirements of this title.

13                         (d) CONDITIONS FOR QUALIFICATION OF HOLDING  
14                         COMPANIES.—

15                         (1) CONSOLIDATED TREATMENT.—A depository  
16                         institution holding company may qualify as a com-  
17                         munity development financial institution only if the  
18                         holding company and the holding company's subsidi-  
19                         aries collectively satisfy the requirements of clauses  
20                         (i) and (ii) of subparagraph (A) of section  
21                         203(3)(A).

22                         (2) EXCLUSION OF SUBSIDIARY FOR FAILURE  
23                         TO MEET CONSOLIDATED TREATMENT RULE.—No  
24                         subsidiary of a depository institution holding com-  
25                         pany may qualify as a community development fi-

1 nancial institution if the holding company and the  
2 company's subsidiaries collectively do not meet the  
3 requirements of clauses (i) and (ii) of subparagraph  
4 (A) of section 203(3)(A).

5 **SEC. 206. COMMUNITY DEVELOPMENT PARTNERSHIPS.**

6 (a) APPLICATION.—An application for assistance  
7 may be filed jointly by a community development financial  
8 institution and a community development partner to carry  
9 out a community development partnership.

10 (b) APPLICATION REQUIREMENTS.—The Fund shall  
11 require a community development partnership application  
12 to—

13 (1) meet the minimum requirements established  
14 for community development financial institutions  
15 under section 205(b), except that the criteria speci-  
16 fied in paragraph (1) and subparagraphs (A) and  
17 (B) of paragraph (5) of such section shall not apply  
18 to the community development partner;

19 (2) describe how each coapplicant will partici-  
20 pate in carrying out the community development  
21 partnership and how the partnership will enhance  
22 activities serving the investment area or targeted  
23 population; and

24 (3) demonstrate that the community develop-  
25 ment partnership activities are consistent with the

1       strategic plan submitted by the community develop-  
2       ment financial institution coapplicant.

3           (c) SELECTION CRITERIA.—The Fund shall consider  
4       a community development partnership application based  
5       on the selection criteria set out in section 207, except that  
6       the criterion specified in subparagraphs (A) and (L) of  
7       subsection (a)(2) of such section shall not apply to the  
8       community development partner.

9           (d) LIMITATION ON DISTRIBUTION OF ASSIST-  
10      ANCE.—Assistance provided upon approval of an applica-  
11      tion under this section shall be distributed only to the  
12      community development financial institution coapplicant,  
13      and shall not be used to fund any activities carried out  
14      directly by the community development partner or an affil-  
15      iate of the partner.

16           (e) PERFORMANCE GOALS.—The Fund shall nego-  
17      tiate performance goals for each community development  
18      partnership in the manner provided in section  
19      208(f)(3)(B). Such performance goals shall be incor-  
20      porated into the performance goals of the community de-  
21      velopment financial institution coapplicant.

22           (f) OTHER REQUIREMENTS AND LIMITATIONS.—All  
23      other requirements and limitations imposed by this sub-  
24      title on a community development financial institution as-  
25      sisted under this subtitle shall apply (in the manner that

1 the Fund determines to be appropriate) to assistance pro-  
2 vided to carry out community development partnerships.  
3 The Fund may establish additional guidelines and restric-  
4 tions on the use of Federal funds to carry out community  
5 development partnerships.

6 **SEC. 207. SELECTION OF INSTITUTIONS.**

7 (a) SELECTION CRITERIA.—

8 (1) IN GENERAL.—Except as provided in sec-  
9 tion 209, the Board shall, in the Board's discretion,  
10 select applications that meet the requirements of  
11 section 205 and award assistance from the Fund in  
12 accordance with section 208.

13 (2) FACTORS TO BE CONSIDERED.—In selecting  
14 applications, the Board shall consider applications  
15 based on the following factors and such other factors  
16 as the Board may determine to be appropriate:

17 (A) The likelihood of success of the appli-  
18 cant in forming and operating a community de-  
19 velopment financial institution.

20 (B) The range and comprehensiveness of  
21 the capital, credit, and development services to  
22 be provided by the applicant.

23 (C) The extent of the need, as measured  
24 by objective criteria of distress, within the in-

1 vestment areas or targeted populations for the  
2 types of activities proposed by the applicant.

3 (D) The likelihood that the proposed ac-  
4 tivities will benefit a significant portion of the  
5 investment areas or targeted populations or, in  
6 the case of a community development financial  
7 institution with existing operations, evidence of  
8 a record of success in serving investment areas  
9 or targeted populations.

10 (E) The extent to which the applicant will  
11 concentrate its activities on serving low and  
12 very low-income families.

13 (F) The evidence of the extent of a broad  
14 cross-section of support from the investment  
15 areas or targeted populations.

16 (G) The experience and background of the  
17 proposed management team.

18 (H) The amount of legally enforceable  
19 commitments available at the time of applica-  
20 tion to meet or exceed the matching require-  
21 ments under section 208(e) and the strength of  
22 the plan for raising the balance of the match.

23 (I) In the case of applicants that have pre-  
24 viously received assistance pursuant to this  
25 title, the extent to which they have met or ex-

1           ceeded the performance goals established in  
2           connection with such assistance.

3           (J) The extent to which the proposed ac-  
4           tivities will expand the employment base within  
5           the investment areas or the targeted popu-  
6           lations.

7           (K) The extent to which the applicant is,  
8           or will be, community-owned or community-gov-  
9           erned.

10          (L) Whether the applicant is, or will be-  
11          come, an insured community development fi-  
12          nancial institution.

13          (M) Whether the applicant is, or will be lo-  
14          cated, in an empowerment zone or enterprise  
15          community designated under section 1391 of  
16          the Internal Revenue Code of 1986 or a rural  
17          or urban area which is not an empowerment  
18          zone or enterprise community and which has a  
19          median income of 80 percent or less of the na-  
20          tional median income.

21          (N) In the case of an institution that is  
22          not an insured community development finan-  
23          cial institution, the extent to which the institu-  
24          tion has or will have the ability to increase its  
25          resources through affiliation with a secondary

1 market, insured depository institution, or other  
2 financial intermediary in order to multiply the  
3 amount of capital or credit available for com-  
4 munity development.

5 (O) In the case of an insured depository  
6 institution or insured credit union applicant,  
7 whether the institution—

8 (i) has or will have a substantial affili-  
9 ation with an entity or network of entities  
10 that are community development financial  
11 institutions; and

12 (ii) has a comprehensive plan for pro-  
13 viding meaningful financial assistance to  
14 such an entity or network of entities.

15 (b) GEOGRAPHIC DIVERSITY.—

16 (1) IN GENERAL.—In addition to the above, in  
17 making its selections the Board shall seek to fund  
18 a geographically diverse group of applicants, which  
19 shall include applicants from nonmetropolitan and  
20 rural areas and small cities.

21 (2) GOAL FOR FUNDING.—The Board should  
22 seek to provide funding for applicants which are  
23 serving nonmetropolitan and rural areas and small  
24 cities with no less than one quarter of the funds  
25 available to the Board in any year.

1       (c) PUBLICATION REQUIREMENT.—The Board shall  
2 publish regulations with respect to its selection criteria not  
3 later than 210 days after the date of the enactment of  
4 this title.

5 **SEC. 208. ASSISTANCE PROVIDED BY THE FUND.**

6       (a) PURPOSE OF ASSISTANCE.—

7           (1) GENERAL PURPOSES.—The Fund shall  
8 work to promote an environment hospitable to busi-  
9 ness formation, economic growth, community devel-  
10 opment, and affordable housing in distressed com-  
11 munities.

12           (2) COORDINATION WITH OTHER AGENCIES  
13 AND PROGRAMS.—The Fund shall coordinate the  
14 Fund's activities with existing Federal and other  
15 community and economic development programs.

16           (3) ASSISTANCE TO INSTITUTIONS AND PART-  
17 NERSHIPS.—Assistance may be provided to an exist-  
18 ing qualified community development financial insti-  
19 tution or community development partnership to—

20                  (A) expand the institution's or partner-  
21 ship's activities in order to serve investment  
22 areas or targeted populations not currently  
23 served by another qualified community develop-  
24 ment financial institution or community devel-

1 opment partnership receiving assistance under  
2 this section;

3 (B) expand the volume of the institution's  
4 or partnership's activities consistent with the  
5 purposes of this title;

6 (C) form a new entity to undertake activi-  
7 ties consistent with the purposes of this title; or

8 (D) assist an existing entity to modify the  
9 institution's or partnership's structure or activi-  
10 ties in order to undertake activities consistent  
11 with the purposes of this title.

12 (b) TYPES OF ASSISTANCE.—

13 (1) FINANCIAL ASSISTANCE.—The Fund may  
14 provide financial assistance, and make commitments  
15 to provide financial assistance, to qualified commu-  
16 nity development financial institutions or community  
17 development partnerships through equity invest-  
18 ments, loans, deposits, membership shares, and  
19 grants.

20 (2) TECHNICAL ASSISTANCE.—The Fund may  
21 also provide technical assistance, including training,  
22 and grants for technical assistance to qualified com-  
23 munity development financial institutions or commu-  
24 nity development partnerships.

1                         (3) ALLOCATION.—The allocation of awards of  
2 assistance between insured and uninsured commu-  
3 nity development financial institutions shall be in the  
4 discretion of the Board.

5                         (4) RULES RELATING TO EQUITY INVEST-  
6 MENTS.—

7                         (A) LIMITATION ON EQUITY INVEST-  
8 MENT.—The Fund shall structure financial as-  
9 sistance to a qualified community development  
10 financial institution in such a manner that the  
11 provision of such assistance does not result in  
12 the Fund's—

13                                     (i) ownership of more than 50 percent  
14 of the equity of such institution; or

15                                     (ii) control of the operations of such  
16 institution.

17                         (B) FUND DEEMED NOT TO CONTROL.—  
18 Notwithstanding any other provision of law, the  
19 Fund shall not be deemed to control a qualified  
20 community development financial institution by  
21 reason of any assistance provided under this  
22 title for the purpose of any other applicable law  
23 to the extent the Fund complies with paragraph  
24 (1).

7                             (5) DEPOSITS NOT SUBJECT TO COLLATERAL  
8                             OR SECURITY REQUIREMENTS.—Notwithstanding  
9                             any other provision of law, deposits made pursuant  
10                          to this section in qualified insured community devel-  
11                          opment financial institutions shall not be subject to  
12                          any requirement for collateral or security.

18 (c) PURPOSE OF FINANCIAL ASSISTANCE.—Financial  
19 assistance made available under this title may be used by  
20 assisted institutions to develop or support—

24                           (2) business creation and expansion efforts  
25                           that—

(A) create or retain jobs for low-income people;

(B) enhance the availability of products and services to low-income people; or

(C) create or facilitate the retention of businesses owned by low-income people or residents of a targeted area;

(3) community facilities that provide benefits to low-income people or enhance community stability;

(4) the provision of basic financial services to low-income people or residents of a targeted area;

12 (5) the provision of development services;

(6) home ownership opportunities that are affordable to low-income households;

(7) rental housing that is principally affordable to low-income households; and

(8) other activities determined to be appropriate by the Fund.

19 (d) AMOUNT OF ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Fund may provide—

(A) not to exceed \$5,000,000 of assistance per application to any 1 qualified insured community development financial institution, in-

1           cluding such institution's affiliate or community  
2           development partnership; and

3               (B) not to exceed \$2,000,000 per applica-  
4           tion to any other qualified community develop-  
5           ment financial institution, including such insti-  
6           tution's affiliate or community development  
7           partnership.

8               (2) EXCEPTION.—In the case of an existing  
9           community development financial institution that  
10          proposes to serve an investment area or targeted  
11          population outside of any State or metropolitan area  
12          presently served by the institution, the Fund shall  
13          have the discretion to provide assistance in an  
14          amount exceeding the maximum amount established  
15          in paragraph (1) if—

16               (A) the additional amount is used to estab-  
17          lish affiliates to serve such investment area or  
18          targeted population;

19               (B) the existing community development fi-  
20          nancial institution is located in a State other  
21          than that of the new affiliate; and

22               (C) no other application for assistance has  
23          been submitted to the Board under which the  
24          needs of the target community could be met.

1                             (3) AUTHORITY TO SET MINIMUM AMOUNTS OF  
2 ASSISTANCE.—The Fund shall have the authority to  
3 set minimum amounts of assistance per institution.

4                             (e) MATCHING REQUIREMENTS.—

5                             (1) INSURED COMMUNITY DEVELOPMENT FI-  
6 NANCIAL INSTITUTIONS OR PARTNERSHIPS.—Sub-  
7 ject to paragraph (3), the Fund may provide no as-  
8 sistance to qualified insured community development  
9 financial institutions or community development  
10 partnerships unless each dollar provided by the  
11 Fund is matched by no less than 1 dollar of equity,  
12 deposits or membership shares.

13                             (2) OTHER MATCHING REQUIREMENTS.—Sub-  
14 ject to paragraph (3), the Fund shall require a  
15 match for all other assistance, the amount and form  
16 of which shall be in the discretion of the Fund.

17                             (3) NO MATCHING REQUIREMENTS FOR CER-  
18 TAIN TYPES OF ASSISTANCE.—The Fund may not  
19 establish matching requirements with respect to as-  
20 sistance provided in the form of deposits or member-  
21 ship shares of \$100,000 or less, technical assistance,  
22 or grants for technical assistance.

23                             (4) LEGALLY ENFORCIBLE COMMITMENTS RE-  
24 QUIRED.—

1                             (A) IN GENERAL.—The Fund shall provide  
2                             no assistance except technical assistance or  
3                             grants for technical assistance until a qualified  
4                             community development financial institution or  
5                             community development partnership has se-  
6                             cured legally enforceable commitments for the  
7                             entire match required.

8                             (B) COORDINATION WITH FUND AUTHOR-  
9                             ITY TO MAKE COMMITMENTS.—Subparagraph  
10                             (A) shall not restrict the authority of the Fund  
11                             under subsection (b)(1) to make a commitment  
12                             to provide financial assistance to a qualified  
13                             community development financial institution or  
14                             community development partnership to the ex-  
15                             tent such commitment is contingent on the in-  
16                             stitution or partnership meeting the require-  
17                             ments of this subsection.

18                             (5) FORM OF PAYMENTS.—Assistance may be  
19                             provided in 1 lump sum, or over a period of time,  
20                             as determined by the Fund.

21                             (6) OTHER FEDERAL ASSISTANCE MAY NOT BE  
22                             TREATED AS MATCHING FUNDS.—No funds or as-  
23                             sistance provided to any qualified community devel-  
24                             opment financial institution or community develop-  
25                             ment partnership by any agency or instrumentality

1 of the Federal Government may be taken into ac-  
2 count or otherwise treated as matching funds for  
3 purposes of this subsection.

4 (f) TERMS AND CONDITIONS.—

5 (1) IN GENERAL.—The Fund shall provide as-  
6 sistance authorized under this title in such form and  
7 subject to such restrictions as are necessary to en-  
8 sure that, to the maximum extent practicable—

9 (A) all assistance granted is used by the  
10 qualified community development financial in-  
11 stitution or community development partnership  
12 in a manner consistent with the purposes of  
13 this title;

14 (B) qualified community development fi-  
15 nancial institutions or community development  
16 partnerships receiving assistance that are not  
17 otherwise regulated by the Federal Government  
18 or by a State government are financially and  
19 managerially sound;

20 (C) assistance results in a net increase in  
21 capital, credit, and development services, both  
22 nationally and in the local communities in  
23 which assistance is provided; and

24 (D) assistance is provided in a manner  
25 that encourages affiliations and partnerships

1           between insured depository institutions, second-  
2           ary markets or other sources of credit or lever-  
3           age and local organizations dedicated to com-  
4           munity development.

5           (2) CONSULTATION WITH BANKING REGU-  
6           LATORS.—Before providing assistance to a qualified  
7           insured community development financial institution,  
8           the Board shall consult with the appropriate Federal  
9           banking agency or, in the case of an insured credit  
10          union, the National Credit Union Administration.

11          (3) ASSISTANCE AGREEMENT.—

12           (A) IN GENERAL.—The Board shall impose  
13           restrictions on the use of assistance through a  
14           stock purchase agreement, share purchase  
15           agreement, or through a contract entered into  
16           in consideration for the provision of assistance.

17           (B) PERFORMANCE GOALS.—

18           (i) REQUIRED.—Any agreement or  
19           contract referred to in subparagraph (A)  
20           shall require institutions assisted under  
21           this title to comply with performance goals.

22           (ii) NEGOTIATION OF GOALS.—The  
23           performance goals shall be negotiated be-  
24           tween the Board and each qualified com-  
25           munity development financial institution

1 receiving assistance based upon the strate-  
2 gic plan submitted pursuant to section  
3 205(b)(5).

4 (iii) RENEgotiation.—The perform-  
5 ance goals may be renegotiated jointly as  
6 necessary or appropriate, subject to sub-  
7 paragraph (C) of this section.

8 (iv) CONSULTATION WITH BANKING  
9 AGENCIES.—Activity levels for insured  
10 community development financial institu-  
11 tions shall be determined by the Board in  
12 consultation with the appropriate Federal  
13 banking agency or, in the case of an in-  
14 sured credit union, with the National Cred-  
15 it Union Administration.

16 (C) CONTRACT SANCTIONS.—

17 (i) IN GENERAL.—Any agreement or  
18 contract referred to in subparagraph (A)  
19 shall specify sanctions available to the  
20 Board, in the Board's discretion, in the  
21 event of noncompliance with the purposes  
22 of this title or the terms of the agreement  
23 or contract.

24 (ii) CERTAIN SANCTIONS AVAIL-  
25 ABLE.—The sanctions may include revoca-

tion of approval of the application, terminating or reducing future assistance, requiring repayment of assistance, and requiring changes to the performance goals imposed pursuant to subparagraph (B) or to the strategic plan submitted pursuant to section 205(b)(5).

(iii) CONSULTATION WITH BANKING AGENCIES.—In the case of an insured community development financial institution, the Board shall consult with the appropriate Federal banking agency or, in the case of an insured credit union, the National Credit Union Administration, before imposing sanctions pursuant to this paragraph.

#### (4) REVIEW.—

(A) IN GENERAL.—At least annually, the Fund shall review the performance of each assisted qualified community development financial institution or community development partnership in carrying out the institution's or partnership's strategic plan and performance goals.

(B) CONSULTATION WITH TRIBAL GOVERNMENTS.—In reviewing the performance of

1       any assisted qualified community development  
2       financial institution whose investment area in-  
3       cludes an Indian reservation, the Board shall  
4       consult with, and seek input from, any appro-  
5       priate tribal government.

6             (5) REPORTING.—The Board shall require each  
7       qualified community development financial institu-  
8       tion receiving assistance to submit an annual report  
9       to the Fund on the institution's activities and finan-  
10      cial condition, the institution's success in meeting  
11      performance goals, and the institution's compliance  
12      with the other requirements of this title.

13             (g) AUTHORITY TO SELL EQUITY INVESTMENTS AND  
14      LOANS.—The Board shall have the authority at any time  
15      to sell its investments and loans and may, in its discretion,  
16      retain the power to enforce limitations on assistance en-  
17      tered into in accordance with the requirements of this title.

18             (h) NO AUTHORITY TO LIMIT SUPERVISION AND  
19      REGULATION.—No provision of this title shall affect any  
20      authority of the appropriate Federal banking agency or,  
21      in the case of an insured credit union, the National Credit  
22      Union Administration, to supervise and regulate an in-  
23      sured community development financial institution.

1 **SEC. 209. CAPITALIZATION ASSISTANCE TO ENHANCE LI-**2 **QUIDITY.**

## 3 (a) ASSISTANCE.—

4 (1) IN GENERAL.—Notwithstanding the provisions of section 208, the Fund may provide assistance for the purpose of providing capital to organizations that will purchase loans or otherwise enhance the liquidity of community development financial institutions if—

10 (A) the primary purpose of such organizations is to promote community development;  
11 and

13 (B) any assistance received is matched  
14 with funds—

15 (i) from sources other than the Federal  
16 Government;

17 (ii) on the basis of not less than \$1  
18 for each dollar provided by the Fund; and

19 (iii) that are comparable in form and  
20 value to the assistance provided by the  
21 Fund.

22 (2) LIMITATION ON OTHER ASSISTANCE.—An  
23 organization which receives assistance under this  
24 section may not receive other financial or technical  
25 assistance under this subtitle.

1       (b) SELECTION.—The selection of organizations to  
2 receive assistance under this section shall be at the discre-  
3 tion of the Fund and in accordance with criteria estab-  
4 lished by the Fund. In establishing such criteria, the Fund  
5 shall take into account the criteria contained in sections  
6 205(b) and 207, as appropriate.

7       (c) AMOUNT OF ASSISTANCE.—

8           (1) MAXIMUM AMOUNT LIMITATION.—The  
9 Fund may provide a total of not more than  
10 \$5,000,000 of assistance to an organization under  
11 this section during any 3-year period.

12           (2) FORM OF PAYMENT.—Assistance may be  
13 provided in a lump sum or over a period of time, as  
14 determined by the Fund.

15       (d) AUDIT AND REPORT REQUIREMENTS.—

16           (1) IN GENERAL.—Organizations that receive  
17 assistance from the Fund in accordance with this  
18 section shall—

19                  (A) submit to the Fund not less than once  
20 in every 18-month period, financial statements  
21 audited by an independent certified public ac-  
22 countant;

23                  (B) submit an annual report on its activi-  
24 ties; and

(C) keep such records as may be necessary to disclose the manner in which any assistance under this section is used.

8 (e) LIMITATIONS ON LIABILITY.—

18 (2) LIABILITY OF GOVERNMENT.—

6 (f) USE OF PROCEEDS.—Any proceeds from the sale  
7 of loans to an organization assisted under this section  
8 shall be used by the seller for community development pur-  
9 poses.

## **10 SEC. 210. ENCOURAGEMENT OF PRIVATE ENTITIES.**

The Board may cause to be incorporated, or encourage the incorporation of, private nonprofit and for-profit entities that will complement the activities of the Fund in carrying out the purposes of this title. The purposes of any such entities shall be limited to investing in and assisting community development financial institutions in a manner similar to the activities of the Fund under this title. Any such entities shall be managed exclusively by private individuals who are selected in accordance with the laws of the jurisdiction of incorporation.

## **21 SEC. 211. CLEARINGHOUSE FUNCTION.**

22 The Fund shall establish and maintain an informa-  
23 tion clearinghouse in coordination with the Departments  
24 of Agriculture, Commerce, and Housing and Urban Devel-  
25 opment, the Small Business Administration, other Federal

1 agencies, and community development financial institu-  
2 tions—

3                 (1) to cause to be collected, compiled, and ana-  
4 lyzed information pertinent to community develop-  
5 ment financial institutions that will assist in creat-  
6 ing, developing, expanding, and preserving these in-  
7 stitutions; and

8                 (2) to cause to be established a service center  
9 for comprehensive information on financial, tech-  
10 nical, and management assistance, case studies of  
11 the activities of community development financial in-  
12 stitutions, regulations, and other information that  
13 may promote the purposes of this title.

14 **SEC. 212. TRAINING ASSISTANCE FOR ORGANIZING AND OP-**

15                 **ERATING COMMUNITY DEVELOPMENT FINAN-**  
16                 **CIAL INSTITUTIONS.**

17                 (a) **ASSISTANCE TO ESTABLISH AND OPERATE COM-**  
18 **MUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.**—The  
19 Fund shall carry out a program under this subsection to  
20 provide training assistance in establishing and operating  
21 community development financial institutions, which shall  
22 include the following activities:

23                 (1) Educating organizations, financial institu-  
24 tions, and other entities and persons in low-income  
25 neighborhoods and elsewhere regarding the need for,

1 and the capabilities, functions, and organization of,  
2 community development financial institutions.

3 (2) Educating and training organizations, de-  
4 pository and other financial institutions, and other  
5 entities and persons in organizing community devel-  
6 opment financial institutions.

7 (3) Recruiting, and assisting organizations, and  
8 other entities and persons to recruit existing organiza-  
9 tions, depository and other financial institutions,  
10 and other entities and persons to establish commu-  
11 nity development financial institutions.

12 (4) Assisting entities and persons interested in  
13 establishing qualified community development finan-  
14 cial institutions in identifying community lending  
15 needs.

16 (5) Educating and training regarding manage-  
17 ment and operation of community development fi-  
18 nancial institutions, including—

19 (A) designing and utilizing lending prac-  
20 tices to target credit to low-income families and  
21 neighborhoods;

22 (B) complying with requirements regarding  
23 financial and managerial soundness pursuant to  
24 section 208(f)(1)(B) and any recordkeeping re-  
25 quirements pursuant to section 213(a)(1).

(C) Implementing effective asset management and fund development techniques; and

3                             (6) Collecting and disseminating information  
4                             from various qualified community development fi-  
5                             nancial institutions regarding successful manage-  
6                             ment and operation techniques, lending practices,  
7                             and lending activities.

(b) PROVISION OF ASSISTANCE.—The Fund may provide training assistance under this section directly or through public or private organizations pursuant to contracts with such organizations.

12 (c) ADMINISTRATION.—The Fund may require—

(3) the inclusion of terms in the agreement or contract for assistance under section 208(f)(3).

## 23 SEC. 213. RECORDKEEPING, REPORTS, AND AUDITS.

24 (a) RECORDKEEPING.—

1                   (1) MAINTENANCE BY INSTITUTION.—A qual-  
2         ified community development financial institution re-  
3         ceiving assistance from the Fund shall keep such  
4         records as may be reasonably necessary to disclose  
5         the disposition of any assistance under this title and  
6         to ensure compliance with the requirements of this  
7         title.

8                   (2) FUND ACCESS TO RECORDS.—The Fund  
9         shall have access, for the purpose of determining  
10        compliance with this title, to any books, documents,  
11        papers, and records of a qualified community devel-  
12        opment financial institution receiving assistance  
13        from the Fund that are pertinent to assistance re-  
14        ceived under this title.

15                  (b) REPORTS.—

16                  (1) ANNUAL REPORT.—The Fund shall conduct  
17        an annual evaluation of the activities carried out  
18        pursuant to this title and shall submit a report on  
19        the Fund's findings to the President within 120  
20        days of the end of each fiscal year of the Fund. The  
21        report shall include financial statements audited in  
22        accordance with subsection (c).

23                  (2) INSTITUTIONAL VOICE FOR COMMUNITY DE-  
24        VELOPMENT.—

(A) ONGOING STUDY.—The Fund shall conduct, or cause to be conducted, an ongoing study to identify and evaluate the most effective and financially sound policies and practices for encouraging investment in distressed communities, including small business and commercial lending, business formation and expansion, community and economic development, commercial real estate and multi-family housing, and home mortgages.

(B) ADDITIONAL FACTORS.—In addition to the factors described in subparagraph (A), the Fund may study, or cause to be studied, (in connection with the study conducted pursuant to such subparagraph) related matters, such as identification of sources of and access to capital and loans for community investment, development of secondary markets for economic and community development, small business and commercial loans, and home mortgage loans and investments, and methods to involve all segments of the financial services industry in community development.

(C) STUDY OF BANKING PRACTICES ON INDIAN RESERVATIONS.—In addition to the study

1 required under subparagraph (A), the Fund  
2 shall conduct a separate and thorough study of  
3 banking practices on Indian reservations that  
4 specifically addresses the unique lending issues  
5 with respect to Indian reservations such as  
6 lending with respect to trust lands, Indian  
7 headrights, or other trust property, availability  
8 of collateral, and related issues.

9 (D) CONSULTATION.—In the conduct of  
10 the studies required under subparagraphs (A)  
11 and (C), the Fund shall consult, or cause con-  
12 sultation with, the Comptroller of the Currency,  
13 the Federal Deposit Insurance Corporation, the  
14 Board of Governors of the Federal Reserve Sys-  
15 tem, the Federal Housing Finance Board, the  
16 Farm Credit Administration, the Director of  
17 the Office of Thrift Supervision, the National  
18 Credit Union Administration, Indian tribal gov-  
19 ernments, community reinvestment, civil rights,  
20 consumer and financial organizations, and such  
21 representatives of agencies or other persons as  
22 the Fund may determine.

23 (E) REPORTS.—

24 (i) PRELIMINARY REPORT.—Within  
25 270 days after the date of the enactment

1           of this title, the Fund shall submit a re-  
2           port to the President containing the  
3           Fund's initial findings and recommenda-  
4           tions regarding the matters set forth in  
5           subparagraphs (A) and (C).

6                 (ii) SUBSEQUENT REPORTS.—The  
7           Fund shall submit an annual report to the  
8           President containing the Fund's findings  
9           and recommendations regarding the mat-  
10          ters set forth in subparagraph (A) with the  
11          annual report required by subsection  
12          (b)(1).

13                 (3) INVESTMENT, GOVERNANCE, AND ROLE OF  
14          FUND.—

15                 (A) STUDY REQUIRED.—Before the end of  
16          the 6-year period beginning on the date of the  
17          enactment of this title, the Fund, in accordance  
18          with the procedures described in subparagraphs  
19          (A) and (B) of paragraph (2), shall conduct a  
20          study evaluating the structure, governance, and  
21          performance of the Fund.

22                 (B) REPORT.—A report on the study con-  
23          ducted pursuant to subparagraph (A) shall be  
24          submitted to the President.

(C) EVALUATION AND RECOMMENDATIONS.—The report submitted pursuant to subparagraph (B) shall include—

(i) an evaluation of the overall performance of the Fund in meeting the purposes of this title;

9 (I) restructuring the Board:

12 (III) the future role of the Fund  
13 in addressing community development;  
14 and

19       (c) EXAMINATION AND AUDIT.—The financial state-  
20 ments of the Fund shall be audited in accordance with  
21 section 9105 of title 31, United States Code, except that  
22 audits required by section 9105(a) of such title shall be  
23 performed annually.

1 **SEC. 214. INVESTMENT OF RECEIPTS AND PROCEEDS.**

2 Any dividends on equity investments and proceeds  
3 from the disposition of investments, deposits, or member-  
4 ship shares that are received by the Fund as a result of  
5 assistance provided pursuant to section 208 or 209 shall  
6 be deposited and accredited, subject to amounts approved  
7 in appropriation Acts, to an account of the Fund estab-  
8 lished to carry out the authorized purposes of this title.  
9 Upon request of the chief executive officer, the Secretary  
10 of the Treasury shall invest amounts deposited in such ac-  
11 count in public debt securities with maturities suitable to  
12 the needs of the Fund, as determined by the chief execu-  
13 tive officer, and bearing interest at rates determined by  
14 the Secretary of the Treasury, taking into consideration  
15 current market yields on outstanding marketable obliga-  
16 tions of the United States of comparable maturities.  
17 Amounts deposited into the account and interest earned  
18 on such amounts pursuant to this section shall be available  
19 to the Fund until expended.

20 **SEC. 215. ENFORCEMENT PROVISIONS.**

## 21 (a) REGULATIONS.—

22 (1) IN GENERAL.—The Board shall prescribe  
23 such regulations as may be necessary to carry out  
24 the requirements of this Act.

1                         (2) REGULATIONS REQUIRED.—The regulations  
2                         prescribed under paragraph (1) shall include regula-  
3                         tions to—

4                             (A) prevent conflicts of interest on the part  
5                         of directors, officers, and employees of qualified  
6                         community development financial institutions as  
7                         the Board determines to be appropriate; and

8                             (B) establish such standards with respect  
9                         to loans by a qualified community development  
10                         institution to any director, officer, or employee  
11                         of such institution as the Board determines to  
12                         be appropriate, including loan amount limita-  
13                         tions.

14                         (b) ADMINISTRATIVE ENFORCEMENT.—

15                             (1) IN GENERAL.—The provisions of this Act,  
16                         and regulations prescribed under and agreements  
17                         entered into under this Act, shall be enforced under  
18                         section 8 of the Federal Deposit Insurance Act by—

19                             (A) the appropriate Federal banking agen-  
20                         cy, in the case of an insured community devel-  
21                         opment financial institution; and

22                             (B) the Board, in the case of a community  
23                         development financial institution which is not  
24                         an insured community development financial in-  
25                         stitution.

## 1                   (2) APPLICABILITY OF SECTION 8 TO BOARD.—

2         For purposes of applying section 8 of the Federal  
3         Deposit Insurance Act to the provisions of this Act  
4         in accordance with paragraph (1)—

5                   (A) a violation of this Act, or any regula-  
6         tion prescribed under or any agreement entered  
7         into under this Act, shall be treated as a viola-  
8         tion of the Federal Deposit Insurance Act; and

9                   (B) the Board shall be treated as an ap-  
10         propriate Federal banking agency.

11                 (c) CRIMINAL PROVISION.—Section 657 of title 18,  
12         United States Code, is amended by inserting “or any  
13         qualified community development financial institution re-  
14         ceiving financial assistance under the Community Devel-  
15         opment Banking and Financial Institutions Act of 1993,”  
16         after “small business investment company.”.

17         **SEC. 216. AUTHORIZATION OF APPROPRIATIONS.**

18                 (a) IN GENERAL.—There are authorized to be appro-  
19         priated to the Fund, to remain available until expended,  
20         \$60,000,000 for fiscal year 1994, \$104,000,000 for fiscal  
21         year 1995, \$107,000,000 for fiscal year 1996, and  
22         \$111,000,000 for fiscal year 1997, or such greater sums  
23         as may be appropriated, to carry out the purposes of the  
24         title.

1       (b) AVAILABILITY FOR FUNDING BEA.—Not less  
2 than 33½ percent of the amounts appropriated to the  
3 Fund for any fiscal year pursuant to the authorization in  
4 subsection (a) shall be available for use in carrying out  
5 sections 232 and 233 of the Bank Enterprise Act and the  
6 amendments made by such sections to other provisions of  
7 law.

(c) ADMINISTRATIVE EXPENSES.—The Fund may set aside up to \$10,000,000 each fiscal year to pay administrative costs and expenses.

(d) CAPITALIZATION ASSISTANCE.—Not more than 5 percent of the amounts authorized to be appropriated under subsection (a) may be used as provided in section 209.

**15 SEC. 217. CONFORMING AMENDMENT.**

16 Section 8F(a)(2) of the Inspector General Act of  
17 1978 (5 U.S.C. App. 8F(a)(2)) is amended by inserting  
18 “the Community Development Banking and Financial In-  
19 stitutions Fund,” immediately following “the Commodity  
20 Futures Trading Commission.”.

## **21 SEC. 218. APPOINTMENT OF COMMUNITY ENTERPRISE AS-**

## 22 SESSMENT CREDIT BOARD.

23 The President shall appoint the members of the Com-  
24 munity Enterprise Assessment Credit Board described in  
25 section 233(d)(2)(D) of the Bank Enterprise Act before

1 the end of the 90-day period beginning on the date of the  
2 enactment of this Act.

3 **SEC. 219. COMMUNITY DEVELOPMENT CREDIT UNION AS-**  
4 **SISTANCE.**

5 (a) AUTHORIZATION OF ADDITIONAL APPROPRIA-  
6 TIONS.—In addition to the amounts appropriated to the  
7 Community Development Credit Union Revolving Loan  
8 Fund pursuant to section 101(j) of the joint resolution  
9 entitled ‘Joint Resolution making continuing appropria-  
10 tions for the fiscal year 1980, and for other purposes’  
11 and approved October 12, 1979, there is authorized to be  
12 appropriated to the National Credit Union Administration  
13 Board for purposes of the Community Development Credit  
14 Union Revolving Loan Fund—

- 15 (1) \$3,000,000 for fiscal year 1994;  
16 (2) \$4,000,000 for fiscal year 1995;  
17 (3) \$4,000,000 for fiscal year 1996; and  
18 (4) \$4,000,000 for fiscal year 1997.

19 (b) INVESTMENT OF FUNDS.—The National Credit  
20 Union Administration Board may invest any moneys in  
21 the Community Development Credit Union Revolving  
22 Loan Fund which are not needed for current expenditures  
23 in United States Treasury securities. Any interest accrued  
24 on such securities shall, subject to amounts approved in

1 appropriation Acts, be deposited into and accredited to the  
2 Fund.

3 (c) AUTHORITY.—Notwithstanding any other provi-  
4 sion of law, the National Credit Union Administration  
5 Board may exercise the authority granted to the Board  
6 by the Community Development Credit Union Revolving  
7 Fund Transfer Act, including any additional appropria-  
8 tions made and earnings accrued, subject only to this sec-  
9 tion and to regulations prescribed by the Board.

10 **SEC. 220. INSURED COMMUNITY DEVELOPMENT FINANCIAL**  
11                   **INSTITUTION ACCESS TO FEDERAL HOME**  
12                   **LOAN BANK ADVANCES.**

13         Section 10 of the Federal Home Loan Bank Act (12  
14 U.S.C. 1430) is amended by adding at the end the follow-  
15 ing new subsection:

16         “(k) COMMUNITY DEVELOPMENT FINANCIAL INSTI-  
17 TUTION ACCESS TO ADVANCES.—Any insured community  
18 development financial institution (as defined in section  
19 3(e) of the Community Development Banking and Finan-  
20 cial Institutions Act of 1993) which meets the require-  
21 ments of subparagraphs (A) and (B) of section 4(a)(1)  
22 may obtain advances from the appropriate Federal home  
23 loan bank in accordance with this section in the same  
24 manner and to the same extent as members of such bank

1 without regard to any stock purchase requirement imposed  
2 on members under this Act.”.

3 **SEC. 221. COMMUNITY INVESTMENT PROGRAM INCEN-**  
4 **TIVES.**

5 (a) ASSETS DERIVED FROM CIP ADVANCES INCLUD-  
6 IBLE WITHOUT LIMITATION FOR PURPOSES OF QTL  
7 TEST.—Section 10(m)(4)(C)(ii) of the Home Owners’  
8 Loan Act (12 U.S.C. 1467a(m)(4)(C)(ii)) is amended by  
9 adding at the end the following new subclause:

10 “(VII) Loan assets derived from  
11 the proceeds of an advance made to  
12 the savings association from a Federal  
13 home loan bank under the community  
14 investment program of such bank.”.

15 (b) AUTHORITY TO WAIVE FHLB STOCK PURCHASE  
16 REQUIREMENT IN CONNECTION WITH A CIP ADVANCE.—  
17 Section 6(b) of the Federal Home Loan Bank Act (12  
18 U.S.C. 1426(b)) is amended by adding at the end the fol-  
19 lowing new paragraph:

20 “(6) TREATMENT OF CIP ADVANCES.—A Fed-  
21 eral home loan bank may waive the requirement that  
22 advances to such member from the bank’s commu-  
23 nity investment program be taken into account in  
24 determining the amount of aggregate outstanding

1       advances to the member from the bank for purposes  
2       of this subsection.”.

3           (c) TREATMENT OF ECONOMIC DEVELOPMENT  
4 LOANS AND ASSETS DERIVED FROM CIP ADVANCES AS  
5 COLLATERAL FOR ADDITIONAL FHLB ADVANCES.—Sec-  
6 tion 10(a) of the Federal Home Loan Bank Act (12  
7 U.S.C. 1430(a)) is amended—

8               (1) by redesignating paragraph (5) as para-  
9       graph (6);

10              (2) in paragraph (6) (as so redesignated), by  
11       striking “(1) through (4)” and inserting “(1)  
12       through (5)”; and

13              (3) by inserting after paragraph (4) the follow-  
14       ing new paragraph:

15               “(5) Economic development loans derived from  
16       the proceeds of an advance made to a member from  
17       a Federal home loan bank under the community in-  
18       vestment program of such bank.”.

19 **SEC. 222. 30 PERCENT LENDING CAP INCREASED.**

20       Paragraph (2) of the 1st subsection (e) of section 10  
21       of the Federal Home Loan Bank Act (12 U.S.C.

1 1430(e)(2)) is amended by striking “30 percent” and in-  
2 serting “40 percent”.

Passed the House of Representatives November 21,  
1993.

Attest:

*Clerk.*

HR 3474 EH—2

HR 3474 EH—3

HR 3474 EH—4

HR 3474 EH—5

HR 3474 EH—6

HR 3474 EH—7

HR 3474 EH—8

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