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{ REPORT
115-234

FINANCIAL SERVICES AND GENERAL
GOVERNMENT APPROPRIATIONS BILL, 2018

R E P O R T

OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

together with

ADDITIONAL VIEWS
AND
DISSENTING VIEWS



JULY 17, 2017.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

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Mr. GRAVES of Georgia, from the Committee on Appropriations,
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

and

DISSENTING VIEWS

[To accompany H.R. 3280]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for financial services and general government for the fiscal year ending September 30, 2018.

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HIGHLIGHTS OF THE BILL

The Financial Services and General Government Subcommittee has jurisdiction over a diverse group of agencies responsible for regulating the financial and telecommunications industries; collecting taxes and providing taxpayer assistance; supporting the operations of the White House, the Federal Judiciary, and the District of Columbia; managing Federal buildings; and overseeing the Federal workforce. The activities of these agencies impact nearly every American and are integral to the operations of our government.

The bill provides a total of \$20,231,000,000 in discretionary budget authority for fiscal year 2018 which is \$1,284,000,000, or 5.97 percent, below the fiscal year 2017 discretionary allocation. The bill is \$2,468,000,000, or 11 percent, below the Administration's request.

TOTAL BUDGET AUTHORITY

(\$ in millions)

	FY 2017 Enacted	FY 2018 Request	FY 2018 Recommendation
Discretionary	21,515	22,699	20,231
Mandatory	21,937	22,357	22,357

OPERATING PLAN AND REPROGRAMMING PROCEDURES

The Committee will continue to evaluate reprogrammings proposed by agencies. Although reprogrammings may not change either the total amount available in an account or the purposes for which the appropriation is legally available, they represent a significant departure from budget plans presented to the Committee in an agency's budget justification and supporting documents, which are the basis of this appropriations Act. The Committee expects agencies' reprogramming requests to explain thoroughly the reasons for the reprogramming and to include an assessment of whether the reprogramming will affect budget requirements for the subsequent fiscal year.

Section 608 of this Act requires agencies or entities funded by the Act to notify the Committee and obtain prior approval from the Committee for any reprogramming of funds that: (1) creates a new program; (2) eliminates a program, project, or activity; (3) increases funds or personnel for any program, project, or activity for which funds have been denied or restricted by the Congress; (4) proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose; (5) augments existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less; (6) reduces existing programs, projects, or activities by \$5,000,000 or 10 percent, whichever is less; or (7) creates or reorganizes offices, programs, or activities.

Additionally, the Committee expects to be promptly notified of all reprogramming actions which involve less than the above mentioned amounts if such actions would have the effect of significantly changing an agency's funding requirements in future years, or if programs or projects specifically cited in the Committee's reports are affected by the reprogramming. Reprogrammings meeting these criteria must be approved by the Committee regardless of the amount proposed to be reallocated.

Section 608 also requires agencies to consult with the Committees on Appropriations prior to any significant reorganization or restructuring of offices, programs, or activities. This provision applies regardless of whether the reorganization or restructuring involves a reprogramming of funds. Agencies are encouraged to consult with the Committees early in the process so that any questions or concerns the Committees may have can be addressed in a timely manner.

Except in emergency situations, reprogramming requests should be submitted no later than June 29, 2018. Further, the Committee notes that when a Department or agency submits a reprogramming or transfer request to the Committees on Appropriations and does not receive identical responses from the House and Senate, it is the responsibility of the Department or agency to reconcile the House and Senate differences before proceeding and, if reconciliation is not possible, to consider the request to reprogram funds unapproved.

Agencies are directed under section 608 to submit operating plans for the Committee's review within 60 days of the bill's enactment. Each operating plan should include: (1) a table for each appropriation with a separate column to display the President's budg-

et request, adjustments made by Congress, adjustments due to enacted rescissions, if appropriate, and the fiscal year enacted level; (2) a delineation in the table for each appropriation both by object class and program, project, and activity as detailed in the budget appendix for the respective appropriation; and (3) an identification of items of special congressional interest.

CONGRESSIONAL BUDGET JUSTIFICATIONS

Budget justifications are the primary tool used by the House and Senate Committees on Appropriations to evaluate the resource requirements and fiscal needs of agencies. The Committee is aware that the format and presentation of budget materials is largely left to the agency within presentation objectives set forth by the Office of Management and Budget (OMB). In fact, OMB Circular A-11, part 1 specifically instructs agencies to consult with congressional committees beforehand. The Committee expects that all agencies funded under this Act will heed this directive.

The Committee continues the direction that justifications submitted with the fiscal year 2019 budget request by agencies funded under this Act contain the customary level of detailed data and explanatory statements to support the appropriations requests at the level of detail contained in the funding table included at the end of this report. Among other items, agencies shall provide a detailed discussion of proposed new initiatives, proposed changes in the agency's financial plan from prior year enactment, detailed data on all programs, and comprehensive information on any office or agency restructurings. At a minimum, each agency must also provide adequate justification for funding and staffing changes for each individual office and materials that compare programs, projects, and activities that are proposed for fiscal year 2019 to the fiscal year 2018 enacted levels.

TITLE I—DEPARTMENT OF THE TREASURY

DEPARTMENTAL OFFICES

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$224,376,000
Budget request, fiscal year 2018	201,751,000
Recommended in the bill	201,751,000
Bill compared with:	
Appropriation, fiscal year 2017	– 22,625,000
Budget request, fiscal year 2018	– – –

The Departmental Offices' function in the Department of the Treasury is to support the Secretary of the Treasury in his capacity as the chief operating executive of the Department and in his role in determining the tax, economic, and financial management policies of the Federal Government. The Secretary's responsibilities funded by the Salaries and Expenses appropriation include: recommending and implementing domestic and international economic and tax policy; providing recommendations regarding fiscal policy; governing the fiscal operations of the government; managing the public debt; managing development of financial policy; representing the U.S. on international monetary, trade and investment issues; overseeing Treasury Department overseas operations; directing the administrative operations of the Treasury Department; and pro-

viding executive oversight of the bureaus within the Treasury Department.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$201,751,000 for Departmental Offices, Salaries and Expenses.

Financial Transactions.—The Committee encourages the Department of the Treasury to work with Federal bank regulators, financial institutions, and money service businesses to ensure that legitimate financial transactions move freely and globally. The Committee is frustrated that the Department has failed to report on its efforts to ensure the appropriate flow of legitimate financial transactions and directs the Department to submit a report to the Committees on Appropriations of the House and Senate on this matter not later than 90 days after enactment of this Act.

Puerto Rico.—Within 90 days of the date of enactment of this Act, the Department is directed to provide a report to the Committees on Appropriations of the House and Senate describing how the Department has used its authority to provide technical assistance to Puerto Rico in fiscal year 2017 and how it plans to use it in fiscal year 2018.

Terrorism Risk Insurance.—The Committee notes that the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA) requires Treasury to engage in advance coordination with state insurance regulators and others to obtain data necessary to complete annual reports to Congress on the terrorism risk insurance market. The Committee expects that Treasury will engage early with state insurance regulators and will comply fully with TRIPRA reporting requirements.

Cybersecurity.—The Committee recognizes the need to protect the financial services sector and its customers from the devastating effects of cyberattacks. While both industry and government have taken significant steps to mitigate this threat, there is more work to be done. The Committee encourages continued coordination to develop consistent and workable cybersecurity safeguards across the financial services sector. Consistent with this goal, the Committee directs the Office of Critical Infrastructure Protection and Compliance Policy (OCIP) to report to the Committees on Appropriations of the House and Senate, the Committee on Financial Services of the House, and the Committee on Banking, Housing, and Urban Affairs of the Senate within 60 days of enactment of this Act on the status of this collaboration and ways to improve cybersecurity controls and safeguards.

Regulation of Community Financial Institutions.—The Committee remains concerned with Federal regulation of community banks and credit unions. The Committee requests each financial regulator to consider the risk profile and business model of a financial institution when the regulator engages in a regulatory action. In doing so, the regulator must determine the necessity, appropriateness, and impact of applying its regulatory action to an institution or class of institutions, and importantly, is directed to tailor its regulatory action in a manner that limits the regulatory compliance impact, cost, liability risk or other burdens as is appropriate for the risk profile and business model involved.

Custody banks.—Federal banking regulators should examine regulatory approaches that may prevent custody banks from providing key services. U.S. prudential rules, including rules related to risk-weighted capital, leverage capital, and liquidity do not reflect this unique custody bank business model. For example, custody banks have a unique business model focused on providing services critical to the operation of mutual funds, pension funds, endowments and other institutional investors, including providing demand deposit accounts to hold these clients' cash. By necessity, the custody banks place such cash on deposit with the Federal Reserve and other central banks, rather than investing in loans or other higher yielding assets. Current and potentially future regulatory focus on this essentially risk-less activity, possibly impeding custody banks' ability to provide traditional custody services, could have an adverse impact on financial stability by preventing custody banks from being able to accept cash deposits from their clients during a crisis, denying those clients a safe haven to preserve their capital. The Financial Stability Oversight Council should work with banking regulators to tailor the one-size-fits-all prudential regulatory regime to ensure that custody banks can continue to provide the services necessary for investment and savings.

Insurance.—Under P.L. 111–203, the Federal Reserve Board was given authority to oversee certain nonbank holding companies, including a few bank and savings and loan holding companies with insurance affiliates, as well as certain SIFIs, which currently include three insurance companies. P.L. 111–203 also gave the Federal Insurance Office (FIO), within the Department of the Treasury, the authority to consult with the States on international issues and represent the U.S., as appropriate, in the International Association of Insurance Supervisors (IAIS).

The Committee notes that the State-based system of insurance regulation has served our nation well for more than 150 years. Any federal regulation of insurance can take final form only with explicit approval by Congress. It is important to note that other international financial agreements have had deleterious impacts on some of our nation's financial institutions.

The Committee is concerned about the ongoing negotiations held by the IAIS to develop standards on a variety of issues, including capital and a definition of non-traditional, non-insurance products, and believes the U.S. agencies party to those negotiations must appropriately fulfill their duties to advocate for the U.S. insurance market and State-based regulatory regime. The Committee also notes the importance of developing a domestic capital standard, pursuant to P.L. 111–203 and P.L. 113–279, that is based on the existing domestic regulatory structure. The Committee believes it essential that a domestic standard should be set before approval of any international standard that will or could ultimately be applied to U.S. insurers. Finally, the Committee reminds those Federal agencies party to IAIS or Financial Stability Board (FSB) negotiations to not support consolidated group-wide insurance capital standards for domestically-chartered internationally active insurance groups that are inconsistent with current state-based insurance standards, which are designed solely for the protection of the policyholder.

Cross-border Regulatory Cooperation and Harmonization.—The Committee is concerned that both the Dodd-Frank Act and U.S. prudential regulators are creating a fragmented international financial system through an excessive ring-fencing regime of U.S. subsidiaries that does not recognize, and may disincentivize, cross-border regulatory cooperation. U.S. regulators should take into account the extent to which a foreign financial company is subject to home country standards, on a consolidated basis, that are comparable to, or exceed, those applied to financial companies in the United States. The Committee expects U.S. regulators to demonstrate cross-border regulatory cooperation, to include the mutual recognition of comparable or higher standards in certain jurisdictions, and to better coordinate with home country regulators to establish a mutual recognition framework so as to create greater incentives for all jurisdictions to raise their standards to U.S. levels.

Hardest Hit.—The Hardest Hit Fund (HHF) provides significant resources to States that were hardest hit by the economic crisis for 2008 and targets critical resources toward programs that help Americans avoid foreclosure and stabilize housing markets. The Committee notes that as part of HHF's blight elimination efforts, HHF funds may be used to secure vacant and abandoned properties. The Committee does not recommend that additional funding for the Hardest Hit Fund be provided through this Act.

Financial Literacy.—The Committee believes financial literacy is important and that the Department can be helpful to entities, like universities, state and local educational agencies, qualified non-profit agencies, and financial institutions who may want to establish centers of excellence to develop and implement effective standards, training and outreach efforts for financial literacy programs. The Committee encourages the Department to use the Financial Literacy and Education Commission to look into the feasibility of a program to make competitive grants to qualified institutions.

OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$123,000,000
Budget request, fiscal year 2018	116,778,000
Recommended in the bill	123,000,000
Bill compared with:	
Appropriation, fiscal year 2017	— — —
Budget request, fiscal year 2018	+6,222,000

Economic and trade sanctions issued and enforced by the Office of Terrorism and Financial Intelligence's (TFI) Office of Foreign Assets Control (OFAC) protect the financial system from being polluted with criminal and illicit activities and counteract national security threats from drug lords, terrorists, weapons of mass destruction proliferators, and rogue nations, among others. In addition to the enforcement of sanctions, TFI also produces vital analysis with regard to foreign intelligence and counterintelligence across all elements of the national security community.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$123,000,000 for the Office of Terrorism and Financial Intelligence to carry out its central role in detecting and defeating security threats. The Com-

mittee expects these additional funds to be used to strengthen the development and enforcement of sanction programs.

Iran Sanctions Act.—The Committee directs the Department of the Treasury to report to Congress on the status of implementation and enforcement of non-nuclear, bilateral and multilateral sanctions against Iran and actions taken by the U.S. and international community to enforce such sanctions.

The Committee directs the Treasury Department to conduct a full review of all sanction designation removals related to Iran during the past 2 years and report to the Committees on Appropriations in writing for each such removal whether the entity has engaged in any prohibited activities since the removal of sanctions. If the Treasury Department determines an entity has engaged in any activities for which it should be sanctioned, the Department shall report not later than 15 days after any such determination to the Committees on Appropriations on the status of re-imposition of sanctions on any identified entity or provide a written justification for why sanctions have not been imposed.

The Committee directs the Treasury Department to provide a report to the Committee, within 180 days from enactment, on the number of non-nuclear related sanctions designations related to Iran issued for the each of the past 3 fiscal years. The report shall provide an overall number of designations, and the number for each sanctions program.

The Committee is concerned that investigations of entities for possible sanctions violations take considerable time and during the investigation period entities may continue to carry out sanctionable activities. The Committee directs the Department to begin tracking the time between the start of each investigation into possible sanctions violations and the issuance of sanctions or closure of the investigation. The Department shall provide a report to the Committees on Appropriations at the end of the fiscal year on the average investigation time, the number of investigations carried out, the number of investigations concluded, and the number of open investigations.

Iran Nuclear Deal.—The Committee notes that the Joint Comprehensive Plan of Action (JCPOA), also known as the Iran nuclear deal is not binding for State and local governments. The existing framework under which States have passed restrictions on doing business with Iran is still in place, and States are fully within their rights to enact new restrictions, or maintain current laws.

Sanctions Enforcement in Africa.—Protracted conflicts in nations such as Sudan, South Sudan, the Central African Republic, and the Democratic Republic of Congo have led to sanctions regimes and international arms embargoes to cut off the money flows that are fueling wars and contributing to regional destabilization. The Committee is concerned about the escalation of conflict and failure to abide by diplomatic agreements in these particular African states, even after sanctions have been imposed. The Committee supports the use of funds to enhance regional expertise and capacity for sanctions investigations, policy development, and enforcement of sanctions.

CYBERSECURITY ENHANCEMENT ACCOUNT

Appropriation, fiscal year 2017	\$47,743,000
Budget request, fiscal year 2018	27,264,000
Recommended in the bill	27,264,000
Bill compared with:	
Appropriation, fiscal year 2017	- 20,479,000
Budget request, fiscal year 2018	- - -

The Cybersecurity Enhancement Account (CEA) is a dedicated account designed to identify and support Department-wide investments for critical IT improvements including the systems identified as High Value Assets.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$27,264,000 for the Cybersecurity Enhancement Account.

DEPARTMENT-WIDE SYSTEMS AND CAPITAL INVESTMENTS PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$3,000,000
Budget request, fiscal year 2018	4,426,000
Recommended in the bill	3,077,000
Bill compared with:	
Appropriation, fiscal year 2017	+77,000
Budget request, fiscal year 2018	- 1,349,000

The 1997 Treasury and General Government Appropriations Act established this account, which is authorized to be used by or on behalf of Treasury bureaus at the Secretary's discretion to modernize business processes and increase efficiency through technology investments, as well as other activities that involve more than one Treasury bureau or Treasury's interface with other Government agencies.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,077,000 for Department-wide Systems and Capital Investments Programs (DSCIP).

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$37,044,000
Budget request, fiscal year 2018	34,112,000
Recommended in the bill	34,112,000
Bill compared with:	
Appropriation, fiscal year 2017	- 2,932,000
Budget request, fiscal year 2018	- - -

The Office of Inspector General (OIG) provides agency-wide audit and investigative functions to identify and correct operational and administrative deficiencies that create conditions for fraud, waste, and mismanagement. The audit function provides contract, program, and financial statement audit services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts. Program audits review and evaluate all facets of agency operations. Financial state-

ment audits assess whether financial statements fairly present the agency's financial condition and results of operations, the adequacy of accounting controls, and compliance with laws and regulations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$34,112,000 for the OIG. The recommendation fully funds the cost of overseeing the Department's Resources and Ecosystems Sustainability, Tourism Opportunities, and Revived Economy of the Gulf Coast Act (RESTORE Act) activities.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$169,634,000
Budget request, fiscal year 2018	161,113,000
Recommended in the bill	165,113,000
Bill compared with:	
Appropriation, fiscal year 2017	– 4,521,000
Budget request, fiscal year 2018	+ 4,000,000

The Office of Treasury Inspector General for Tax Administration (TIGTA) conducts audits, investigations, and evaluations to assess the operations and programs of the IRS and its related entities, the IRS Oversight Board, and the Office of Chief Counsel. The purpose of those audits and investigations is as follows: (1) To promote the economic, efficient, and effective administration of the Nation's tax laws and to detect and deter fraud and abuse in IRS programs and operations; and (2) to recommend actions to resolve fraud and other serious problems, abuses, and deficiencies in these programs and operations.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$165,113,000 for TIGTA. The Committee appreciates the many issues that TIGTA has brought to its attention and provides funding above the fiscal year request to continue TIGTA's oversight of IRS activities and use of appropriated funds.

Cybersecurity.—Since cyberattacks continue to be a threat to the Federal Government, the Committee is concerned with the potential damage such an attack would have on the Internal Revenue Service. Therefore, the Committee directs the TIGTA to submit a report to the Committees on Appropriations of the House and Senate not less than six months after enactment of this Act describing the cyberattacks and attempted cyberattacks against the agency and their consequences; as well as the steps taken to prevent, mitigate or otherwise respond to such attacks; the cybersecurity policies and procedures in place, including policies about ensuring safe use of computer and mobile devices by individual employees; and a description of all outreach efforts undertaken to increase awareness among employees and contractors of cybersecurity risks as well as an update on prior reported cyber incidents. The report shall describe the steps taken by IRS to implement previous TIGTA

cybersecurity recommendations and identify steps the IRS needs to take to improve cybersecurity.

SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF
PROGRAM

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$41,160,000
Budget request, fiscal year 2018	20,297,000
Recommended in the bill	37,044,000
Bill compared with:	
Appropriation, fiscal year 2017	- 4,116,000
Budget request, fiscal year 2018	+ 16,747,000

The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) was established in the Emergency Economic Stabilization Act of 2008 (Public Law 110–343). Its mission is to conduct, supervise, and coordinate audits and investigations of the purchase, management, and sale of assets by the Secretary of the Treasury under programs established pursuant to the Troubled Asset Relief Program (TARP).

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$37,044,000 for SIGTARP.

FINANCIAL CRIMES ENFORCEMENT NETWORK

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$115,003,000
Budget request, fiscal year 2018	112,764,000
Recommended in the bill	115,003,000
Bill compared with:	
Appropriation, fiscal year 2017	- - -
Budget request, fiscal year 2018	+ 2,239,000

The Financial Crimes Enforcement Network (FinCEN) is responsible for implementing Treasury’s anti-money laundering regulations through administration of the Bank Secrecy Act (BSA). It also collects and analyzes information to assist in the investigation of money laundering and other financial crimes. FinCEN supports law enforcement investigative efforts by Federal, State, local and international agencies, and fosters interagency and global cooperation against domestic and international financial crimes.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$115,003,000 for FinCEN. The recommended amount is intended to ensure FinCEN’s information is accessible to the law enforcement and intelligence communities and to ensure FinCEN can respond to requests for assistance from law enforcement. The data compiled and analyzed by FinCEN is a critical tool for investigating, among other crimes, money laundering, mortgage fraud, drug cartels, and terrorist financing.

Human Trafficking.—The Committee appreciates FinCEN’s history of supporting law enforcement cases that combat human trafficking, including its 2014 Guidance on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking

to financial institutions, and emphasizes the importance of continuing this effort as part of the bureau's broader mission to detect and disrupt all forms of financial crime. Wherever possible, FinCEN shall marshal its unique expertise in analyzing financial flows for this important effort in the course of ongoing strategic operations, such as the Southwest Border Initiative, and provide the appropriate assistance to law enforcement agencies in their human trafficking investigations.

TREASURY FORFEITURE FUND

(RESCISSION)

(INCLUDING RETURN OF FUNDS)

Appropriation, fiscal year 2017	\$1,115,000,000
Budget request, fiscal year 2018	876,000,000
Recommended in the bill	876,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 239,000,000
Budget request, fiscal year 2018	– – –

The Treasury Forfeiture Fund collects and disburses funds that are incidental to law enforcement activities and priorities that led to the seizures and forfeitures. The Fund can ensure resources are managed efficiently to cover the costs of an effective asset seizure and forfeiture program, including the costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting and disposing of property.

COMMITTEE RECOMMENDATION

The Committee recommends a permanent rescission of \$876,000,000 of unobligated balances in the Treasury Forfeiture Fund. Further, the Committee includes a paragraph, as requested, to return \$38,800,000 from the Forfeiture Fund to the General Fund of the Treasury. Public Law 114–113 rescinded \$3,800,000,000 of the \$3,838,800,000 forfeited by BNP Paribas S.A. in 2015 and prohibited Treasury from obligating the remaining balance. Returning these funds to the General Fund does not count as savings to this bill, per scorekeeping rules, because the funds were already precluded from obligation.

The Committee directs the Department to submit to the Committees on Appropriations of the House and Senate a detailed table every month reporting the interest earned, forfeiture revenue collected, unobligated balances, recoveries, expenses to date, and expenses estimated for the remainder of the fiscal year.

BUREAU OF THE FISCAL SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$353,057,000
Budget request, fiscal year 2018	330,837,000
Recommended in the bill	330,837,000
Bill compared with:	
Appropriation, fiscal year 2017	– 22,220,000
Budget request, fiscal year 2018	– – –

The mission of the Bureau of the Fiscal Service is to promote the financial integrity and operational efficiency of the U.S. Government through accounting, borrowing, collections, payments, and

shared services. The Fiscal Service is the Federal Government's central financial agent. The Fiscal Service also develops and implements reliable and efficient financial methods and systems to operate the government's cash management, credit management, and debt collection programs in order to maintain government accounts and report on the status of the government's finances. In addition, the Fiscal Service is the primary agency for collecting Federal non-tax debt owed to the government, and is responsible for the conduct of all public debt operations and the promotion of the sale of U.S. securities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$330,837,000 for the Fiscal Service. Of the funds provided, \$4,210,000 is available until September 30, 2019, for information systems modernization.

The Committee is pleased that the Fiscal Service continues to realize cost-savings from the consolidation of the Bureau of Public Debt and the Financial Management Service.

DATA Act.—The Committee is supportive of the Department's implementation of the DATA Act (P.L. 113–101). The Fiscal Service has worked to establish a DATA Act Schema that leverages industry standards to create a government-wide data structure for federal spending information. The Committee is concerned by the findings in a recent January 2016 GAO report (“Data Standards Established, but More Complete and Timely Guidance Is Needed to Ensure Effective Implementation”; GAO 16 261), which found that many of the 57 draft data elements released by OMB and the Treasury Department in August 2015 (“Federal Spending Transparency Data Standards”) to have ambiguous or vague definitions that could inhibit government-wide aggregation of agency reported data. Moreover, final reporting guidance needs to be issued to agencies to clarify how they are to extract, compile, standardize, and report their spending data.

Within this appropriation, funding is included for USAspending.gov. The Committee expects the Fiscal Service to meet its transparency goals within USAspending.gov related to the DATA Act and will monitor progress in achieving government spending transparency. The Committee directs the Fiscal Service to meet its transparency goals within USAspending.gov and coordinate with OMB to publish all unclassified vendor contracts and grant awards for all federal agencies on USAspending.gov. The Committee directs the Fiscal Service to display this information online and report to the Committees on Appropriations of the House and Senate within 90 days of the enactment of this Act on its progress in achieving government spending transparency.

The Committee is committed to transparency and accountability in federal spending. As such the Committee directs the Fiscal Service to make basic information about the use of financial agents publicly available in a central location, including compensation paid to each financial agent and a description of the services provided.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$111,439,000
Budget request, fiscal year 2018	98,658,000
Recommended in the bill	111,439,000
Bill compared with:	
Appropriation, fiscal year 2017	— — —
Budget request, fiscal year 2018	+12,781,000

The Alcohol and Tobacco Tax and Trade Bureau (TTB) is responsible for the enforcement of laws designed to eliminate certain illicit activities and to regulate lawful activities relating to distilled spirits, beer, wine, and nonbeverage alcohol products, and tobacco. TTB focuses on collecting revenue; reducing taxpayer burden and improving service while preventing diversion; and protecting the public and preventing consumer deception in certain regulated commodities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$111,439,000 for the TTB. Within this amount, \$5,000,000 is included for increased enforcement of the Federal Alcohol Administration Act (FAA Act).

Enforcement.—The Committee has included \$5,000,000 for TTB to increase enforcement efforts for industry trade practice violations. Enforcement of basic trade practice functions, required under the FAA Act, is critical to ensuring a competitive, fair, and safe marketplace. The Committee directs the TTB to report to the Committees on Appropriations of the House and Senate, within 60 days of enactment of this Act, on how the additional funding will be used to bolster enforcement, forensic audits, and investigations, particularly in known points in the supply chain that are susceptible to illegal activity.

Processing Time.—The Committee will continue to monitor the process for securing basic label and formula approvals required under the FAA Act. The Committee continues to support additional funding for this and expects the TTB to continue to make efforts to shorten processing time for label and formula applications.

American Viticulture Area.—The Committee recognizes that the use of American Viticulture Area (AVA) terms help small farmers and wineries grow their businesses by developing regional brands. The AVA system stimulates economic growth in the industry and also provides consumers with valuable information about where their purchases are sourced. The TTB should improve label accuracy to ensure that use of AVA terms are consistent with existing federal laws and regulations governing the use of these protected terms. The Committee is aware that the TTB is actively working on Notice No. 160 and directs the Bureau to keep the Committee apprised of any imminent action related to this rulemaking.

Craft Producers.—The Committee recognizes the important function TTB plays in protecting the public and properly collecting tax revenue from the industries it oversees. The Committee encourages TTB to continue outreach to small craft producers and identify areas where the Bureau can minimize the regulatory burden on this industry.

UNITED STATES MINT

UNITED STATES MINT PUBLIC ENTERPRISE FUND

The United States Mint manufactures coins, receives deposits of gold and silver bullion, and safeguards the Federal Government's holdings of monetary metals. In 1997, Congress established the United States Mint Public Enterprise Fund (Public Law 104–52), which authorized the Mint to use proceeds from the sale of coins to finance the costs of its operations and consolidated all existing Mint accounts into a single fund. Public Law 104–52 also provided that, in certain situations, the levels of capital investments for circulating coins and protective services shall factor into the decisions of the Congress.

COMMITTEE RECOMMENDATION

The Committee recommends a spending level for capital investments by the Mint for circulating coinage and protective services of \$30,000,000 for fiscal year 2018.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

PROGRAM ACCOUNT

Appropriation, fiscal year 2017	\$248,000,000
Budget request, fiscal year 2018	14,000,000
Recommended in the bill	190,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 58,000,000
Budget request, fiscal year 2018	+176,000,000

The Community Development Financial Institutions (CDFI) Fund provides grants, loans, equity investments, and technical assistance, on a competitive basis, to new and existing CDFIs such as community development banks, community development credit unions, and housing and microenterprise loan funds. Recipients use the funds to support mortgages, small business and economic development lending in underserved and distressed neighborhoods and to support the availability of financial services in these neighborhoods. The CDFI Fund is also responsible for implementation of the New Markets Tax Credits.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$190,000,000 for the CDFI Fund program. Of the amounts provided, \$137,000,000 is for financial and technical assistance grants, \$3,000,000 is for CDFIs to provide technical and financial assistance to individuals with disabilities, \$15,000,000 is for Native Initiatives, \$15,000,000 is for the Bank Enterprise Award Program, and \$23,000,000 is for the administrative expenses for all. In addition, the Committee recommends a loan level of \$500,000,000 for the Bond Guarantee Program.

CDFIs in U.S. Insular Areas.—The Committee notes the absence of CDFIs serving American Samoa, Northern Mariana Islands and other U.S. insular areas and recommends that the CDFI Fund use its Capacity Building Initiative to expand service, to the extent practical, to these areas.

CDFIS in the Appalachian Region.—The Committee recognizes that the Appalachian region continues to face economic hardships and high unemployment stemming from the downturn in the coal market. The Committee encourages the CDFI Fund to focus on opportunities in the region and expand service for businesses and industries that may lead to improved long-term diversification of the economy in Appalachia.

CDFI Program Integration for Individuals with Disabilities.—The Committee is pleased to provide dedicated funds for financial and technical assistance grants to position more CDFI's to respond to the housing, transportation, education, and employment needs of underserved, low-income, individuals with disabilities. By increasing the visibility of the disability community, the Committee expects CDFI's to incorporate the needs of the disabled into their business plans and practices.

The Committee directs the CDFI to submit a report every six months until all the funds are obligated, not later than six months after the enactment of the Act to the Committees on Appropriations of the House and Senate summarizing the progress made toward developing a competitive application pool of CDFIs to compete for funds for individuals with disabilities. Additionally, the report should include the number of awards, amount of each award, types of programs, impact the funding has made on the number of CDFIs serving the disability community, and findings and recommendations to improve upon the implementation of these activities.

INTERNAL REVENUE SERVICE

The Committee recommends providing \$11,085,943,000 for the IRS, which is \$149,057,000 below current level, but \$110,943,000 above the request. This recommendation would fund the IRS, in total, below their fiscal year 2008 level. Funding for the Taxpayer Service account is at \$2,315,754,000 which is slightly below their current level when factoring in the additional funds provided for Taxpayer Services in fiscal year 2017.

In addition, the Committee includes language to:

- Prohibit funds for finalizing any regulation related to the standards used to determine the tax-exempt status of a 501(c)(4) organization;
- Prohibit funds for IRS employee bonuses and awards that do not consider the conduct and tax compliance of such employees;
- Prohibit funds for hiring former IRS employees without considering the employees past conduct and tax compliance;
- Prohibit funds for targeting groups for regulatory scrutiny based on their ideological beliefs;
- Prohibit funds for targeting citizens for exercising their First Amendment rights;
- Prohibit funds for conferences that do not comply with the Treasury Inspector General for Tax Administration's (TIGTA) recommendations regarding conferences;
- Prohibit funds for the production of videos that have not been reviewed for cost, topic, tone, and purpose and certified to be appropriate;
- Require extensive reporting on IRS spending and information technology; and

- Provide TIGTA with \$165 million for its audit and investigative oversight of the IRS.

The Committee remains concerned with the level of service taxpayers are receiving and continued cybersecurity threats. Targeted reporting is included to assist the Committee monitor and evaluate the IRS's progress in these areas.

A description of the Committee's recommendation by appropriation is provided below.

TAXPAYER SERVICES

Appropriation, fiscal year 2017	¹ \$2,156,554,000
Budget request, fiscal year 2018	2,212,311,000
Recommended in the bill	2,315,754,000
Bill compared with:	
Appropriation, fiscal year 2017	+159,200,000
Budget request, fiscal year 2018	+103,443,000

¹As directed by Public Law 115-31, Division E, Section 113 of the Administrative Provisions—Internal Revenue Service, \$209,200,000 was transferred by the Commissioner of the Internal Revenue Service to the Taxpayer Services which increased the Taxpayer Services fiscal year 2017 level to \$2,365,754,000.

The Taxpayer Services appropriation provides for taxpayer services, including forms and publications; processing tax returns and related documents; filing and account services; taxpayer advocacy services; and assisting taxpayers to understand their tax obligations, correctly file their returns, and pay taxes due in a timely manner.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,315,754,000 for Taxpayer Services, which is \$50,000,000 below the account's fiscal year 2017 total appropriated funding level. Within the amount provided, the Committee expects the IRS to sufficiently fund the Taxpayer Advocate Service.

Identity Theft.—Identity theft remains a persistent obstacle to accurate, fair, and efficient tax collection. Innocent taxpayers, who otherwise comply with their tax obligations, have their refunds delayed and are drawn unwittingly into the IRS examination process because their identity was stolen and misused.

The Committee requires a report, reviewed by the National Taxpayer Advocate, from the IRS that covers 2010–2017 period on: the number of taxpayers who have had their tax return rejected because their Social Security or taxpayer identification number was improperly used by another individual to commit tax fraud; the average time to resolve the situation and provide innocent taxpayers with their refund, when a refund is due; and the number of cases involving taxpayer identification numbers of residents of the territories. The report will also include a discussion on IRS's progress and plans to expedite resolution for these taxpayers, to prevent non-victims from becoming victims, to educate the public on the threat of identity theft, and to detect, prevent, and combat identity-based tax fraud and actions. The Committee directs the IRS to submit the report to the Committees on Appropriations of the House and Senate by June 1, 2018.

Pre-Filled or Simple Tax Returns.—The Committee believes that converting a voluntary compliance system to a bill presentment model would represent a significant change in the relationship between taxpayers and their government. The simple return model

would also strain IRS resources and the data retrieval systems required would create new burdens on employers, particularly small businesses. In addition, a fundamental conflict of interest seems to be inherent in the nation's tax collector and compliance enforcer taking on the simultaneous role of tax preparer and financial advisor. The Committee expects that the IRS will not begin work on a simple tax return pilot program or associated systems without first seeking specific authorization and appropriations from Congress, and should instead focus on helping Congress and the Administration achieve real tax simplification and reform.

Level of Service Plan.—The IRS would benefit from exploring new customer service innovations to deliver quality and timely telephone and written correspondence service to taxpayers. The Committee agrees with the Government Accounting Office recommendation that the IRS should systematically and periodically compare its level of telephone service to the best in business to identify gaps between actual and desired performance and directs IRS to submit a plan to the Committees on Appropriations of the House and Senate six months after the enactment of this Act. This should include a customer service plan with specific goals, strategies, and resources to achieve those goals.

Earned Income Tax Credits.—The Committee recognizes the importance of continued efforts to improve the administration of the Earned Income Tax Credits (EITC) for all taxpayers and encourages the IRS to submit a report to the committees on Appropriations of the House and Senate six months after the enactment of this Act that explores new strategies to reduce fraudulent EITC claims. The Committee directs the IRS to develop a report on efforts taken by the agency to protect taxpayer information, and how the agency is addressing the specific issue with the EITC.

Safe Harbor.—The Committee instructs the Internal Revenue Service to follow and apply, the 75 percent math safe harbor test. Section 4052(f)(1) provides a safe harbor test that excludes from the tax previously taxed tractors that are refurbished as long as the restoration cost does not exceed 75-percent of the cost of a comparable new tractor. Therefore, the Committee expects that the IRS apply these longstanding statutory provisions as written and without additional interpretation, modification, or added conditions.

IRS Phone Scams.—The committee supports the IRS efforts to provide taxpayers with information on how to protect themselves from telephone scam artists calling and pretending to be with the IRS. However, these aggressive and threatening phone calls by criminals impersonating IRS agents remain a major threat to taxpayers. The Committee strongly encourages the IRS to partner with federal and state law enforcement agencies to develop a plan to curtail and stop these calls. The IRS shall report to the Committees on Appropriations of the House and Senate 120 days after enactment of this Act on their plan of action. The IRS has provided public information on tips and best practices in this area. Currently, the IRS recommends individuals report these abuses to the Treasury Inspector General for tax Administration.

Taxpayer Correspondence.—The Committee encourages the IRS to implement a system for tracking delivery status of taxpayer correspondence and integrating that information into its systems. By utilizing services provided through the USPS Intelligent Mail

Barcode, the Committee believes that IRS can prevent fraud, enhance taxpayer service, and reduce costs through real-time awareness of delivery exceptions, updated address information, and the capability to automatically send undeliverable taxpayer correspondence to a USPS facility for secure destruction. The Committee directs the IRS to produce a report to the Committees on Appropriations of the House and Senate no later than six months after enactment of this Act on the potential future savings, benefits, timeframe and costs for implementation of such a system.

ENFORCEMENT

Appropriation, fiscal year 2017	\$4,860,000,000
Budget request, fiscal year 2018	4,706,500,000
Recommended in the bill	4,810,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 50,000,000
Budget request, fiscal year 2018	+103,500,000

The Enforcement appropriation provides for the examination of tax returns, both domestic and international; the administrative and judicial settlement of taxpayer appeals of examination findings; technical rulings; monitoring employee pension plans; determining qualifications of organizations seeking tax-exempt status; examining tax returns of exempt organizations; enforcing statutes relating to detection and investigation of criminal violations of the internal revenue laws; identifying underreporting of tax obligations; securing unfiled tax returns; and collecting unpaid accounts.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,810,000,000 for Enforcement. Of the funds provided, the Committee recommends not less than \$60,257,000 to support IRS activities under the Interagency Crime and Drug Enforcement program. The Committee carries the provision that none of the funds may be used by the Internal Revenue Service for implementation of the Patient Protection and Affordable Care Act.

Favorable Determination Letters.—The Committee believes the Favorable Determination Letter program is a valuable and useful service, assuring tax administrators that they are operating employee plans in compliance with tax law.

Printed Forms and Instructions.—The Committee encourages the IRS to continue to provide printed forms and instructions to vulnerable populations, especially rural communities where internet usage rates are below the national average.

Compliance and Tax Gap.—GAO has highlighted in their April 2017 report (GAO–17–371) the importance of the IRS’s National Research Program (NRP) study on tax compliance issues. GAO reviewed how practices from NRP examination could improve operational examinations. GAO notes that the NRP study on employment tax returns provide a valuable opportunity to identify what noncompliance areas are contributing to the \$16 billion annual employment tax gap, and better align IRS resources with the most prevalent areas of noncompliance. The Committee encourages the IRS to review GAO’s recommendations with the intent to improve operational examinations.

Income Verification Express Services.—The Committee directs the IRS to produce a report to the Committees on Appropriations of the House and Senate no later than six months after the enactment on this Act on automating its Income Verification Express Services (IVES) with a data sharing Application Programming Interface (API) that could help reduce operational costs; reduce paperwork and waiting period burdens on borrowers; provide more safeguards to ensure the privacy and security of taxpayer account information; and potentially expand access to credit. The IRS should include the steps necessary to create this API, including working with U.S. Digital Services, to build a pilot test version of the API with dummy data that allows lenders to test prototype loan application interface and back-end system improvements as well as testing the user verification system to protect taxpayer information, all of which would inform the IRS's ultimate API design.

OPERATIONS SUPPORT

Appropriation, fiscal year 2017	¹ \$3,638,446,000
Budget request, fiscal year 2018	3,946,189,000
Recommended in the bill	3,850,189,000
Bill compared with:	
Appropriation, fiscal year 2017	+211,743,000
Budget request, fiscal year 2018	–96,000,000

¹As directed by Public Law 115–31, Division E, Section 113 of the Administrative Provisions—Internal Revenue Service, \$80,800,000 was transferred by the Commissioner of the Internal Revenue Service to Operations Support which increased the Operations Support fiscal year 2017 level to \$3,719,246,000.

The Operations Support appropriation provides for overall planning and direction of the IRS, including shared service support related to facilities services, rent payments, printing, postage, and security. Specific activities include headquarters management activities such as strategic planning, communications and liaison, finance, human resources, Equal Employment Opportunity and diversity, research, information technology, and telecommunications.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,850,189,000 for Operations Support. The Operations Support account reflects a higher appropriation as the result of a permanent realignment of funds from Systems Modernization.

Obligations and Employment.—Not later than 45 days after the end of each quarter, the Internal Revenue Service shall submit reports on its activities to the House and the Senate Committees on Appropriations. The reports shall include information about the obligations made during the previous quarter by appropriation, object class, office, and activity; the estimated obligations for the remainder of the fiscal year by appropriation, object class, office, and activity; the number of full-time equivalents within each office during the previous quarter; and the estimated number of full-time equivalents within each office for the remainder of the fiscal year.

Information Technology Reports.—The Committee directs the IRS to submit quarterly reports on particular major project activities to the Committees on Appropriations of the House and the Senate and the GAO, no later than 30 days following the end of each calendar quarter in fiscal year 2018. The Committee expects the reports to include detailed, plain English explanations of the cumulative expenditures and schedule performance to date, specified by

fiscal year; the costs and schedules for the previous 3 months; the anticipated costs and schedules for the upcoming 3 months; and the total expected costs to complete the following major information technology project activities: IRS.gov; Returns Remittance Processing; EDAS/IPM; Information Returns and Document Matching; E-services; Taxpayer Advocate Service Integrated System; Affordable Care Act administration; and other projects associated with significant changes in law. In addition, the quarterly report should clearly explain when the project was started; the expected date of completion; the percentage of work completed as compared to planned work; the current and expected state of functionality; any changes in schedule; and current risks unrelated to funding amounts and mitigation strategies. The Committee directs the Department of the Treasury to conduct a semi-annual review of IRS's IT investments to ensure the cost, schedule, and scope of the projects goals are transparent. The Committee further directs GAO to review and provide an annual report to the Committees evaluating the cost and schedule of activities of all major IRS information technology projects for the year, with particular focus on the projects about which the IRS is submitting quarterly reports to the Committee.

Utilization of Cloud Services.—The Committee is concerned the Department's largest agency, the Internal Revenue Service appears slow to adopt new IT strategies including transition to commercial cloud services that offer enhanced security and cost savings including the use of digital workspace technologies for the IRS. The IRS shall provide a report six months after enactment of this Act to the Committees on Appropriations of the House and Senate, to include the use of and plans for expansion of commercial cloud computing services, the security benefits of transitioning Federal Information Security Management Act (FISMA) moderate and high systems and data to commercial cloud computing services, the cost savings achieved in fiscal year 2017 by the utilization of commercial cloud computing services, and how the agency is performing against their goal for data center consolidation as required by the Federal Information Technology Acquisition Reform Act.

Taxpayer Receipt.—The Committee recognizes the importance of empowering Americans with information to hold the federal government accountable over how taxpayer dollars are being spent. The Committee encourages the IRS to create a written receipt for those filing paper tax returns and an electronic receipt for those that e-file that will include a breakdown of each individual's contributions to Social Security, defense spending, Medicare and other federal programs, as well as the total amount of federal debt and how much the federal government has borrowed per citizen.

BUSINESS SYSTEMS MODERNIZATION

Appropriation, fiscal year 2017	\$290,000,000
Budget request, fiscal year 2018	110,000,000
Recommended in the bill	110,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 180,000,000
Budget request, fiscal year 2018	– – –

The Business Systems Modernization (BSM) appropriation provides funding to modernize key business systems of the Internal Revenue Service. Funds have been permanently transferred from

this account to Operations Support to fund operation and maintenance for the existing infrastructure that will help protect the IRS from cyber threats.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$110,000,000 for BSM. The Committee continues to support IRS in its efforts to modernize its business systems such as CADE 2 and the Return Review Program that enhances IRS capabilities to detect, address, and prevent tax refund fraud as well as web applications that will help the IRS transition to a more serviceable digital government.

Information Technology Reports.—The Committee expects the IRS to continue to submit quarterly reports to the Committees and GAO during fiscal year 2018, no later than 30 days following the end of each calendar quarter. The Committee expects the reports to include detailed, plain English explanations of the cumulative expenditures and schedule performance to date, specified by fiscal year; the costs and schedules for the previous 3 months; the anticipated costs and schedules for the upcoming 3 months; and the total expected costs to complete CADE2 and Return Review Program. In addition, the quarterly report should clearly explain when the project was started; the expected date of completion; the percentage of work completed as compared to planned work; the current and expected state of functionality; any changes in schedule; and current risks unrelated to funding amounts and mitigation strategies. The Committee directs the Department of the Treasury to conduct a semi-annual review of CADE2 and Return Review Program to ensure the cost, schedule, and scope goals of the projects are transparent. The Committee further directs GAO to review and provide an annual report to the Committee evaluating the cost and schedule of CADE2 and Return Review Program activities for the year, as well as an assessment of the functionality achieved.

Audit Trail Compliance—Audit trails are a key component of effective information technology security. Maintaining sufficient audit trails is critical to establishing accountability over users and their actions within information systems. The Committee directs the IRS to submit quarterly reports to the Committees on Appropriations of the House and Senate and Treasury Inspector General for Tax Administration (TIGTA) on its progress towards implementing the audit trail requirements described in TIGTA's "Semi-annual Report to Congress April 1, 2015–September 30, 2015", consistent with the Internal Revenue Manual, for legacy and planned business systems modernization investments with priority consideration to business systems presenting the most significant threats to taxpayer information.

Aging Infrastructure—The IRS estimates that 64 percent of its information technology hardware infrastructure is beyond its useful life. This aging infrastructure creates significant risks in the American tax system. The Treasury Inspector General for Tax Administration is currently reviewing this issue and has identified that outdated hardware infrastructure has negatively affected the IRS's ability to ensure the security of taxpayer information. It has also affected IRS productivity and taxpayer service due to system downtime. The Committee looks forward to seeing TIGTA's pending report on this issue and encourages TIGTA to monitor and periodi-

cally report on the impact aging IT infrastructure has on the IRS's ability to operate efficiently and protect the security of taxpayer information.

ADMINISTRATIVE PROVISIONS—INTERNAL REVENUE SERVICE
(INCLUDING TRANSFERS OF FUNDS)

Section 101. The Committee continues a provision that allows for the transfer of five percent of any appropriation made available to the IRS to any other IRS appropriation, upon the advance approval of the Committees on Appropriations of the House and Senate.

Section 102. The Committee continues a provision that requires the IRS to maintain a training program to include taxpayer rights, dealing courteously with taxpayers, cross-cultural relations, and the impartial application of tax law.

Section 103. The Committee continues a provision that requires the IRS to institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.

Section 104. The Committee continues a provision that makes funds available for improved facilities and increased staffing to provide efficient and effective 1-800 number help line service for taxpayers.

Section 105. The Committee continues a provision with modifications requiring videos produced by the IRS to be approved in advance by the Service-Wide Video Editorial Board.

Section 106. The Committee continues a provision that requires the IRS to notify employers of any address change request and to give special consideration to offers in compromise for taxpayers who have been victims of payroll tax preparer fraud.

Section 107. The Committee continues a provision with modifications that prohibits the IRS from targeting U.S. citizens for exercising their First Amendment rights.

Section 108. The Committee continues a provision with modifications that prohibits the IRS from targeting groups based on their ideological beliefs.

Section 109. The Committee continues a provision with modifications that requires the IRS to comply with procedures and policies on conference spending as recommended by the Treasury Inspector General for Tax Administration.

Section 110. The Committee continues a provision with modifications that prohibits funds for giving bonuses to employees or hiring former employees without considering conduct and compliance with Federal tax law.

Section 111. The Committee continues a provision with modifications that prohibits funds to violate the confidentiality of tax returns.

Section 112. The Committee includes a new provision that prohibits funds from being used to implement the individual mandate of the Affordable Care Act.

Section 113. The Committee continues a provision with modifications that prohibits funds for pre-populated returns.

Section 114. The Committee includes a new provision that prohibits funds to implement an IRS Notice on conservations easements.

Section 115. The Committee includes a new provision that prohibits funds to finalize, implement, or enforce amendments related to restrictions on liquidation of an interest with respect to estate, gift, and generation-skipping transfer taxes from taking effect.

Section 116. The Committee includes a new provision to prohibit funds for the Internal Revenue Service (IRS) to determine that a church is not exempt from taxation for participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidates for public office unless the IRS Commissioner consents to such determination, the Commissioner notifies the tax committees of Congress, and the determination is effective 90 days after such notification.

ADMINISTRATIVE PROVISIONS—DEPARTMENT OF THE TREASURY

(INCLUDING TRANSFERS OF FUNDS)

Section 117. The Committee continues a provision that authorizes the Department to purchase uniforms, insurance for motor vehicles that are overseas, and motor vehicles that are overseas without regard to the general purchase price limitations; to enter into contracts with the State Department for health and medical services for Treasury employees who are overseas; and to hire experts or consultants.

Section 118. The Committee continues a provision that authorizes transfers, up to two percent, between “Departmental Offices—Salaries and Expenses”, “Office of Inspector General”, “Special Inspector General for the Troubled Asset Relief Program”, “Financial Crimes Enforcement Network”, “Bureau of the Fiscal Service”, and “Alcohol and Tobacco Tax and Trade Bureau” appropriations under certain circumstances.

Section 119. The Committee continues a provision that authorizes transfers, up to two percent, between the Internal Revenue Service and the Treasury Inspector General for Tax Administration under certain circumstances.

Section 120. The Committee continues a provision that prohibits the Department of the Treasury from undertaking a redesign of the one dollar Federal Reserve note.

Section 121. The Committee includes a provision that provides for transfers from the Bureau of the Fiscal Service to the Debt Collection Fund as necessary for the purposes of debt collection.

Section 122. The Committee continues a provision that requires congressional approval for the construction and operation of a museum by the United States Mint.

Section 123. The Committee continues a provision prohibiting funds in this or any other Act from being used to merge the United States Mint and the Bureau of Engraving and Printing without the approval of the House and Senate committees of jurisdiction.

Section 124. The Committee continues a provision deeming that funds for the Department of the Treasury’s intelligence-related activities are specifically authorized in fiscal year 2018 until enactment of the Intelligence Authorization Act for fiscal year 2018.

Section 125. The Committee continues a provision permitting the Bureau of Engraving and Printing to use \$5,000 from the Industrial Revolving Fund for reception and representation expenses.

Section 126. The Committee continues a provision that requires the Department to submit a capital investment plan.

Section 127. The Committee continues a provision that requires quarterly reports of the Office of Financial Research (OFR) and Office of Financial Stability.

Section 128. The Committee continues a provision that requires a report on the Department's Franchise Fund.

Section 129. The Committee continues a provision that prohibits the Department from finalizing any regulation related to the standards used to determine the tax-exempt status of a 501(c)(4) organization.

Section 130. The Committee includes a new provision to prohibit funds to approve, license, facilitate, authorize, or otherwise allow the importation of property confiscated by the Cuban Government.

Section 131. The Committee includes a new provision to prohibit funds to approve or otherwise allow the licensing of a mark, trade name, or commercial name that is substantially similar to one that was used in connection with a business or assets that were confiscated unless expressly consented.

Section 132. The Committee includes a new provision requiring the Special Inspector General for the Troubled Asset Relief Program to prioritize performance audits or investigations of programs funded under the Emergency Economic Stabilization Act of 2008.

Section 133. The Committee includes a new provision that prohibits the Department from enforcing guidance for U.S. positions on multilateral development banks which engage with developing countries on coal-fired power generation.

TITLE II—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT

Funds appropriated in this title provide for the staff and operations of the White House, along with other organizations within the Executive Office of the President (EOP), which formulate and coordinate policy on behalf of the President, such as the National Security Council and the Office of Management and Budget. The title also includes funding for the Office of National Drug Control Policy and certain expenses of the Vice President.

THE WHITE HOUSE

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$55,214,000
Budget request, fiscal year 2018	55,000,000
Recommended in the bill	55,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 214,000
Budget request, fiscal year 2018	– – –

The White House Salaries and Expenses account supports staff and administrative services necessary for the direct support of the President.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$55,000,000 for the White House.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

OPERATING EXPENSES

Appropriation, fiscal year 2017	\$12,723,000
Budget request, fiscal year 2018	12,917,000
Recommended in the bill	12,917,000
Bill compared with:	
Appropriation, fiscal year 2017	+194,000
Budget request, fiscal year 2018	— —

These funds provide for the care, maintenance, staffing and operations of the Executive Residence, including official and ceremonial functions of the President.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$12,917,000 for the Operating Expenses of the Executive Residence. The bill continues the same restrictions on reimbursable expenses for use of the Executive Residence as were included in past years.

WHITE HOUSE REPAIR AND RESTORATION

Appropriation, fiscal year 2017	\$750,000
Budget request, fiscal year 2018	750,000
Recommended in the bill	750,000
Bill compared with:	
Appropriation, fiscal year 2017	— —
Budget request, fiscal year 2018	— —

The White House repair and restoration account provides for the repair, alteration, and improvement of the Executive Residence at the White House.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$750,000 for White House Repair and Restoration.

COUNCIL OF ECONOMIC ADVISERS

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$4,201,000
Budget request, fiscal year 2018	4,187,000
Recommended in the bill	4,187,000
Bill compared with:	
Appropriation, fiscal year 2017	— 14,000
Budget request, fiscal year 2018	— —

The Council of Economic Advisers analyzes the national economy and its various segments, advises the President on economic developments, recommends policies for economic growth and stability, appraises economic programs and policies of the Federal Government, and assists in preparation of the annual Economic Report of the President.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,187,000 for the Council of Economic Advisers.

Evidence-based Policymaking.—The recent bipartisan focus on improving evidence-based policymaking has highlighted the need for stronger partnerships between researchers and government de-

cision-makers to ensure that research informs policy and that agencies have the capacity to carry out rigorous evaluations that can produce actionable findings to improve government effectiveness. The Council of Economic Advisers could play a key role in helping the White House and federal agencies form partnerships with strong researchers, inside and outside government, to build knowledge about what works in priority areas. The Committee encourages CEA to work closely with the Office of Management and Budget on strategies for improving agency evaluation capacity, which could include identifying strong researchers to serve in government agencies under the Intergovernmental Personnel Act.

NATIONAL SECURITY COUNCIL AND HOMELAND SECURITY COUNCIL
SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$12,000,000
Budget request, fiscal year 2018	13,500,000
Recommended in the bill	11,800,000
Bill compared with:	
Appropriation, fiscal year 2017	– 200,000
Budget request, fiscal year 2018	– 1,700,000

The National Security Council and the Homeland Security Council have been combined to form the National Security Staff which advises and assists the President in the integration of domestic, foreign, military, intelligence, and economic aspects of national security policy, and serves as the principal means of coordinating executive departments and agencies in the development and implementation of national security and homeland security policies.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$11,800,000 for the National Security Council (NSC) and Homeland Security Council.

Staffing report.—The Committee is awaiting delivery of the staffing report directed in the fiscal year 2017 Committee report, and reiterates concerns of overstaffing to the point of rendering the Council ineffective. The Committee’s recommendation adopts the elements of the request as presented in the object class schedule, but adjusts the total to reflect 2016 personnel compensation and benefits levels. The Committee again directs the National Security Council to submit a report within 90 days of enactment of this Act that outlines the roles and responsibilities of all of its full time equivalent (FTE) employees. This report shall include a breakout of all positions and FTEs that are assigned from other agencies to the NSC and all FTEs which the NSC has detailed to other agencies as well as associated start and end dates of assignment and any unreimbursed costs. Finally, the report shall contain a staffing reduction plan on how the NSC proposes to meet the budget reduction.

OFFICE OF ADMINISTRATION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$101,041,000
Budget request, fiscal year 2018	100,000,000
Recommended in the bill	100,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 1,041,000
Budget request, fiscal year 2018	– – –

The Office of Administration is responsible for providing administrative services to the Executive Office of the President. These services include financial, personnel, procurement, information technology, records management, and general office services.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$100,000,000 for the Office of Administration. Of the recommended amount, not to exceed \$12,800,000 is available until expended for modernization of the information technology infrastructure within the Executive Office of the President.

OFFICE OF MANAGEMENT AND BUDGET

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$95,000,000
Budget request, fiscal year 2018	103,000,000
Recommended in the bill	100,000,000
Bill compared with:	
Appropriation, fiscal year 2017	+5,000,000
Budget request, fiscal year 2018	– 3,000,000

The Office of Management and Budget (OMB) assists the President in the discharge of budgetary, economic, management, and other executive responsibilities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$100,000,000 for OMB. The recommendation also continues several long-standing provisos, not requested by the President, limiting certain OMB activities.

Budget Submission.—The recommendation provides sufficient funds for OMB to consult with and provide Congressional Committees with an appropriate number of printed and electronic copies of the President’s fiscal year 2019 budget request, including documents such as the Appendix, Historical Tables, and Analytical Perspectives. The Committee believes that if the Administration wants the Congress to consider its proposed budget that it should provide the Congress with copies of the budget request.

Personnel and Obligations Report.—The Committee directs OMB to provide the Committees on Appropriations of the House and Senate with quarterly reports on personnel and obligations consisting of on-board staffing levels, estimated staffing levels by office for the remainder of the fiscal year, total obligations incurred to date, estimated total obligations for the remainder of the fiscal year, and a narrative description of current hiring initiatives.

Unobligated Balances Report.—OMB is directed to report to the Committees on Appropriations of the House and Senate within 45

days of the end of each fiscal quarter on available balances at the start of the fiscal year, current year obligations, and resulting unobligated balances for each discretionary account within the Financial Services and General Government subcommittee's jurisdiction.

Efficiency Based Contracting Models.—The Committee notes that contracting models for digital government services and information technology services are available to agencies that will increase efficiencies and believes that more should be done to take advantage of these models. These proven contracting models have been shown to save government money and enhance the user experience. A report by OMB in March 2015 identified no-cost contracting and transaction-based models as ones that are beneficial to agencies both in increased efficiencies and cost savings. Since that time, few agencies have moved forward on procuring technological solutions using these models. The Committee encourages OMB to work with agencies to identify opportunities for no-cost or transaction based contracting models in 2018.

Social Cost of Carbon.—The Committee directs the Office of Information and Regulatory Affairs (OIRA) to rely on instruction included in the Executive Order “Promoting Energy Independence and Economic Growth,” dated March 28, 2017, and ensure that any estimates developed by agencies that include monetizing the value of changes in greenhouse gas emissions resulting from regulations are consistent with Executive Order 12866 and OMB Circular A–4 of September 17, 2003. OIRA should not permit any regulations to be finalized using the Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866, Interagency Working Group on Social Cost of Carbon, United States Government, May 2013, revised August 2016; or the Addendum to Technical Support Document on Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866: Application of the Methodology to Estimate the Social Cost of Methane and the Social Cost of Nitrous Oxide, Interagency Working Group on Social Cost of Greenhouse Gases, United States Government, August 2016.

Intellectual Property.—The Committee continues to strongly support the Office of the Intellectual Property Enforcement Coordinator (IPEC), and encourages the Office to continue to promote private sector efforts to reduce online copyright infringement and to implement a meaningful plan, as called for in the Joint Strategic Plan, to enhance capacity building, outreach, and training programs to promote meaningful protection of American intellectual property abroad. Therefore, the Committee recommends no less than three FTEs dedicated solely to the Office of IPEC from OMB. The Committee also directs IPEC, with FTC, to initiate educational campaigns to raise consumer awareness about how content-theft sites serve as infiltration devices with malicious software, thereby enabling identity theft.

Evidence-based Policy Making.—The Committee appreciates the valuable role OMB has played under recent administrations to strengthen agency capacity for evaluation and evidence-based policymaking, to encourage agency adoption of evidence-focused grant program designs in which grantees use and build evidence about what works in service delivery, and to foster development of cross-agency data-linkage infrastructure to support program evaluation

while protecting privacy. However, these efforts have not reached many parts of government that could benefit. The Committee encourages OMB, in consultation with the Council of Economic Advisers and other White House offices, to develop strategies to accelerate learning about what works through rigorous evaluations and to create connections between researchers and policymakers that ensure the best evidence is brought to bear in decision-making. These strategies should draw upon important innovations in several agencies, such as creation of learning agendas to prioritize research and evaluation; new program designs such as tiered evidence and Pay for Success grants; recruitment of strong researchers from academic institutions to serve in government agencies under the Intergovernmental Personnel Act; partnerships with state and local governments that foster bottoms-up innovations that are evaluated to learn their impact; and collaborations with foundations focused on increasing government's capacity for rigorous research in important policy areas. The Committee believes that performance management activities carried out under the Government Performance and Results Act Modernization Act (GPRAMA) should be integrated into government-wide evidence-building efforts in ways that enhance learning and improvement.

Improper Payments.—The Committee encourages OMB to continue working with agencies across the Federal government to ensure processes are in place to eliminate payments to deceased persons. OMB is again directed to report to the Committees on Appropriations of the House and Senate within 120 days of enactment of this Act on how it is ensuring that agencies are not making improper payments to deceased individuals, and demonstrate improvements over the prior year.

DATA Act.—The Committee recognizes OMB's responsibilities related to implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act), and urges OMB to adequately prioritize DATA Act implementation. The Committee directs OMB to ensure agency compliance of the data-centric approach to federal financial reporting and fully standardized automated agency data submissions. The Committee includes funding for activities associated with DATA Act implementation and expects OMB to keep the Committee informed on its DATA Act implementation efforts.

Customer Service.—The Committee continues to support efforts to improve customer service in accordance with Executive Order 13571—Streamlining Service Delivery and Improving Customer Service. Despite those efforts, more needs to be done to improve the services that the government provides whether it is citizens calling the Internal Revenue Service with questions, or Office of Personnel Management processing Federal employment retirement claims. The Committee continues direction to OMB to develop standards to improve customer service for all agencies, and provide to the Committees on Appropriations of the House and Senate a report on how these standards are incorporated into the performance plans required under 31 U.S.C. 1115 within 90 days of the enactment of this Act.

Performance Measures.—The Committee continues to urge OMB to work with agencies to ensure that agency funding requests in fiscal year 2019 are directly linked to agency performance plans. The Committee directs OMB to report to the Committees on Appro-

priations of the House and Senate within 180 days of enactment of this Act on its progress improving the use of performance measures in the Executive Branch’s budgeting processes, and highlight examples of where improved performance links to the budget in the fiscal year 2018 budget justifications.

Online Budget Repository.—The Committee encourages OMB to develop a central online repository where all Federal agency budgets and their respective justifications are publicly available in a consistent searchable, sortable, and machine readable format.

Offsetting Collections Report.—The Committee directs OMB to submit a report to the House and Senate Committees on Appropriations concurrent with the fiscal year 2019 budget submission detailing the offsetting collections derived from non-federal sources that are authorized by law and not subject to appropriations.

USASpending.gov.—The Committee encourages OMB to develop and implement an oversight process to regularly assess the consistency of the information reported on USASpending.gov by federal agencies.

Information Technology Acquisition.—In an effort to shorten lengthy procurement cycles for federal agencies working to acquire information technology platforms, the Committee recommends that the OMB designate a federal agency most in need of enterprise-wide information technology improvement and undertake a twelve-month pilot to develop a model process for information technology acquisition. Development of this model should utilize more efficient procurement strategies for information technology devices and systems, and should include the acceptance of unsolicited proposals as well as properly justified sole-source procurements and other innovative and expediting acquisition methods to acquire, test, or experiment with information technology and cybersecurity products, services, and systems.

OFFICE OF NATIONAL DRUG CONTROL POLICY

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$19,274,000
Budget request, fiscal year 2018	18,400,000
Recommended in the bill	18,400,000
Bill compared with:	
Appropriation, fiscal year 2017	– 874,000
Budget request, fiscal year 2018	– – –

The Office of National Drug Control Policy (ONDCP) was established by the Anti-Drug Abuse Act of 1988. As the President’s primary source of support for counter-drug policy development and program oversight, ONDCP is responsible for developing and updating a National Drug Control Strategy, developing a National Drug Control Budget, and coordinating and evaluating the implementation of Federal drug control activities. In addition, ONDCP manages several counter-drug programs which are discussed under the “Federal Drug Control Programs” heading below. These programs include the High Intensity Drug Trafficking Areas (HIDTA) program and Drug-Free Communities grants.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$18,400,000 for ONDCP Salaries and Expenses. The Committee expects ONDCP to focus resources on the counter-drug policy development, coordination, and evaluation functions which are the primary mission of the Office and the origins of its existence.

The Committee strongly supports the Office of National Drug Control Policy programs to reduce drug use and drug trafficking, and its unique position as the coordinator of Federal programs. The Committee expects ONDCP to focus resources on the counter-drug policy development, coordination, and evaluation functions, which are the primary mission of the Office and the origins of its existence. To the extent practicable, ONDCP should prioritize discretionary funds to aid States that have identified heroin, cocaine, methamphetamine, and opioid addiction as threats, and are developing community responses to combat those drugs that prioritize treatment and health services over criminal punishment. ONDCP is directed to report to the Committees on Appropriations of the House and Senate within 90 days of enactment on how its programs are addressing these challenges.

The Committee commends the work that ONDCP has done to aid rural communities in combating the opioid epidemic. More work is still needed to help some of the hardest hit communities in both rural America and Appalachia. The Committee expects ONDCP to coordinate with small and rural law enforcement agencies and develop strategies to improve the effectiveness of drug eradication efforts through shared intelligence, technology, and manpower despite limited resources.

FEDERAL DRUG CONTROL PROGRAMS

HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2017	\$254,000,000
Budget request, fiscal year 2018	246,525,000
Recommended in the bill	254,000,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	+7,475,000

The High Intensity Drug Trafficking Areas (HIDTA) Program provides resources to Federal and State, local, and tribal agencies in designated HIDTAs to combat the production, transportation and distribution of illegal drugs; to seize assets derived from drug trafficking; to address violence in drug-plagued communities; and to disrupt the drug marketplace.

Currently, 28 HIDTAs operate in 48 States plus the District of Columbia, Puerto Rico, and the Virgin Islands. Each HIDTA is managed by an Executive Board comprised of equal numbers of Federal, State, local or tribal officials. Each HIDTA Executive Board is responsible for designing and implementing initiatives for the specific drug trafficking threats in its region. Intelligence and information sharing are key elements of all HIDTA programs.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$254,000,000 for the HIDTA Program. The Committee believes that the HIDTA program has demonstrated its effectiveness and can serve as an important tool in combating problems of drug trafficking and drug-related violence.

The Committee includes language requiring that existing HDTAs receive funding at least equal to the fiscal year 2017 level unless the Director submits a justification for doing otherwise to the Committees on Appropriations, based on clearly articulated priorities and published performance measures.

The recommendation includes bill language directing ONDCP to notify the Committees on Appropriations of the initial allocation of HIDTA funds no later than 45 days after enactment, and to notify the Committees of the proposed use of funds no later than 90 days after enactment. The language directs the ONDCP Director to work in consultation with the HIDTA Directors in determining the uses of that discretionary funding.

Finally, the Committee recommendation specifies that up to \$2,700,000 may be used for auditing services and related activities.

OTHER FEDERAL DRUG CONTROL PROGRAMS

(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2017	\$114,871,000
Budget request, fiscal year 2018	103,662,000
Recommended in the bill	108,843,000
Bill compared with:	
Appropriation, fiscal year 2017	– 6,028,000
Budget request, fiscal year 2018	+5,181,000

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$108,843,000 for Other Federal Drug Control Programs. The recommended level for fiscal year 2018 is distributed among specific programs and activities as follows:

Drug-Free Communities	\$91,000,000
Drug court training and technical assistance	2,000,000
Model Drug Laws (Section 1105 of P.L. 109–469)	1,000,000
CARA Activities (Section 103 of P.L. 114–198)	3,000,000
Anti-Doping activities	9,500,000
World Anti-Doping Agency dues	2,343,000

Within the total for the Drug-Free Communities program, \$2,000,000 is for training authorized by Section 4 of P.L. 107–82.

UNANTICIPATED NEEDS

Appropriation, fiscal year 2017	\$800,000
Budget request, fiscal year 2018	798,000
Recommended in the bill	798,000
Bill compared with:	
Appropriation, fiscal year 2017	– 2,000
Budget request, fiscal year 2018	– – –

The unanticipated needs account enable the President to meet unanticipated exigencies in support of the national interest, security, or defense.

COMMITTEE RECOMMENDATION

The Committee recommends \$798,000 for unanticipated needs in fiscal year 2018.

INFORMATION TECHNOLOGY OVERSIGHT AND REFORM

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$27,000,000
Budget request, fiscal year 2018	25,000,000
Recommended in the bill	20,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 7,000,000
Budget request, fiscal year 2018	– 5,000,000

These funds support efforts to make the Federal Government's investments in information technology (IT) more efficient, secure and effective.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$20,000,000 for IT activities. The Committee appreciates OMB's efforts to improve program and contract management of information technology investments as well as the Administration's efforts to utilize cloud computing and consolidate data centers. The Committee expects OMB to improve the processes used to develop information technology systems. The Committee directs OMB to provide the Committees on Appropriations of the House and the Senate with quarterly reports on savings this program identifies by fiscal year, agency and appropriation.

SPECIAL ASSISTANCE TO THE PRESIDENT

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$4,228,000
Budget request, fiscal year 2018	4,288,000
Recommended in the bill	4,288,000
Bill compared with:	
Appropriation, fiscal year 2017	+60,000
Budget request, fiscal year 2018	– – –

These funds support the executive functions of the Office of the Vice President.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,288,000 for the Office of the Vice President.

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$299,000
Budget request, fiscal year 2018	302,000
Recommended in the bill	302,000
Bill compared with:	
Appropriation, fiscal year 2017	+3,000
Budget request, fiscal year 2018	– – –

These funds support the care and operation of the Vice President's residence and specifically support equipment, furnishings, dining facilities, and services required to perform and discharge the Vice President's official duties, functions and obligations.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$302,000 for the Operating Expenses of the Vice President's residence.

ADMINISTRATIVE PROVISIONS—EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT

(INCLUDING TRANSFER OF FUNDS)

Section 201. The Committee includes language permitting the transfer of not to exceed ten percent of funds between various accounts within the Executive Office of the President, with advance approval of the Committees on Appropriations. The amount of an appropriation shall not be increased by more than 50 percent.

Section 202. The Committee continues language requiring the Director of the Office of Management and Budget to report on the costs of implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203).

Section 203. The Committee includes language requiring the Director of the Office of Management and Budget to include a statement of budgetary impact with any Executive Order or Presidential Memorandum issued or rescinded during fiscal year 2018 where the regulatory cost exceeds \$100,000,000.

TITLE III—THE JUDICIARY

The funds recommended by the Committee in title III of the accompanying bill are for the operation and maintenance of United States Courts and include the salaries of judges, probation and pre-trial services officers, public defenders, court clerks, law clerks, and other supporting personnel, as well as security costs, information technology, and other expenses of the Federal Judiciary. The Committee recommends a total of \$7,093,625,000 in discretionary funding for the Judiciary in fiscal year 2018.

In addition to direct appropriations, the Judiciary collects various fees and has certain multiyear funding authorities. The Judiciary uses these non-appropriated funds to offset its direct appropriation requirements. Consistent with prior year practices and section 608 of this Act, the Committee expects the Judiciary to submit a financial plan, within 60 days of enactment of this Act, allocating all sources of available funds including appropriations, fee collections, and carryover balances. This financial plan will be the baseline for purposes of reprogramming notification.

Improving the physical security at buildings occupied by the Judiciary and U.S. Marshals Service (USMS) and ensuring the integrity of the judicial process by providing secure facilities to conduct judicial business is a priority for the Committee. Under the General Services Administration's (GSA) Federal Buildings Fund appropriation, the Committee recommends \$20,000,000 for the Judiciary Capital Security program for alterations to improve physical security in buildings occupied by the Judiciary and USMS.

The Committee notes that a fair and efficient judicial system depends on ensuring citizens have reasonable access to the federal courts. The Committee encourages the Judiciary and the General Services Administration to collaborate with local stakeholders to facilitate continued community access to court services. The Committee further encourages the Judiciary, when developing its space requirements for a particular location, to continue to consider factors including the number of available judges, local facility conditions, security, rental and operating costs, the number and type of proceedings handled in that location, the location's distance to the next closest federal court facility, and the population served in that location.

The Committee urges the Judiciary in coordination with GSA to consider practical and cost effective approaches to providing judicial services, as appropriate, in areas that lack a federal facility in which civil and criminal proceedings are held.

The Judiciary shall provide to the House and Senate Committees on Appropriations a report addressing (1) trends in Public Access to Court Electronic Records (PACER) revenues since passage of the E-Government Act of 2002; (2) sources of PACER revenues broken out by general types of users, such as federal government, corporations, and individuals, over a five fiscal year period; (3) an itemization of how PACER revenues are spent (including the annual cost of operating the PACER Service Center, which performs functions such as billing and customer support) over the same five fiscal year period; and (4) initiatives planned or underway by the Judiciary to improve PACER technology, operations, or management for the purpose of providing greater functionality, an improved user experience, or greater efficiency. This report shall be provided no later than 120 days after the enactment of this Act.

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$76,668,000
Budget request, fiscal year 2018	78,538,000
Recommended in the bill	78,538,000
Bill compared with:	
Appropriation, fiscal year 2017	+1,870,000
Budget request, fiscal year 2018	— —

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$78,538,000 for fiscal year 2018 for the salaries and expenses of personnel and the cost of operating the Supreme Court, excluding the care of the building and grounds. The Committee includes bill language making \$1,500,000 available until expended for the purpose of making information technology investments. The Committee directs the Court to include an annual report with its budget justification materials, showing information technology carryover balances and describing expenditures made in the previous fiscal year and planned expenditures in the budget year.

CARE OF THE BUILDING AND GROUNDS

Appropriation, fiscal year 2017	\$14,868,000
Budget request, fiscal year 2018	15,689,000
Recommended in the bill	15,000,000
Bill compared with:	
Appropriation, fiscal year 2017	+132,000
Budget request, fiscal year 2018	– 689,000

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$15,000,000 for fiscal year 2018, to remain available until expended. The Architect of the Capitol has responsibility for these functions and supervises the use of this appropriation.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$30,108,000
Budget request, fiscal year 2018	31,075,000
Recommended in the bill	30,592,000
Bill compared with:	
Appropriation, fiscal year 2017	+484,000
Budget request, fiscal year 2018	– 483,000

COMMITTEE RECOMMENDATION

The Court of Appeals for the Federal Circuit has exclusive national jurisdiction over a large number of diverse subject areas, including government contracts, patents, trademarks, Federal personnel, and veterans' benefits. The Committee recommends an appropriation of \$30,592,000 for fiscal year 2018.

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$18,462,000
Budget request, fiscal year 2018	18,649,000
Recommended in the bill	18,556,000
Bill compared with:	
Appropriation, fiscal year 2017	+94,000,000
Budget request, fiscal year 2018	– 93,000,000

COMMITTEE RECOMMENDATION

The Court of International Trade has exclusive nationwide jurisdiction of civil actions against the United States and certain civil actions brought by the United States, arising out of import transactions and administration and enforcement of the Federal customs and international trade laws. The Committee recommends an appropriation of \$18,556,000 for fiscal year 2018.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL
SERVICES

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$4,996,445,000
Budget request, fiscal year 2018	5,168,974,000
Recommended in the bill	5,082,710,000
Bill compared with:	
Appropriation, fiscal year 2017	+86,265,000
Budget request, fiscal year 2018	- 86,264,000

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$5,082,710,000 for the operations of the regional courts of appeals, district courts, bankruptcy courts, the Court of Federal Claims, and probation and pretrial services offices.

The Committee recommends a reimbursement of \$7,366,000 for fiscal year 2018 from the Vaccine Injury Compensation Trust Fund to cover expenses of the United States Court of Federal Claims associated with processing cases under the National Childhood Vaccine Injury Act of 1986.

DEFENDER SERVICES

Appropriation, fiscal year 2017	\$1,044,647,000
Budget request, fiscal year 2018	1,132,284,000
Recommended in the bill	1,110,375,000
Bill compared with:	
Appropriation, fiscal year 2017	+65,728,000
Budget request, fiscal year 2018	- 21,909,000

COMMITTEE RECOMMENDATION

This account provides funding for the operation of the Federal Public Defender and Community Defender organizations and for compensation and reimbursement of expenses of panel attorneys appointed pursuant to the Criminal Justice Act for representation in criminal cases. The Committee recommends an appropriation of \$1,110,375,000 for fiscal year 2018.

FEES OF JURORS AND COMMISSIONERS

Appropriation, fiscal year 2017	\$39,929,000
Budget request, fiscal year 2018	52,673,000
Recommended in the bill	39,929,000
Bill compared with:	
Appropriation, fiscal year 2017	--
Budget request, fiscal year 2018	- 12,744,000

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$39,929,000 for payments to jurors and land commissioners for fiscal year 2018.

COURT SECURITY

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$565,388,000
Budget request, fiscal year 2018	583,799,000
Recommended in the bill	574,593,000
Bill compared with:	
Appropriation, fiscal year 2017	+9,205,000
Budget request, fiscal year 2018	– 9,206,000

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$574,593,000 for Court Security in fiscal year 2018 to provide for necessary expenses of security and protective services in courtrooms and adjacent areas. The recommendation will provide for the highest priority security needs identified by the courts and the U.S. Marshals Service.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$87,500,000
Budget request, fiscal year 2018	90,339,000
Recommended in the bill	87,920,000
Bill compared with:	
Appropriation, fiscal year 2017	+420,000
Budget request, fiscal year 2018	– 2,419,000

COMMITTEE RECOMMENDATION

The Administrative Office of the United States Courts (AO) provides administrative and management support to the United States Courts, including the probation and bankruptcy systems. It also supports the Judicial Conference of the United States in determining Federal Judiciary policies, in developing methods to assist the courts to conduct business efficiently and economically, and in enhancing the use of information technology in the courts. The Committee recommends an appropriation of \$87,920,000 for the AO for fiscal year 2018.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$28,335,000
Budget request, fiscal year 2018	29,082,000
Recommended in the bill	28,708,000
Bill compared with:	
Appropriation, fiscal year 2017	+373,000
Budget request, fiscal year 2018	– 374,000

COMMITTEE RECOMMENDATION

The Federal Judicial Center (FJC) improves the management of Federal Judicial dockets and court administration through education for judges and staff, and research, evaluation, and planning assistance for the courts and the Judicial Conference. The Committee recommends an appropriation of \$28,708,000 for the FJC for fiscal year 2018.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$18,100,000
Budget request, fiscal year 2018	18,576,000
Recommended in the bill	18,338,000
Bill compared with:	
Appropriation, fiscal year 2017	+238,000
Budget request, fiscal year 2018	– 238,000

COMMITTEE RECOMMENDATION

The purpose of the U.S. Sentencing Commission is to establish, review, and revise sentencing guidelines, policies, and practices for the Federal criminal justice system. The Commission is also required to monitor the operation of the guidelines and to identify and report necessary changes to the Congress. The Committee recommends \$18,338,000 for the Commission for fiscal year 2018.

ADMINISTRATIVE PROVISIONS—THE JUDICIARY

(INCLUDING TRANSFER OF FUNDS)

Section 301. The Committee continues language to permit funds for salaries and expenses to be available for employment of experts and consultant services as authorized by 5 U.S.C. 3109.

Section 302. The Committee continues language that permits up to five percent of any appropriation made available for fiscal year 2018 to be transferred between Judiciary appropriations provided that no appropriation shall be decreased by more than five percent or increased by more than ten percent by any such transfer except in certain circumstances. In addition, the language provides that any such transfer shall be treated as a reprogramming of funds under sections 604 and 608 of the accompanying bill and shall not be available for obligation or expenditure except in compliance with the procedures set forth in those sections.

Section 303. The Committee continues language authorizing not to exceed \$11,000 to be used for official reception and representation expenses incurred by the Judicial Conference of the United States.

Section 304. The Committee continues language through fiscal year 2018 regarding the delegation of authority to the Judiciary for contracts for repairs of less than \$100,000.

Section 305. The Committee continues language to authorize a court security pilot program.

Section 306. The Committee includes language requested by the Judicial Conference of the United States to extend temporary judgeships in Arizona, California, Florida, Kansas, Missouri, New Mexico, North Carolina, and Texas.

Section 307. The Committee includes language requested by the Judicial Conference of the United States to extend temporary bankruptcy judgeships in Virginia, Michigan, Puerto Rico, Delaware, and Florida.

TITLE IV—DISTRICT OF COLUMBIA

FEDERAL FUNDS

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

Appropriation, fiscal year 2017	\$40,000,000
Budget request, fiscal year 2018	30,000,000
Recommended in the bill	30,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 10,000,000
Budget request, fiscal year 2018	— — —

The Resident Tuition Support program, also known as the D.C. Tuition Assistance Grant (DCTAG) program, provides up to \$10,000 annually for undergraduate District students to attend eligible four-year public universities and colleges nationwide at in-state tuition rates. Grants of up to \$2,500 per year are available for students to attend private universities and colleges in the D.C. metropolitan area, private Historically Black Colleges and Universities nationwide, and public two-year community colleges nationwide.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$30,000,000 for the resident tuition support program. The District of Columbia can contribute local funds to this program and is authorized to prioritize applications based on income and need if there is demand for the program beyond the available level of Federal funds.

FEDERAL PAYMENT FOR EMERGENCY PLANNING AND SECURITY COSTS
IN THE DISTRICT OF COLUMBIA

Appropriation, fiscal year 2017	\$34,895,000
Budget request, fiscal year 2018	13,000,000
Recommended in the bill	13,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 21,895,000
Budget request, fiscal year 2018	— — —

As the seat of the national government, the District of Columbia has a unique and significant responsibility for protecting the property and personnel of the Federal government. The Federal Payment for Emergency Planning and Security Costs is provided to help address the impact of the Federal presence on public safety in the District of Columbia.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$13,000,000 for emergency planning and security costs. The recommendation reflects a reduction from the prior year as additional funds for inauguration costs are not needed in fiscal year 2018.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

Appropriation, fiscal year 2017	\$274,611,000
Budget request, fiscal year 2018	265,400,000
Recommended in the bill	265,400,000
Bill compared with:	
Appropriation, fiscal year 2017	– 9,211,000
Budget request, fiscal year 2018	— — —

Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the Federal government is required to finance the District of Columbia Courts. This Federal payment to the District of Columbia Courts funds the operations of the District of Columbia Court of Appeals, Superior Court, the Court System, and the Capital Improvement Program.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$265,400,000 for operation of the District of Columbia Courts. This amount includes \$14,000,000 for the Court of Appeals; \$121,000,000 for the Superior Court; \$71,500,000 for the Court System; and \$58,900,000 for capital improvements to courthouse facilities.

FEDERAL PAYMENT FOR DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$49,890,000
Budget request, fiscal year 2018	49,890,000
Recommended in the bill	49,890,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

The District of Columbia Courts appoint and compensate attorneys to represent persons who are financially unable to obtain such representation.

COMMITTEE RECOMMENDATION

The Committee recommends \$49,890,000 for Defender Services in the District of Columbia Courts.

FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

Appropriation, fiscal year 2017	\$248,008,000
Budget request, fiscal year 2018	244,298,000
Recommended in the bill	244,298,000
Bill compared with:	
Appropriation, fiscal year 2017	-3,710,000
Budget request, fiscal year 2018	---

The Court Services and Offender Supervision Agency (CSOSA) for the District of Columbia is an independent Federal agency created by the National Capital Revitalization and Self-Government Improvement Act of 1997. CSOSA acquired the operational responsibilities for the former District agencies in charge of probation and parole, and houses the Pretrial Services Agency (PSA) for the District of Columbia within its framework.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$244,298,000 for CSOSA. Of the amounts provided, \$180,840,000 is for Community Supervision and Sex Offender Registration and \$63,458,000 is for pretrial services.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA PUBLIC DEFENDER
SERVICE

Appropriation, fiscal year 2017	\$41,829,000
Budget request, fiscal year 2018	40,082,000
Recommended in the bill	40,082,000
Bill compared with:	
Appropriation, fiscal year 2017	-1,747,000
Budget request, fiscal year 2018	---

The Public Defender Service (PDS) for the District of Columbia is an independent organization authorized by the National Capital Revitalization and Self-Government Improvement Act of 1997, whose purpose is to provide legal representation services within the District of Columbia justice system.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$40,082,000 for public defender services for the District of Columbia.

FEDERAL PAYMENT TO THE CRIMINAL JUSTICE COORDINATING
COUNCIL

Appropriation, fiscal year 2017	\$2,000,000
Budget request, fiscal year 2018	1,900,000
Recommended in the bill	1,900,000
Bill compared with:	
Appropriation, fiscal year 2017	-100,000
Budget request, fiscal year 2018	---

The Criminal Justice Coordinating Council (CJCC) provides a forum for District of Columbia and Federal law enforcement to identify criminal justice issues and solutions, and improve the coordination of their efforts. In addition, the CJCC developed and maintains the Justice Integrated Information System which provides for the seamless sharing of information with Federal and local law enforcement.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$1,900,000 to the Criminal Justice Coordinating Council.

FEDERAL PAYMENT FOR JUDICIAL COMMISSIONS

Appropriation, fiscal year 2017	\$585,000
Budget request, fiscal year 2018	565,000
Recommended in the bill	565,000
Bill compared with:	
Appropriation, fiscal year 2017	-20,000
Budget request, fiscal year 2018	---

This appropriation provides funding for the two judicial commissions. The first is the Judicial Nomination Commission (JNC), which recommends a panel of three candidates to the President for each judicial vacancy in the District of Columbia Court of Appeals and Superior Court. From the panel selected by the JNC, the President nominates a person for each vacancy and submits his or her name for confirmation to the Senate. The second commission is the Commission on Judicial Disabilities and Tenure (CJDT), which has jurisdiction over all judges of the Court of Appeals and Superior Court to determine whether a judge's conduct warrants disciplinary action and whether involuntary retirement of a judge for health

reasons is warranted. In addition, the CJDT conducts evaluations of judges seeking reappointment and judges who retire and wish to continue service as a senior judge.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$295,000 for the Commission on Judicial Disabilities and Tenure, and \$270,000 for the Judicial Nomination Commission.

FEDERAL PAYMENT FOR SCHOOL IMPROVEMENT

Appropriation, fiscal year 2017	\$45,000,000
Budget request, fiscal year 2018	45,000,000
Recommended in the bill	45,000,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

The Scholarships for Opportunity and Results (SOAR) Act, as reauthorized in the Financial Services and General Government Appropriations Act, 2017, authorizes funds to be evenly divided between District of Columbia Public Schools, Public Charter Schools and Opportunity Scholarships.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$45,000,000 for school improvement. Based on the statutory funding formula, \$15,000,000 is provided for District of Columbia Public Schools, \$15,000,000 is provided for public charter schools, and \$15,000,000 is provided for opportunity scholarships.

FEDERAL PAYMENT FOR THE DISTRICT OF COLUMBIA NATIONAL GUARD

Appropriation, fiscal year 2017	\$450,000
Budget request, fiscal year 2018	435,000
Recommended in the bill	435,000
Bill compared with:	
Appropriation, fiscal year 2017	- 15,000
Budget request, fiscal year 2018	---

The Major General David F. Wherley, Jr. District of Columbia National Guard Retention and College Access Program pays for the costs of a tuition assistance program for guard members.

COMMITTEE RECOMMENDATION

The Committee recommends a Federal payment of \$435,000 for the Major General David F. Wherley, Jr. District of Columbia National Guard Retention and College Access Program. The Committee acknowledges the unique role of the D.C. National Guard in addressing emergencies that may occur as a result of the presence of the Federal government.

FEDERAL PAYMENT FOR TESTING AND TREATMENT OF HIV/AIDS

Appropriation, fiscal year 2017	\$5,000,000
Budget request, fiscal year 2018	5,000,000
Recommended in the bill	5,000,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

Currently, 2 percent of the population of the District of Columbia has been diagnosed with HIV/AIDS. This percentage surpasses the generally accepted definition of an epidemic, which is 1 percent of the population. Between 2007 and 2015, the number of new HIV infections has dropped by 72 percent.

COMMITTEE RECOMMENDATION

The Committee recommendation includes \$5,000,000 for a Federal payment for testing, education, and treatment of HIV/AIDS.

DISTRICT OF COLUMBIA FUNDS

The Committee continues to appropriate local funds to the District of Columbia in accordance with and required by Article I, Section 8, clause 17 and Article I, Section 9, clause 7 of the Constitution. The bill provides local funds for the operation of the District of Columbia as approved by the District of Columbia Council and the Mayor.

The Committee includes language that provides the District with the authority to spend their local funds in the following fiscal year in the event of an absence of Federal appropriations. This authority is continued in section 816 of this Act.

TITLE V—INDEPENDENT AGENCIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$3,100,000
Budget request, fiscal year 2018	3,094,000
Recommended in the bill	3,100,000
Bill compared with:	
Appropriation, fiscal year 2017	— — —
Budget request, fiscal year 2018	+6,000

The Administrative Conference of the United States (ACUS) is an independent agency that studies Federal administrative procedures and processes to recommend improvements to the President, Congress and other agencies.

COMMITTEE RECOMMENDATION

The Committee recommends \$3,100,000 for ACUS.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$126,000,000
Budget request, fiscal year 2018	123,000,000
Recommended in the bill	123,000,000
Bill compared with:	
Appropriation, fiscal year 2017	— 3,000,000
Budget request, fiscal year 2018	— — —

The Consumer Product Safety Act established the Consumer Product Safety Commission (CPSC), an independent Federal regulatory agency, to reduce the risk of injury associated with consumer products.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$123,000,000 for the CPSC for fiscal year 2018.

Within the amount provided under this heading, \$1,300,000 is for the Virginia Graeme Baker Pool and Spa Safety Act grant program. The Committee commends the CPSC for continuing to provide resources for the national and grassroots “Pool Safely” campaign, a safety information and education program designed to reduce child drownings and near drowning injuries and maintain a zero fatality rate for drain entrapments. This multifaceted initiative includes consumer and industry education efforts, press events, partnerships, outreach, and advertising. The Committee expects the CPSC to maintain the fiscal year 2017 levels for the “Pool Safely” campaign.

Voluntary Recall.—The Committee remains concerned about proposed changes to the voluntary recall system that would serve to negatively impact small businesses. Despite overwhelming opposition, the Commission has failed to withdraw its proposed rule on voluntary recalls. The Committee opposes making unnecessary changes to a recall system that has worked well over the past 40 years, owing to a successful partnership between businesses and the Commission. To that end, the Committee strongly encourages the Commission to withdraw the proposed rule.

Public Disclosures of Information.—Section 6(b) of the Consumer Product Safety Act (CPSA) requires CPSC to take reasonable steps to ensure that any disclosure of information relating to a consumer product safety incident is accurate and fair. The Committee remains concerned that the Commission has not withdrawn a proposed rule on section 6(b) that threatens to undermine a successful partnership based on openness and trust between industry and the Commission. The Committee cautions the Commission about making changes to a process that has succeeded in both protecting the consumer against harm and protecting industry against inaccurate disclosures of information before an investigation has been completed. Consequently, the Committee strongly encourages the Commission to withdraw the proposed rule.

Window Coverings.—The Committee continues to support the cooperative efforts of CPSC and the window coverings industry to educate consumers on window covering safety. The Committee encourages continued cooperation between CPSC and industry on developing voluntary standards for its products through the current voluntary standards setting process.

ADMINISTRATIVE PROVISIONS—CONSUMER PRODUCT SAFETY
COMMISSION

Section 501. The Committee continues language prohibiting funds to finalize, implement, or enforce the proposed rule on recreational off-highway vehicles until a study is completed by the National Academy of Sciences.

Section 502. The Committee includes new language prohibiting funds to finalize any rule by the Consumer Product Safety Commission relating to blade-contact injuries on table saws.

ELECTION ASSISTANCE COMMISSION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$9,600,000
Budget request, fiscal year 2018	9,200,000
Recommended in the bill	7,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 2,600,000
Budget request, fiscal year 2018	– 2,200,000

The Election Assistance Commission (EAC) was established by the Help America Vote Act of 2002 (HAVA) and is charged with implementing provisions of that Act relating to the reform of Federal election administration.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,000,000 for the Salaries and Expenses of the EAC.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$356,711,000
Budget request, fiscal year 2018	322,035,000
Recommended in the bill	322,035,000
Bill compared with:	
Appropriation, fiscal year 2017	– 34,676,000
Budget request, fiscal year 2018	– – –

The mission of the Federal Communications Commission (FCC) is to implement the Communications Act of 1934 and assure the availability of high quality communications services for all Americans.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$322,035,000 for the Salaries and Expenses of the FCC, all of which is to be derived from offsetting collections. The Committee also includes a cap of \$111,150,000 for the administration of spectrum auctions.

Broadcaster Relocation.—The Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112–96) authorized the FCC to conduct a voluntary incentive auction and Congress allocated \$1.75 billion to reimburse the service and equipment costs of channel relocation incurred by the television broadcast industry, such as changes to antennas, transmitters, transmission lines, and towers. The Committee is aware of concerns about the length of time and funds available to broadcasters to repack stations and the Committee intends to monitor this issue closely. Both broadcasters and entities who purchased spectrum participated in good faith to make the incentive auction successful. The Committee supported the Commission’s administration of the incentive auction and expects the FCC to take into careful consideration any participating entity’s concerns.

Net Neutrality/Open Internet.—The Committee supports the recent efforts by the FCC to scale back previous actions taken by the Commission to regulate the internet. Imposing heavy-handed eco-

conomic regulation disincentivizes growth, particularly in areas of the country that need infrastructure investment the most. Government agencies should not get in the way of U.S. innovation, investment, and expansion and the Committee strongly supports the Commission's efforts to support broadband expansion and consumer choice.

USF High Cost Program.—The committee appreciates the ongoing commitment of the FCC to its multi-year initiative to modernize and target the focus of the Universal Service Fund (USF), and particularly its High Cost program. Nevertheless, the outcome of these efforts can be troubling particularly with regard to stand-alone broadband services and may conflict with the statutory mandate of providing specific, predictable, and sufficient support to ensure universal consumer access to reasonably comparable services at reasonably comparable rates. Because of the inconsistent way the individual program budgets have been applied, the application of these control mechanisms to the four programs is particularly concerning. The Committee therefore urges the FCC to engage in a comprehensive assessment of each program's goals and challenges, use the resulting analysis to adjust the respective USF programs to allow them to sufficiently respond to their statutory missions, and, if appropriate, apply on a going-forward basis, uniform and consistent inflationary growth mechanisms to each program to further ensure their respective ability to successfully respond to our national universal service objectives. The Committee directs the FCC to submit, within 120 days of enactment of this Act, a report outlining its analysis, conclusions, and actions in this regard.

USF Reform.—In recognition of the ongoing rapidly changing communications industry landscape, the Committee believes it is imperative that the Federal State Joint Board on Universal Service move aggressively to identify and provide USF contributions reform recommendations to the Commission. The Committee further urges that such recommendations should expressly recognize that continuing to base contributions only on legacy telecommunications service revenues (and a limited number of other service revenues) will undermine, and ultimately threaten universal access to advanced communications by eroding the sustainability of the USF program and placing unfair and inequitable burdens for support of the program on a small subset of communications network users.

Rates.—Since 2012, the FCC has forced telecommunications providers in rural areas to raise the rates for local voice service. There are concerns about the effects of these rate increases on rural residents and the methodology used to determine the minimum rates. As the Commission works to complete a rule to develop a "rate floor" methodology, the Committee recommends the FCC at the very least freeze any rate floor increases at the current level while determining whether the rate floor has met its intended purposes, whether changes should be made to the current rate floor methodology, or whether it should be eliminated entirely.

Broadband Access.—The Committee strongly encourages the FCC to continue to work with the Universal Service Administrative Company (USAC) to allocate Universal Service Funds (USF) for broadband expansion in rural and economically disadvantaged areas in order to maximize the use of USF funds. The Committee believes the deployment of broadband in rural and economically

disadvantaged areas is a driver of economic development, jobs, and new education opportunities and expects the Commission to prioritize these efforts.

Territories and Tribal Lands.—The Committee is concerned about the disparity in access to broadband between the territories, tribal lands, and the 50 states. The Committee encourages the Commission to implement policies that increase broadband access and adoption in these areas.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF THE INSPECTOR GENERAL

Appropriation, fiscal year 2017	\$35,958,000
Budget request, fiscal year 2018	39,136,000
Recommended in the bill	39,136,000
Bill compared with:	
Appropriation, fiscal year 2017	3,178,000
Budget request, fiscal year 2018	---

Funding for the Office of the Inspector General (OIG) at the Federal Deposit Insurance Corporation (FDIC) is provided pursuant to 31 U.S.C. 1105(a)(25), which requires a separate appropriation for each Office of Inspector General established under section 11(2) of the Inspector General Act of 1978.

COMMITTEE RECOMMENDATION

The Committee recommends \$39,136,000 from the Deposit Insurance Fund and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund to finance the OIG.

FEDERAL ELECTION COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$79,119,000
Budget request, fiscal year 2018	71,250,000
Recommended in the bill	71,250,000
Bill compared with:	
Appropriation, fiscal year 2017	– 7,869,000
Budget request, fiscal year 2018	---

The Federal Election Commission (FEC) administers the disclosure of campaign finance information, enforces limitations on contributions and expenditures, and performs other tasks related to Federal elections.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$71,250,000 for the Salaries and Expenses of the FEC.

FEDERAL LABOR RELATIONS AUTHORITY

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$26,200,000
Budget request, fiscal year 2018	26,200,000
Recommended in the bill	26,200,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

Established by title VII of the Civil Service Reform Act of 1978, the Federal Labor Relations Authority (FLRA) serves as a neutral arbiter in the labor activities of non-postal Federal employees, Departments and agencies, and Federal unions on matters outlined in the Act, including collective bargaining and the settlement of disputes. Establishment of the FLRA gives full recognition to the role of the Federal Government as an employer. Under the Foreign Service Act of 1980, the FLRA also addresses similar issues affecting Foreign Service personnel by providing staff support for the Foreign Service Impasse Disputes Panel and the Foreign Service Labor Relations Board.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$26,200,000 for the FLRA for fiscal year 2018.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$313,000,000
Budget request, fiscal year 2018	306,317,000
Recommended in the bill	306,317,000
Bill compared with:	
Appropriation, fiscal year 2017	– 6,683,000
Budget request, fiscal year 2018	– – –

The mission of the Federal Trade Commission (FTC) is to enforce a variety of Federal antitrust and consumer protection laws. Appropriations for both the Antitrust Division of the Department of Justice and the Commission are partially financed by Hart-Scott-Rodino Act pre-merger filing fees. The Commission's appropriation is also partially offset by Do-Not-Call registry fees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$306,317,000 for the Salaries and Expenses of the FTC. The Congressional Budget Office estimates \$126,000,000 of collections from Hart-Scott-Rodino premerger filing fees and \$16,000,000 of collections from Do-Not-Call list fees which partially offset the appropriation requirement for this account.

Privacy.—The Committee is concerned about the confusion and misreporting stemming from the passage of the Congressional Review Act on broadband privacy. This was an important step in restoring the Federal Trade Commission (FTC) as the online privacy cop for consumers for all online activities. The FTC is an independent enforcement agency that has enforced a wide range of laws to protect the privacy of consumers' personal information for decades. The FTC is directed to report on its enforcement approach with regard to policing the privacy practices of ISPs and online services, and the FTC's plans to continue to ensure that consumer privacy is protected online regardless of the type of company that has the data.

Credit Education.—The Committee believes that consumers should be able to obtain personalized, legitimate credit education products and tools in order to improve their financial health. However, the Committee is concerned that the broad scope of the Credit

Repair Organizations Act (CROA) has created a barrier for legitimate companies from being able to provide these valuable services in a consumer-friendly manner. The Committee directs the FTC to report to the Committees on Appropriations of the House and Senate, the Committee on Energy and Commerce of the House, the Committee on Commerce, Science, and Transportation of the Senate, the Committee on Financial Services of the House, and the Committee on Banking, Housing, and Urban Affairs of the Senate, not later than 120 days after the date of enactment of this Act, on the benefits of consumer access to credit education and improvement services, and the extent to which CROA impedes the research, development, and provision of new credit education products, services, and technology in the marketplace by consumer reporting agencies as defined by the Fair Credit Reporting Act and other entities. The FTC shall publish the report on its website.

Contact Lenses.—The Committee is aware of the FTC's ongoing review of its contact lens rule and urges the agency to make modifications to the rule that prioritize patient safety, consumer accessibility, and strengthen enforcement mechanisms.

Piracy.—The online theft of creative content poses significant threats to both content creators and American consumers. The Committee encourages the FTC to help raise consumer awareness about the risks to consumers from content-theft sites, many of which serve as bait to infect devices with malicious software enabling identity theft and other consumer scams.

GENERAL SERVICES ADMINISTRATION

The Committee continues several reporting requirements for the General Services Administration (GSA) for fiscal year 2018.

Takings and Exchanges.—Using existing statutory authorities, GSA has been working to dispose of properties that no longer meet the needs of Federal agencies in exchange for assets of like value. Some of these exchanges are very complex in nature and involve multi-year, multi-party, and multi-billion dollar contracts. In addition, GSA also has the statutory authority to take properties. The Committee believes in some instances employing such authorities can result in savings to the taxpayer when appropriately executed and wants to be kept informed of these activities. In order to provide increased transparency for the use and planned use of these authorities, the Administrator is directed to report to the Committees on Appropriations of the House and Senate not later than 30 days after the end of each quarter on the use of these authorities. The report shall include a description of all takings and exchange actions that occurred or were considered during the most recently completed quarter of the fiscal year, including the costs, benefits, and risks for each action. The report shall also include the planned or considered use of takings and exchange authorities during the remainder of the fiscal year, including the costs, benefits, and risks of each action.

Spending Report.—Within 50 days after the end of each quarter, GSA shall submit spending reports to the Committees on Appropriations of the House and Senate. The reports shall include actual obligations incurred and estimated obligations for the remainder of the fiscal year for each appropriation in the Federal Buildings

Fund and regular discretionary appropriations. The reports shall include obligations by object class, program, project and activity.

State of the Portfolio.—Not later than 45 days after the date of enactment of this Act, the Administrator shall submit to the Committees on Appropriations of the House and Senate a report on the state of the Public Buildings Service’s real estate portfolio for fiscal year 2017. The content included in the report shall be comparable to the tabular information provided in past State of the Portfolio reports, including, but not limited to, the number of leases; the number of buildings; amount of square feet, revenue, expenses by type, and vacant space; top customers by square feet and annual rent; completed new construction, completed major repairs and alterations, and disposals, in total and by region where appropriate.

Land Ports of Entry State of the Portfolio.—Within 90 days of the date of enactment of this Act, GSA is directed to provide the Committees on Appropriations of the House and Senate a report on the state of the land ports of entry portfolio. The content of this report shall include, but shall not be limited to, a prioritized list of new construction and major repairs and alterations projects.

Rental Rates.—The Committee expects GSA to provide workspace for its customers at commercially-comparable rental rates and at a superior value to the taxpayer. The Committee directs GSA to provide the Committees on Appropriations of the House and Senate a report describing GSA’s methodology for calculating rental rates for Congressional offices located in Federal Courthouses within 45 days of the date of enactment of this Act.

IT Modernization.—The Committee recognizes the importance of recent legislative efforts to modernize the way the Federal government uses technology and appreciates proposed solutions for replacing outdated and vulnerable legacy IT systems across the government. The Committee will continue to review proposed legislative approaches to the Federal government’s digital infrastructure while also safeguarding the investment of American taxpayers.

FBI Headquarters.—The Committee directs the Administrator of the General Services Administration, not later than 60 days after the enactment of this Act, to develop an alternate plan for the consolidation of the Federal Bureau of Investigation headquarters within the National Capital Region.

REAL PROPERTY ACTIVITIES

FEDERAL BUILDINGS FUND

LIMITATIONS ON AVAILABILITY OF REVENUE

(INCLUDING TRANSFERS OF FUNDS)

Limitations on Availability of Revenue:	
Limitation on availability, fiscal year 2017	\$8,845,147,000
Limitation on availability, budget request, fiscal year 2018	9,950,519,000
Recommended in the bill	7,864,111,000
Bill compared with:	
Availability limitation, fiscal year 2017	– 981,036,000
Availability limitation, fiscal year 2018 request	– 2,086,408,000

The Federal Buildings Fund (FBF) accounts for the activities of the Public Buildings Service (PBS), which provides space and services for Federal agencies in a relationship similar to that of landlord and tenant. The FBF, established in 1975, replaces direct ap-

proportions with income derived from rent assessments, which approximate commercial rates for comparable space and services. The Committee makes funds available through a process of placing limitations on obligations from the FBF as a way of allocating funds for various FBF activities.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on the availability of funds of \$7,864,111,000 for the FBF.

To carry out the purposes of the FBF, the revenues and collections deposited into the FBF shall be available for necessary expenses in the aggregate amount of \$7,864,111,000 of which: \$180,000,000 is for repairs and alterations, \$5,462,345,000 is for rental of space, and \$2,221,766,000 is for building operations.

Historically, prior to obligating funding for prospectus-level construction, alterations, or leases, the Administration has waited for the project to be authorized through a resolution approved by the Committee on Transportation and Infrastructure in the House and the Committee on Environment and Public Works in the Senate as required by title 40 of the United States Code and in accordance with the proviso included in the FBF appropriations limiting the obligation of funds to prospectus-level projects approved by the authorizing committees. The Committee supports this process and believes that prospectus-level projects warrant a thorough review from both the Appropriations Committee and the authorizing committees. The Committee expects the Administration to continue to follow this process.

CONSTRUCTION AND ACQUISITION

Limitations on Availability of Revenue:	
Limitation on availability, fiscal year 2017	\$205,749,000
Limitation on availability, budget request, fiscal year 2018	790,491,000
Recommended in the bill	— — —
Bill compared with:	
Availability limitation, fiscal year 2017	— 205,749,000
Availability limitation, fiscal year 2018 request	— 790,491,000

The construction and acquisition fund finances the project cost of design, construction, and management and inspection costs of new Federal facilities.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$0 for construction and acquisition.

REPAIRS AND ALTERATIONS

Limitations on Availability of Revenue:	
Limitation on availability, fiscal year 2017	\$676,035,000
Limitation on availability, budget request, fiscal year 2018	1,444,494,000
Recommended in the bill	180,000,000
Bill compared with:	
Availability limitation, fiscal year 2017	— 496,035,000
Availability limitation, fiscal year 2018 request	— 1,264,494,000

The repairs and alterations activity funds the project cost of design, construction, management and inspection for the repair, alteration, and modernization of existing real estate assets in addition to various special programs.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$180,000,000 to remain available until expended for repairs and alterations.

Basic Repairs and Alterations.—The Committee recommends \$110,000,000 for non-recurring repairs and alterations projects between \$10,000 and the current prospectus threshold of \$3,095,000.

Fire and Life Safety.—The Committee recommends \$30,000,000 to improve building safety, abate hazardous material, and repair structural deficiencies. These projects include, but are not limited to, fire alarm, sprinkler, electrical, ventilation, heating, and elevator systems.

Judiciary Court Security Program.—The Committee recommends \$20,000,000 for the construction, acquisition, repair, alteration, and security projects for the Judiciary as prioritized by the Judicial Conference of the United States.

Consolidation Activities.—The Committee recommends \$20,000,000 for the cost of consolidating space. Given the reduction in the Federal workforce and Federal agency budgets, the Committee believes that it is prudent to reduce the GSA building inventory, particularly with regard to the thousands of surplus and underutilized buildings. Projects selected for consolidation should result in reduced annual rent paid by the agency, not exceed \$10,000,000 in costs, and have an approved prospectus. GSA is required to submit a spend plan and explanation for each project including estimated savings to the Committees on Appropriations of the House and Senate before obligating funds.

RENTAL OF SPACE

Limitations on Availability of Revenue:	
Limitation on availability, fiscal year 2017	\$5,628,363,000
Limitation on availability, budget request, fiscal year 2018	5,493,768,000
Recommended in the bill	5,462,345,000
Bill compared with:	
Availability limitation, fiscal year 2017	– 166,018,000
Availability limitation, fiscal year 2018 request	– 31,423,000

The rental of space program funds lease payments made to privately-owned buildings, temporary space for Federal employees during major repair and alteration projects, and relocations from Federal buildings due to forced moves and relocations as a result of health and safety conditions.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$5,462,345,000 for rental of space. The Committee expects GSA to reduce the amount of leased space in its inventory at a faster pace.

BUILDING OPERATIONS

Limitations on Availability of Revenue:	
Limitation on availability, fiscal year 2017	\$2,335,000,000
Limitation on availability, budget request, fiscal year 2018	2,221,766,000
Recommended in the bill	2,221,766,000
Bill compared with:	
Availability limitation, fiscal year 2017	– 113,234,000
Availability limitation, fiscal year 2018 request	– – –

The building operations account funds services that Federal agencies in GSA-owned buildings and occasionally in GSA-leased

buildings, when not provided by the lessor, directly benefit from such as building security, cleaning, utilities, window washing, snow removal, pest control, and maintenance of heating, air conditioning, ventilating, plumbing, sewage, electrical, elevator, escalator, and fire protection systems. In addition, this account funds all the personnel and administrative expenses for carrying out construction and acquisition, repair and alteration, and leasing activities.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$2,221,766,000 for Building Operations and Maintenance. Within this amount, \$1,146,089,000 is for building services and \$1,075,677,000 is for salaries and expenses. Up to five percent of the funds may be transferred between these activities upon the advance notification to the Committees on Appropriations of the House and Senate. Not later than 60 days after the date of enactment of this Act, the Administrator shall submit a spend plan, by region, regarding the use of these funds to the Committees on Appropriations of the House and Senate.

GENERAL ACTIVITIES

GOVERNMENT-WIDE POLICY

Appropriation, fiscal year 2017	\$60,000,000
Budget request, fiscal year 2018	53,499,000
Recommended in the bill	53,499,000
Bill compared with:	
Appropriation, fiscal year 2017	– 6,501,000
Budget request, fiscal year 2018	– – –

The Office of Government-Wide Policy provides Federal agencies with guidelines, best practices, and performance measures for complying with all the laws, regulations, and executive orders related to: acquisition and procurement, personal and real property management, travel and transportation management, electronic customer service delivery, and use of Federal advisory committees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$53,499,000 for Government-wide Policy.

The Committee recognizes sustainable roofing systems as a viable option for government buildings. The Committee notes that proper thermal insulation is a cost-effective and energy efficient technology.

SDVOSB Participation.—The Committee encourages GSA to work with the Department of Veterans Affairs and other Federal agencies to ensure the participation of Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), consistent with the provisions of P.L. 109–461 and Executive Order 13360, in conjunction with the Federal Strategic Sourcing Initiative (FSSI) for purchasing channel decisions, other agency contracting and procurement opportunities relevant to Janitorial and Sanitation products, and other areas. The Committee encourages GSA to take proactive steps to ensure SDVOSBs have fair and reasonable opportunities to participate in GSA procurement processes when they have valid Federal Supply Schedules (FSS).

Commercial Supplier Agreements.—By December 31, 2017, GSA shall reduce costs to small business resellers of commercial software, hardware, and related products interested in doing business with GSA by: (1) Publishing a final rule making clear which commercial supplier agreement terms conflict with Federal Law and are thus unenforceable against the Government, and (2) establishing a means for small business resellers to quickly update commercial supplier agreements.

OPERATING EXPENSES

Appropriation, fiscal year 2017	\$58,541,000
Budget request, fiscal year 2018	45,645,000
Recommended in the bill	45,645,000
Bill compared with:	
Appropriation, fiscal year 2017	– 12,896,000
Budget request, fiscal year 2018	– – –

This account provides appropriations for activities that are not feasible for a user fee arrangement. Included under this heading are personal property utilization and donation activities of the Federal Acquisition Service; real property utilization and disposal activities of the Public Buildings Service; select management and administration activities including support of government-wide emergency management activities; and top-level, agency-wide management communication activities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$45,645,000 for operating expenses. Within the amount provided under this heading, \$24,357,000 is for Real and Personal Property Management and Disposal, and \$23,288,000 is for the Office of the Administrator.

Federal Real Property Profile.—The Committee remains extremely frustrated with the slow pace at which GSA and other Federal agencies are improving the accuracy of the Federal Real Property Profile. The U.S. Government Accountability Office (GAO) named managing Federal real property to its 2017 High Risk List. The Committee is concerned that despite language in the fiscal year 2015, 2016, and 2017 reports, GSA has not made progress on the value and accuracy of its inventory, taken steps to include public lands as required by Executive Order 13327, made the FRPP available to the public, or geo-enabling the FRPP. The Committee is outraged that the Federal Government cannot provide an accurate accounting to the American public of all the property that it owns. The Committee expects GSA to work with agencies across government and utilize geographic information technology to improve the data contained in this report and enhance transparency to the American taxpayer. The Committee directs GSA to report to the Committees on Appropriations of the House and Senate on steps taken to improve the quality and transparency of the profile within 60 days after the enactment of this Act.

CIVILIAN BOARD OF CONTRACT APPEALS

Appropriation, fiscal year 2017	\$9,275,000
Budget request, fiscal year 2018	8,795,000
Recommended in the bill	8,795,000
Bill compared with:	
Appropriation, fiscal year 2017	- 480,000
Budget request, fiscal year 2018	- - -

This account provides appropriations for the Civilian Board of Contract Appeals (CBCA). The CBCA is charged with facilitating the prompt, efficient, and inexpensive resolution of disputes through the use of alternate dispute resolution.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$8,795,000 for the Civilian Board of Contract Appeals.

OFFICE OF INSPECTOR GENERAL

Appropriation, fiscal year 2017	\$65,000,000
Budget request, fiscal year 2018	65,000,000
Recommended in the bill	65,000,000
Bill compared with:	
Appropriation, fiscal year 2017	- - -
Budget request, fiscal year 2018	- - -

This appropriation provides agency-wide audit and investigative functions to identify and correct GSA management and administrative deficiencies that create conditions for existing or potential instances of fraud, waste, and mismanagement. The audit function provides internal and contract audits. Internal audits review and evaluate all facets of GSA operations and programs, test internal control systems, and develop information to improve operating efficiencies and enhance customer services. Contract audits provide professional advice to GSA contracting officials on accounting and financial matters relative to the negotiation, award, administration, repricing, and settlement of contracts. The investigative function provides for the detection and investigation of improper and illegal activities involving GSA programs, personnel, and operations.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$65,000,000 for the Office of Inspector General.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Appropriation, fiscal year 2017	\$3,865,000
Budget request, fiscal year 2018	4,754,000
Recommended in the bill	4,754,000
Bill compared with:	
Appropriation, fiscal year 2017	+889,000
Budget request, fiscal year 2018	- - -

This appropriation provides pensions, office staff, and related expenses for former Presidents Jimmy Carter, George H.W. Bush, William Clinton, and George W. Bush, and Barack Obama.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,754,000 for allowances and office staff for former Presidents.

FEDERAL CITIZEN SERVICES FUND
(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2017	\$55,894,000
Budget request, fiscal year 2018	53,741,000
Recommended in the bill	53,741,000
Bill compared with:	
Appropriation, fiscal year 2017	-2,153,000
Budget request, fiscal year 2018	- - -

The Federal Citizen Services Fund (the Fund) appropriation provides for the salaries and expenses of GSA's Office of Citizen Services and Innovative Technologies (OCSIT). The Fund enables citizen access and engagement with government through an array of operational programs and direct citizen facing services. The Fund provides electronic or other methods of access to and understanding of Federal information, benefits, and services to citizens, businesses, local governments, and the media.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$53,741,000 for the Federal Citizen Services Fund. The Committee expects the funds provided for these activities, combined with efficiency gains and resource prioritization will result in increased delivery of information to the public and in the ease of transaction with the government.

All the income collected by the Office of Citizen Services and Innovative Technologies (OCSIT) in the form of reimbursements from Federal agencies, user fees for publications ordered by the public, payments from private entities for services rendered, and gifts from the public is available to the OCSIT without regard to fiscal year limitations, but is subject to an annual limitation of \$100,000,000. Any revenues accruing in excess of this amount shall remain in the fund and are not available for expenditure except as authorized in Appropriation Acts.

ASSET PROCEEDS AND SPACE MANAGEMENT FUND

Appropriation, fiscal year 2017	- - -
Budget request, fiscal year 2018	\$40,000,000
Recommended in the bill	10,000,000
Bill compared with:	
Appropriation, fiscal year 2017	+10,000,000
Budget request, fiscal year 2018	-30,000,000

This account provides appropriations for the purposes of carrying out actions pursuant to the recommendations of the Public Buildings Reform Board focusing on civilian real property.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$10,000,000 for the Asset Proceeds and Space Management Fund.

ENVIRONMENTAL REVIEW IMPROVEMENT FUND

Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	\$10,000,000
Recommended in the bill	1,000,000
Bill compared with:	
Appropriation, fiscal year 2017	+1,000,000
Budget request, fiscal year 2018	-9,000,000

This account provides appropriations for the authorized activities of the Environmental Review Improvement Fund and the Federal Permitting Improvement Steering Council. The Council will lead ongoing government-wide efforts to modernize the Federal permitting and review process for major infrastructure projects and work with Federal agency partners to implement and oversee adherence to the statutory requirements set forth in the Federal Assets Sale and Transfer Act of 2016.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,000,000 for the Environmental Review Improvement Fund.

ADMINISTRATIVE PROVISIONS—GENERAL SERVICES ADMINISTRATION

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

Section 510. The Committee continues the provision providing authority for the use of funds for the hire of motor vehicles.

Section 511. The Committee continues the provision providing that funds made available for activities of the Federal Buildings Fund may be transferred between appropriations with advance approval of the Committees on Appropriations of the House and Senate.

Section 512. The Committee continues the provision requiring funds proposed for developing courthouse construction requests to meet appropriate standards and the priorities of the Judicial Conference.

Section 513. The Committee continues the provision providing that no funds may be used to increase the amount of occupiable square feet, provide cleaning services, security enhancements, or any other service usually provided, to any agency which does not pay the assessed rent.

Section 514. The Committee continues the provision that permits GSA to pay small claims (up to \$250,000) made against the Federal Government.

Section 515. The Committee continues the provision requiring the Administrator to ensure that the delineated area of procurement for all lease agreements is identical to the delineated area included in the prospectus unless prior notice is given to the committees of jurisdiction.

Section 516. The Committee continues the provision requiring a spend plan for certain accounts and programs.

Section 517. The Committee includes a new provision establishing the Asset Proceeds Space Management Fund as a fund separate from the Federal Buildings Fund.

Section 518. The Committee includes a new provision rescinding prior year unobligated balances from the FBI Headquarters Consolidation project funded in Public Law 115-31.

Section 519. The Committee includes a new provision requiring GSA to post certain draft environmental impact assessments on the GSA website.

HARRY S TRUMAN SCHOLARSHIP FOUNDATION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$1,000,000
Budget request, fiscal year 2018	— —
Recommended in the bill	1,000,000
Bill compared with:	
Appropriation, fiscal year 2017	— —
Budget request, fiscal year 2018	+1,000,000

The Harry S Truman Scholarship Foundation is an independent agency established by Congress in 1975 (Public Law 93–642) to encourage exceptional college students to pursue careers in public service through the Truman Scholarship program. The Truman Scholarship is a merit-based award available to college juniors who plan to pursue careers in Government or elsewhere in public service.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,000,000 for the Harry S Truman Scholarship Foundation.

MERIT SYSTEMS PROTECTION BOARD

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$47,131,000
Budget request, fiscal year 2018	46,835,000
Recommended in the bill	46,835,000
Bill compared with:	
Appropriation, fiscal year 2017	– 296,000
Budget request, fiscal year 2018	— —

The Merit Systems Protection Board (MSPB) is an independent, quasi-judicial agency established to protect the civil service merit system. The MSPB adjudicates appeals primarily involving personnel actions, certain Federal employee complaints, and retirement benefits issues. The MSPB reports to the President whether merit systems are sufficiently free of prohibited employment practices.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$44,490,000 for the MSPB. The recommendation includes a transfer of \$2,345,000 from the Civil Service Retirement and Disability Fund.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

OPERATING EXPENSES

Appropriation, fiscal year 2017	\$380,634,000
Budget request, fiscal year 2018	364,308,000
Recommended in the bill	364,308,000
Bill compared with:	
Appropriation, fiscal year 2017	– 16,326,000
Budget request, fiscal year 2018	– – –

This appropriation provides NARA with funds for its basic operations for management of the Federal Government's archives and records, services to the public, operation of Presidential libraries, review for declassification of classified security information, and includes funding for the Electronic Records Archives which preserves, stores, and manages digital Federal records for archival purposes, ensuring long-term access.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$364,308,000 for the Operating Expenses of NARA.

Records Management.—The Committee encourages NARA to leverage private sector records management capabilities, where private vendors have invested their own capital to develop facilities that are compliant with NARA's stringent building standards. The Committee encourages NARA to identify NARA records management storage facilities that can be cost effectively managed by private records management companies, especially those housing temporary Federal records.

OFFICE OF INSPECTOR GENERAL

Appropriation, fiscal year 2017	\$4,801,000
Budget request, fiscal year 2018	4,241,000
Recommended in the bill	4,241,000
Bill compared with:	
Appropriation, fiscal year 2017	– 560,000
Budget request, fiscal year 2018	– – –

The Office of Inspector General (OIG) provides audits and investigations and serves as an independent, internal advocate to promote economy, efficiency, and effectiveness within NARA.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,241,000 for the OIG for fiscal year 2018.

REPAIRS AND RESTORATION

Appropriation, fiscal year 2017	\$7,500,000
Budget request, fiscal year 2018	7,500,000
Recommended in the bill	7,500,000
Bill compared with:	
Appropriation, fiscal year 2017	– – –
Budget request, fiscal year 2018	– – –

This appropriation provides for the repair, alteration, and improvement of Archives facilities and Presidential libraries nationwide. It enables the National Archives to maintain its facilities in proper condition for visitors, researchers, and employees, and also maintain the structural integrity of the buildings.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,500,000 for repairs and restoration.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION
GRANTS PROGRAM

Appropriation, fiscal year 2017	\$6,000,000
Budget request, fiscal year 2018	— —
Recommended in the bill	4,000,000
Bill compared with:	
Appropriation, fiscal year 2017	—2,000,000
Budget request, fiscal year 2018	+4,000,000

The National Historical Publications and Records Commission (NHPRC) program provides for grants to preserve and publish records that document American history. Administered within the National Archives and Records Administration, the NHPRC helps State, local, and private institutions preserve non-Federal records, helps publish the papers of major figures in American history, and helps archivists and records managers improve their techniques, training, and ability to serve a range of information users.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$4,000,000 NHPRC.

NATIONAL CREDIT UNION ADMINISTRATION

COMMUNITY DEVELOPMENT REVOLVING LOAN FUND

Appropriation, fiscal year 2017	\$2,000,000
Budget request, fiscal year 2018	— —
Recommended in the bill	2,000,000
Bill compared with:	
Appropriation, fiscal year 2017	— —
Budget request, fiscal year 2018	+2,000,000

The Community Development Revolving Loan Fund Program (CDRLF) was established in 1979 to assist officially designated “low-income” credit unions in providing basic financial services to low-income communities. Low-interest loans and deposits are made available to assist these credit unions. Loans or deposits are normally repaid in five years, although shorter repayment periods may be considered. Technical assistance grants are also available to low-income credit unions. Earnings generated from the CDRLF are available to fund technical assistance grants in addition to funds provided for specifically in appropriations acts. Grants are available for improving operations as well as addressing safety and soundness issues.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,000,000 for the National Credit Union Administration’s CDRLF for technical assistance grants.

OFFICE OF GOVERNMENT ETHICS

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$16,090,000
Budget request, fiscal year 2018	16,439,000
Recommended in the bill	16,439,000
Bill compared with:	
Appropriation, fiscal year 2017	+349,000
Budget request, fiscal year 2018	— —

The Office of Government Ethics (OGE) established by the Ethics in Government Act of 1978, partners with other executive branch Departments and agencies to foster high ethical standards. The OGE issues and monitors rules regulations, and memoranda pertaining to the prevention and resolution of conflicts of interest, post-employment restrictions, standards of conduct, and financial disclosure for executive branch employees. The OGE is also responsible for creating and running an electronic financial disclosure system under the Stop Trading on Congressional Knowledge (STOCK) Act.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$16,439,000 for the OGE.

OFFICE OF PERSONNEL MANAGEMENT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

Appropriation, fiscal year 2017	\$259,000,000
Budget request, fiscal year 2018	279,755,000
Recommended in the bill	260,755,000
Bill compared with:	
Appropriation, fiscal year 2017	1,755,000
Budget request, fiscal year 2018	— 19,000,000

The Office of Personnel Management (OPM) is the Federal agency responsible for management of Federal human resources policy and oversight of the merit civil service system. OPM provides a government-wide policy framework for personnel matters, advises and assists agencies (often on a reimbursable basis), and ensures that agency operations are consistent with requirements of law, with emphasis on such issues as veterans preference. OPM oversees examining of applicants for employment; issues regulations and policies on hiring, classification and pay, training, investigations; and many other aspects of personnel management, and operates a reimbursable training program for the Federal Government's managers and executives. OPM is also responsible for administering the retirement, health benefits and life insurance programs affecting most Federal employees, retired Federal employees, and their survivors.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$129,341,000 for the General Fund. The Committee also recommends \$131,414,000 for administrative expenses, to be transferred from the appropriate trust funds.

OPM has struggled for decades to process Federal retirees' pension claims quickly and accurately. As a result, tens of thousands of new retirees wait months to receive their complete annuities—some wait more than a year—and in the meantime they may be constrained by reduced interim pensions. The Committee expects OPM to continue to make retirement processing a priority and move to a fully-automated electronic filing system. The Committee believes that the backlog and delays in retirement processing are unacceptable and directs OPM to continue to provide the Committees on Appropriations of the House and Senate with monthly reports on its progress in addressing the backlog in claims.

In the wake of the two massive data breaches, OPM must continue to take steps to secure the personally identifiable information and material relating to security clearances of all current, former, and prospective federal government employees. The Committee has provided funding which will need to be prioritized to meet the most critical needs outlined in the Administration's fiscal year 2018 request for cybersecurity. Additionally, the Committee expects OPM to continue with IT upgrades to secure its networks against future attacks.

Security Clearance Investigations.—The Committee is concerned with the length of time it takes OPM to conduct initial security clearance investigations and reinvestigations when Federal employees' current level clearance expires. The Committee believes that security clearance delays are unacceptable as this reduces the ability of the Federal government to hire highly qualified employees to serve in important defense and national security positions. Therefore, the Committee expects OPM to continue to make security clearance processing a priority and to make necessary administrative or regulatory reforms to expedite investigations, reviews, and approvals.

National Bureau of Investigations.—The Committee requests continued assessments on the newly created National Background Investigations Bureau (NBIB), and therefore directs OPM to submit to the Committees on Appropriations of the House and Senate bi-annual progress reports highlighting the NBIB implementation plan, timeline, and milestones; costs for each phase of implementation and anticipated outyear costs; governance, resource management, and accountability policies between OPM and Department of Defense; and a human capital plan as well as other significant issues related to standing-up the NBIB.

Critical Functions.—The recent security breaches, focus on system upgrades, and the new National Background Investigations Bureau should not detract OPM from fulfilling its critical functions such as recruiting, retaining and developing a Federal workforce to serve the American people. OPM serves the Federal workforce by directing human resources and employee management services, and administering retirement benefits, managing healthcare and insurance programs, overseeing merit-based and inclusive hiring into the civil service, and providing a secure employment process. The Committee reminds OPM's senior management to not lose sight of its mission as it responds to critical IT challenges.

Recruitment.—The Committee is concerned with the length of time it often takes the Federal Government to hire qualified employees. Rigid rules along with long delays in the hiring and inter-

view process discourage top candidates from applying for or accepting Federal positions. The Committee notes that a Presidential Memorandum—Improving the Federal Recruitment and Hiring Process—was issued on May 11, 2010, and the Office of Personnel Management (OPM) was instructed to increase the capacity of USAJOBS and develop a plan to improve the federal recruitment and hiring processes. While the Committee is supportive of some of the changes OPM has made to improve the user experience on USAJOBS, it remains concerned with the amount of time it takes the Federal Government to hire qualified employees. The committee is also concerned with the length and content of the questionnaire that USAJOBS candidates must complete, which can include up to 100 questions. This can discourage talented candidates from applying for or accepting Federal positions.

The committee directs OPM to report to the Committees on Appropriations of the House and Senate no later than September 30, 2018 on a plan to reduce barriers to Federal employment, reduce delays in the hiring process, and how it intends to improve the overall federal recruitment and hiring process.

As part of OPM's mission to recruit and hire the most talented and diverse Federal workforce, the Committee encourages Federal agencies to increase recruitment efforts within the United States and the territories and at Hispanic Serving Institutions and Historically Black Colleges and Universities.

The Committee is appreciative of GAO's reports on the Federal workforce, particularly report, *OPM Needs to Improve Management and Oversight of Hiring Authorities* (GAO-16-521) which reviewed current hiring authorities to assist Federal agencies onboard staff. The Committee encourages OPM to review GAO's recommendations to improve existing authorities, develop new ones, and provide educational outreach to Federal agencies to expand potential resources available when filling critical positions.

CyberCorps.—A concern throughout the Federal Government is hiring qualified cyber security staff. The CyberCorps Scholarship for Service Program is a unique program designed to increase and strengthen the cadre of cyber professionals by providing students with academic scholarships in return for their service in Federal, state, or local government. A greater effort is needed to promote Federal cyber positions among recent CyberCorps graduates and to streamline the hiring process to attract these individuals to Federal service. OPM is directed to submit a report to the Committees on Appropriations of the House and Senate, House Permanent Select Committee on Intelligence, and the Senate Select Committee on Intelligence within 90 days of enactment of this Act outlining the steps OPM will take to improve the hiring process of CyberCorps graduates.

Acquisition Planning.—The Committee is concerned with OPM's acquisition management efforts. Poor acquisition efforts have resulted in increased security clearance backlogs as well as unnecessary labor costs to correct procurement issues. The Committee directs the OPM to report back to the Committees on Appropriations of the House and Senate on measures it has taken to improve its acquisition planning, the expected results of this plan, and specifics, including timelines, on how this plan will impact the security clearance process.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF TRUST FUNDS)

Appropriation, fiscal year 2017	\$30,184,000
Budget request, fiscal year 2018	30,000,000
Recommended in the bill	30,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 184,000
Budget request, fiscal year 2018	– – –

This appropriation provides for the Office of Inspector General's (OIG) agency-wide audit, investigative, evaluation, and inspection functions, which identify management and administrative deficiencies, fraud, waste and mismanagement. The OIG performs internal agency audits and insurance audits, and offers contract audit services. Internal audits review and evaluate all facets of agency operations, including financial statements. Evaluation and inspection services provide detailed technical evaluations of agency operations. Insurance audits review the operations of health and life insurance carriers, health care providers, and insurance subscribers. Contract auditors provide professional advice to agency contracting officials on accounting and financial matters regarding the negotiation, award, administration, repricing, and settlement of contracts. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

COMMITTEE RECOMMENDATION

The Committee recommends a general fund appropriation of \$5,000,000 for the OIG. In addition, the recommendation provides \$25,000,000 from appropriate trust funds.

National Bureau of Investigations.—Of particular interest to the Committee is the implementation of OPM's National Background Investigations Bureau (NBIB). The Committee directs the Inspector General to submit a report to the Committees on Appropriations of the House and Senate not less than 12 months after enactment of this Act assessing the implementation of NBIB; staffing needs and any performance issues; current and future costs; governance and accountability structure among the NBIB, Department of Defense, OPM IG and Performance Accountability Council; and recommendations and weaknesses found.

OFFICE OF SPECIAL COUNSEL

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$24,750,000
Budget request, fiscal year 2018	26,535,000
Recommended in the bill	24,750,000
Bill compared with:	
Appropriation, fiscal year 2017	– – –
Budget request, fiscal year 2018	– 1,785,000

The Office of Special Counsel (OSC): (1) investigates Federal employee allegations of prohibited personnel practices (including reprisal for whistleblowing) and, when appropriate, prosecutes before the Merit Systems Protection Board; (2) provides a channel for

whistleblowing by Federal employees; and (3) enforces the Hatch Act. The Office may transmit whistleblower allegations to the agency head concerned and require an agency investigation and a report to the Congress and the President when appropriate. Additionally, the Office enforces the civilian employment and reemployment rights of military service members under the Uniformed Services Employment and Re-employment Rights Act.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$24,750,000 for the OSC.

POSTAL REGULATORY COMMISSION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$16,200,000
Budget request, fiscal year 2018	14,440,000
Recommended in the bill	15,200,000
Bill compared with:	
Appropriation, fiscal year 2017	– 1,000,000
Budget request, fiscal year 2018	+760,000

The Commission establishes and maintains the U.S. Postal Service's ratemaking systems, measures service and performance, ensures accountability, and has enforcement mechanisms, including the authority to issue subpoenas.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation, out of the Postal Fund, of \$15,200,000 for the Postal Regulatory Commission (Commission).

PRIVACY AND CIVIL LIBERTIES OVERSIGHT BOARD

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$10,100,000
Budget request, fiscal year 2018	8,000,000
Recommended in the bill	8,000,000
Bill compared with:	
Appropriation, fiscal year 2017	– 2,100,000
Budget request, fiscal year 2018	– – –

The Privacy and Civil Liberties Oversight Board (the Board) is an independent agency within the Executive Branch whose purpose is to (1) analyze and review actions the Executive Branch takes to protect the nation from terrorism, ensuring that the need for such actions is balanced with the need to protect privacy and civil liberties; and (2) ensure that liberty concerns are appropriately considered in the development and implementation of laws, regulations, and policies related to efforts to protect the nation against terrorism. The Board consists of 4 part-time members and full-time chairman.

COMMITTEE RECOMMENDATION

The Committee recommends \$8,000,000 for the Board.

PUBLIC BUILDINGS REFORM BOARD

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	\$2,000,000
Recommended in the bill	5,000,000
Bill compared with:	
Appropriation, fiscal year 2017	+5,000,000
Budget request, fiscal year 2018	+3,000,000

The Public Buildings Reform Board was created under the Federal Assets Sale and Transfer Act of 2016 to identify opportunities for the Government to significantly reduce its inventory of civilian real property and reduce cost to the Government.

COMMITTEE RECOMMENDATION

The Committee recommends \$5,000,000 for the Board.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$1,605,000,000
Budget request, fiscal year 2018	1,846,507,000
Recommended in the bill	1,896,507,000
Bill compared with:	
Appropriation, fiscal year 2017	+291,507,000
Budget request, fiscal year 2018	+50,000,000

The primary mission of the Securities and Exchange Commission (SEC) is to protect investors, maintain the integrity of the securities markets, and assure adequate information on the capital markets is made available to market participants and policy makers. This includes monitoring the rapid evolution of the capital markets, ensuring full disclosure of all appropriate financial information, regulating the Nation's securities markets, and preventing fraud and malpractice in the securities and financial markets.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,602,000,000 for SEC salaries and expenses, of which \$68,950,000 is for the Division of Economic and Risk Analysis. In addition, in lieu of funding from the Reserve Fund, the Committee provides \$50,000,000 for long term information technology projects.

The Committee also provides \$244,507,000 for costs associated with relocation under a replacement lease for the Commission's headquarters facilities. The Committee expects the Commission to work closely with the General Services Administration (GSA) and to keep the Committee informed of progress on the replacement lease.

Reserve Fund/Information Technology.—The Committee is supportive of the Commission's prioritization of robust and effective information technology (IT) systems within the Commission, and the Committee has been supportive of the use of these funds for long-term IT projects. However, this fund is not overseen by Congress and it is left to the discretion of the Commission as to its use. The Committee believes emergency reserve funds should be used for natural disaster emergencies and other crises, not discretionary priorities within a Federal agency. For fiscal year 2018, an increase

of \$50,000,000 for IT funding is provided through the Commission's overall appropriation. The Committee includes a limitation (section 628) prohibiting funds from the Reserve Fund from being used by the Commission.

BDC Modernization.—Congress created Business Development Companies (BDCs) in 1980 to facilitate capital formation in small and medium size companies. BDCs have recently invested in small and medium-size companies that provide vital services to the American public, including companies involved in disease treatment and prevention, education, information technology security, agriculture, and construction. Many BDCs specialize in financing acquisitions made by private equity firms. While there is a wide variation among BDCs in the size of their investments, the companies they invest in, and the industries in which they concentrate, they all share a common investment objective of making it easier for small and medium-sized companies to obtain access to capital. Funding from BDCs has become more important for small businesses as the stifling regulatory environment resulting from the regulatory overreaction to the financial crisis has restricted bank and other traditional financing options for these companies. The Committee instructs the SEC to modernize the business development company regulatory regime consistent with H.R. 3868, the Small Business Credit Availability Act as reported by the Committee on Financial Services on November 3, 2015.

BDC Acquired Fund Fee and Expense Rule.—The SEC issued its acquired fund fees and expenses (AFFE) rule in 2003 to deal with the “Funds of Funds” business models. As the law does not consider BDCs to be Funds of Funds, the SEC did not mention BDCs in the rule. Today the BDC industry has grown dramatically and the AFFE rule unnecessarily harms the industry. Retail investors benefit from having professional firms and indexes analyze BDC securities. However, retail investors are not being given adequate market protections because the AFFE rule prohibits BDC securities from inclusion in indexes, which results in fewer research analysts that cover the BDC industry. The Committee recommends that the SEC re-open the AFFE rule for public comment to consider the impacts on the BDC industry and its investors.

Searchable Data.—The Committee encourages the SEC to continue its efforts to implement consistent and searchable open data standards for information filed and submitted by publicly-traded companies and financial firms. However, the Committee expects the Commission to take into account small reporting companies, their respective compliance costs, and whether volunteer exemptions are appropriate for such companies when creating these standards. The Committee continues to recommend that financial regulatory agencies across the U.S. Government take similar steps to update reporting standards commensurate with currently available technology.

Joint Rulemakings.—The Committee directs the SEC to work cooperatively with the Commodity Futures Trading Commission (CFTC) on all joint rulemakings as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$22,900,000
Budget request, fiscal year 2018	22,900,000
Recommended in the bill	22,900,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

The Selective Service System was established by the Selective Service Act of 1948. The mission of the System is to be prepared to supply manpower to the Armed Forces adequate to ensure the security of the United States during a time of national emergency. Since 1973, the Armed Forces have relied on volunteers to fill military manpower requirements, but selective service registration was reinstituted in July 1980.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$22,900,000 for the Selective Service System.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) assists small businesses through programs including loans, grants, and contracting preferences. These programs maintain and strengthen an economy that depends on small businesses for 60 to 80 percent of job creation. SBA programs also serve disadvantaged populations so that these small business enterprises may overcome economic and social obstacles to success.

The recommendation provides a total of \$847,798,000 for the SBA for fiscal year 2018. Detailed guidance for the SBA appropriations accounts is presented below.

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$269,500,000
Budget request, fiscal year 2018	265,000,000
Recommended in the bill	265,000,000
Bill compared with:	
Appropriation, fiscal year 2017	-4,500,000
Budget request, fiscal year 2018	---

COMMITTEE RECOMMENDATION

The Committee recommends \$265,000,000 for the salaries and expenses of the SBA.

SBIC Virtual Data Rooms.—The Committee believes the SBA has longstanding problems with maintaining and updating technology. The SBA continues to use inadequate technological systems to share files, reports, contracts, and other information that is communicated between SBA staff as well as between SBICs and the SBA. Virtual Data Rooms (VDR) are regularly used in the private sector and would make data more secure and increase operational efficiencies for both SBA and SBICs. VDRs could also streamline the collection of data by SBA staff, removing redundant processes at the SBA and saving time and resources. The Committee recommends that the SBA should give SBICs the option to select their own VDR provider which would serve as a communication vehicle

for SBICs and the SBA in a single, secure location for all regulatory documents, submissions, requests, and communications. SBA has been supportive of the concept and should permit SBICs to use off the shelf virtual data room solutions that are commonly used in the industry.

SBIC Program Licensing.—The Committee is aware of the often slow pace of licensing within the Small Business Investment Company (SBIC) program. SBA has a six month goal to approve licenses that are in the application process, and significant improvements were made in many cases last year, but not all. The Committee would like to see these improvements maintained, made normal and permanent with a meaningfully expedited and streamlined licensing process of known, repeat licensees, from those SBICs that have the same management teams and a proven track record in the SBIC Program. This fast track process for repeat licensees should be completed no longer than 60 days after an application is submitted to the SBA, which will allow SBA to properly redirect their resources to first time funds. The SBA should create a meaningful green light letter process that clearly outlines for applicants the needed benchmarks for license approval without changing any of the terms on the applicant during licensing.

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Appropriation, fiscal year 2017	\$245,100,000
Budget request, fiscal year 2018	192,450,000
Recommended in the bill	211,100,000
Bill compared with:	
Appropriation, fiscal year 2017	– 34,000,000
Budget request, fiscal year 2018	+18,650,000

The SBA’s Entrepreneurial Development Programs support non-credit business assistance to entrepreneurs. The appropriation includes funding for a network of resource partners located throughout the United States that provide training, counseling, and technical assistance to small business entrepreneurs.

COMMITTEE RECOMMENDATION

The Committee recommendations for Entrepreneurial Development Programs, by program, are displayed in the following table:

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

[In thousands of dollars]

7(j) Technical Assistance Program (Contracting Assistance)	2,800
Entrepreneurship Education	2,000
HUBZone Program	3,000
Microloan Technical Assistance	31,000
National Women’s Business Council	1,500
Native American Outreach	1,500
SCORE	10,000
Small Business Development Centers (SBDC)	120,000
State Trade & Export Promotion (STEP)	10,000
Veterans Outreach*	12,300
Women’s Business Centers (WBC)	17,000
Total EDP Programs	211,100

*Veterans Outreach includes funding for: Boots to Business, Veterans Business Outreach Centers (VBOC), Veteran Women Igniting the Spirit of Entrepreneurship (V-Wise), Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), and Boots to Business reboot.

The SBA shall not reduce these non-credit programs from the amounts specified above and the SBA shall not merge any of the non-credit programs without advance written approval from the Committee. The Committee strongly supports the development programs listed in the table above and will carefully monitor SBA support of these programs.

Women's Business Centers.—The Committee notes the absence of WBCs serving many of the U.S. territories and other U.S. insular areas, and recommends that the SBA consider including these areas in WBC services.

The Committee recognizes SBA's work in fostering regional innovation clusters which have provided business development services to high technology small businesses across the nation. These small businesses support a diverse group of sectors including manufacturing, energy and advanced defense technologies. The Committee encourages SBA to continue supporting these initiatives that promote the sustainment and creation of jobs in critical and emerging markets, and foster innovative entrepreneurship among high technology small businesses.

OFFICE OF INSPECTOR GENERAL

Appropriation, fiscal year 2017	\$19,900,000
Budget request, fiscal year 2018	19,900,000
Recommended in the bill	19,900,000
Bill compared with:	
Appropriation, fiscal year 2017	---
Budget request, fiscal year 2018	---

COMMITTEE RECOMMENDATION

The Committee recommends \$19,900,000 for the Office of Inspector General of the SBA.

OFFICE OF ADVOCACY

Appropriation, fiscal year 2017	\$9,220,000
Budget request, fiscal year 2018	9,120,000
Recommended in the bill	9,120,000
Bill compared with:	
Appropriation, fiscal year 2017	- 100,000
Budget request, fiscal year 2018	---

COMMITTEE RECOMMENDATION

The Committee recommends \$9,120,000 for the Office of Advocacy of the SBA. The Committee supports the Office's mission to reduce regulatory burdens that Federal policies impose on small businesses and to maximize the benefits small businesses receive from the government.

BUSINESS LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$157,064,000
Budget request, fiscal year 2018	156,220,172
Recommended in the bill	156,220,172
Bill compared with:	
Appropriation, fiscal year 2017	- 843,828
Budget request, fiscal year 2018	---

The SBA Business Loans Program serves as an important source of capital for America's small businesses. The recommendation supports the 7(a) business loan program at a level of \$29 billion, the 504 certified development company program at a level of \$7.5 billion, Small Business Investment Company (SBIC) debentures, and the Secondary Market Guarantee Program.

COMMITTEE RECOMMENDATION

The Committee recommends a total of \$156,220,172 for the Business Loans Program Account. Of the amount appropriated, \$152,782,000 is for administrative expenses related to business loan programs. The amount provided for administrative expenses may be transferred to and merged with the appropriation for SBA salaries and expenses to cover the common overhead expenses associated with business loans. Funding is included to fully support the Microloan program.

DISASTER LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

Appropriation, fiscal year 2017	\$185,977,000
Budget request, fiscal year 2018	186,458,000
Recommended in the bill	186,458,000
Bill compared with:	
Appropriation, fiscal year 2017	+481,000
Budget request, fiscal year 2018	---

COMMITTEE RECOMMENDATION

The Committee recommends a total of \$186,458,000 for Disaster Loan Program administrative expenses which may be transferred and merged with Salaries and Expenses. The Committee provides \$1,000,000 for the Office of Inspector General for audits and reviews of the disaster loans program.

The Committee directs the SBA to continue providing updates on available resources for the disaster loans program on a monthly basis.

Pre-mitigation activities within the Disaster Loan Program.—The Committee recognizes the benefit of limiting the financial exposure of the SBA and reducing the claims payments from the National Flood Insurance Program. Therefore the Committee urges the SBA to coordinate with Federal Emergency Management Agency (FEMA) to expand the SBA Disaster Loan Program to allow applicants in areas of high flood or natural disaster risk to utilize loans for pre-disaster mitigation projects that adhere to FEMA's standards of mitigation activities that significantly reduce a structure's long-term flood risk.

ADMINISTRATIVE PROVISIONS—SMALL BUSINESS ADMINISTRATION

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

Section 520. The Committee continues a provision for the SBA authorizing transfers of up to five percent of any SBA appropriation to other appropriations, provided that transfers do not increase an appropriation by more than 10 percent. The provision also requires that transfers be treated as a reprogramming of funds.

Section 521. The Committee includes a provision rescinding prior year unobligated balances.

Section 522. The Committee includes a provision amending requirements for the Microloan program.

UNITED STATES POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

Appropriation, fiscal year 2017	\$34,658,000
Budget request, fiscal year 2018	58,118,000
Recommended in the bill	58,118,000
Bill compared with:	
Appropriation, fiscal year 2017	+23,460,000
Budget request, fiscal year 2018	— — —

The United States Postal Service (USPS) is funded almost entirely by Postal ratepayers rather than taxpayers. Funds provided to the Postal Service in the Payment to the Postal Service Fund include appropriations for revenue forgone, including providing free mail for the blind, and for overseas absentee voting.

COMMITTEE RECOMMENDATION

The Committee recommends appropriations totaling \$58,118,000 for Payment to the Postal Service Fund. The recommendation funds free mail for the blind and overseas voting and reconciliation of prior year cost adjustment.

Rural Post Offices.—The Committee believes that the United States postal facility network is an asset of significant value. The closure of post offices in rural communities creates an economic burden for people in the United States that depend on the Postal Service for communication and package services. In addition to typical postal services, post offices are part of the identity of rural communities and provide a significant social value. The closure process of post offices does not adequately take into account community input.

Notification to Congress.—Title 39 of the U.S. Code requires the Postal Service to provide the public with notice prior to closing or consolidating a post office. The Committee understands that it is the Postal Service's policy to inform Member of Congress' district and Washington, D.C. offices when the public receives notice. The Committee directs the Postal Service to keep Members of Congress informed of Postal Service activities impacting their constituents and expects the Postal Service to ensure that Members of Congress are appropriately informed simultaneously or prior to all public notices.

Accessibility for Disabled Individuals.—The Committee notes that under the Architectural Barriers Act, the Postal Service is required to meet accessibility requirements for disabled individuals.

Multinational Species Conservation Fund Semi-postal Stamp.—The Committee is pleased with the passage of the Multinational Species Conservation Fund Semi-postal Stamp Reauthorization Act, but is concerned that sales of the stamp will not improve without support from the Postal Service. The Committee directs the Postmaster General to submit a report, within 90 days of enactment of this Act, on the actions planned and taken by the Postal Service to increase sales of the stamp. P.L. 113–165 reauthorized

the printing of the Multinational Species Conservation Fund semi-postal stamp for an additional 4 years. Although the Postal Service reissued the stamp as directed by Congress, disappointingly little effort was made to make the public aware of the stamp's return and sales during the holiday season. The Committee directs the Postmaster General to report quarterly to the Committee on Appropriations of the House and Senate on how many stamps have been sold and how many remain in stock.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Appropriation, fiscal year 2017	\$253,600,000
Budget request, fiscal year 2018	234,650,000
Recommended in the bill	234,650,000
Bill compared with:	
Appropriation, fiscal year 2017	– 18,950,000
Budget request, fiscal year 2018	– – –

The Office of Inspector General (OIG) conducts audits, reviews and investigations, and keeps Congress informed on the efficiency and economy of United States Postal Service (USPS) programs and operations.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$234,650,000 for the OIG.

UNITED STATES TAX COURT

SALARIES AND EXPENSES

Appropriation, fiscal year 2017	\$51,226,000
Budget request, fiscal year 2018	53,185,000
Recommended in the bill	51,100,000
Bill compared with:	
Appropriation, fiscal year 2017	– 126,000
Budget request, fiscal year 2018	– 2,085,000

The U.S. Tax Court adjudicates controversies involving deficiencies in income, estate, and gift taxes. The Court also has jurisdiction to determine deficiencies in certain excise taxes, to issue declaratory judgments in the areas of qualifications of retirement plans and exemptions of charitable organizations, and to decide certain cases involving disclosure of tax information by the Commissioner of the Internal Revenue Service.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$51,100,000 for the U.S. Tax Court.

TITLE VI—GENERAL PROVISIONS—THIS ACT

(INCLUDING RESCISSION)

Section 601. The Committee continues the provision prohibiting pay and other expenses for non-Federal parties in regulatory or adjudicatory proceedings funded in this Act.

Section 602. The Committee continues the provision prohibiting obligations beyond the current fiscal year and prohibits transfers of funds unless expressly so provided herein.

Section 603. The Committee continues the provision limiting procurement contracts for consulting service expenditures to contracts that are matters of public record and available for public inspection.

Section 604. The Committee continues the provision prohibiting transfer of funds in this Act without express authority.

Section 605. The Committee continues the provision prohibiting the use of funds to engage in activities that would prohibit the enforcement of section 307 of the 1930 Tariff Act.

Section 606. The Committee continues the provision concerning compliance with the Buy American Act.

Section 607. The Committee continues the provision prohibiting the use of funds by any person or entity convicted of violating the Buy American Act.

Section 608. The Committee continues the provision specifying reprogramming procedures. The provision requires that agencies or entities funded by the Act notify the Committee and obtain prior approval from the Committee for any reprogramming of funds that: (1) creates a new program; (2) eliminates a program, project, or activity; (3) increases funds or personnel for any program, project, or activity for which funds have been denied or restricted by the Congress; (4) proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose; (5) augments existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less; (6) reduces existing programs, projects, or activities by \$5,000,000 or 10 percent, whichever is less; or (7) reorganizes offices, programs, or activities. The provision directs agencies funded by this Act to consult with the Committee prior to any significant reorganization. The provision also directs the agencies funded by this Act to submit operating plans for the Committee's review within 60 days of the bill's enactment.

Section 609. The Committee continues the provision providing that fifty percent of unobligated balances may remain available through September 30, 2019, for certain purposes.

Section 610. The Committee continues the provision prohibiting funding for the Executive Office of the President to request either a Federal Bureau of Investigation background investigation or Internal Revenue Service determination with respect to section 501(a) of the Internal Revenue Code of 1986, except with the express consent of the individual involved in an investigation or in extraordinary circumstances involving national security.

Section 611. The Committee continues the provision regarding cost accounting standards for contracts under the Federal Employee Health Benefits Program.

Section 612. The Committee continues the provision regarding non-foreign area cost-of-living allowances.

Section 613. The Committee continues the provision prohibiting the expenditure of funds for abortion under the Federal Employees Health Benefits Program.

Section 614. The Committee continues the provision making exceptions to the preceding provision where the life of the mother is in danger or the pregnancy is a result of an act of rape or incest.

Section 615. The Committee continues the provision carried annually since 2004 waiving restrictions on the purchase of non-domestic articles, materials, and supplies in the case of acquisition of information technology by the Federal Government.

Section 616. The Committee continues the provision prohibiting officers or employees of any regulatory agency or commission funded by this Act from accepting travel payments or reimbursements from a person or entity regulated by such agency or commission.

Section 617. The Committee continues the provision permitting the Securities and Exchange Commission and Commodities Futures Trading Commission to fund a joint advisory committee to advise on emerging regulatory issues, notwithstanding section 708 of this Act.

Section 618. The Committee continues the provision requiring certain agencies in this Act to consult with the General Services Administration before seeking new office space or making alterations to existing office space.

Section 619. The Committee continues language providing for several appropriated mandatory accounts. These are accounts where authorizing language requires the payment of funds. The Congressional Budget Office estimates the cost for the following programs addressed in this provision: \$450,000 for Compensation of the President including \$50,000 for expenses, \$167,000,000 for the Judicial Retirement Funds (Judicial Officers' Retirement Fund, Judicial Survivors' Annuities Fund, and the United States Court of Federal Claims Judges' Retirement Fund), \$13,202,000,000 for the Government Payment for Annuitants, Employee Health Benefits, \$48,000,000 for the Government Payment for Annuitants, Employee Life Insurance, and \$8,365,000,000 for the Payment to the Civil Service Retirement and Disability Fund.

Section 620. The Committee includes language prohibiting funds for the Federal Trade Commission to complete or publish the study, recommendations, or report prepared by the Interagency Working Group on Food Marketed to Children.

Section 621. The Committee includes language to prevent conflicts of interest by prohibiting contractor security clearance related background investigators from undertaking final Federal reviews of their own work.

Section 622. The Committee includes language requiring that the head of any executive branch agency ensure that the Chief Information Officer (CIO) has authority to participate in the budget planning process and approval of the information technology (IT) budget.

Section 623. The Committee continues the provision prohibiting funds in contravention of the Federal Records Act.

Section 624. The Committee includes language prohibiting agencies from requiring Internet Service Providers (ISPs) to disclose electronic communications information in a manner that violates the Fourth Amendment.

Section 625. The Committee includes language prohibiting funds to be used to deny inspectors general access to records.

Section 626. The Committee continues the provision prohibiting any funds made available in this Act from being used to establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography.

Section 627. The Committee includes a provision to clarify the terms of the services offered to victims of the OPM security breaches.

Section 628. The unobligated balance in the Securities and Exchange Commission Reserve Fund established by section 991 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) is permanently rescinded.

Section 629. The Committee includes language prohibiting funds for the Securities and Exchange Commission to require the disclosure of political contributions to tax exempt organizations, or dues paid to trade associations.

Section 630. The Committee includes language that repeals the Federal Elections Commission’s prior approval requirement for corporate member trade association PACs.

Section 631. The Committee includes language prohibiting funds to pay for an abortion or the administrative expenses in connection with a multi-State qualified health plan offered under a contract under section 1334 of the Patient Protection and Affordable Care Act which provides any benefits or coverage for abortions, except for endangerment of the life of the mother, rape or incest.

Section 632. The Committee includes a new provision prohibiting funds to require public electronic communication providers or remote computing services to disclose the contents of a wire or electronic communication unless required by a court warrant.

Section 633. The Committee includes a new provision which defines a pyramid promotional scheme, and limits funds to enforcement actions under the definition.

TITLE VII—GENERAL PROVISIONS—GOVERNMENT-WIDE

DEPARTMENTS, AGENCIES, AND CORPORATIONS

(INCLUDING TRANSFER OF FUNDS)

Section 701. The Committee continues the provision requiring agencies to administer a policy designed to ensure that all of its workplaces are free from the illegal use of controlled substances.

Section 702. The Committee continues the provision establishing price limitations on vehicles to be purchased by the Federal Government with an exemption for the purchase of electric, plug-in hybrid electric, and hydrogen fuel cell vehicles.

Section 703. The Committee continues the provision allowing funds made available to agencies for travel to also be used for quarters allowances and cost-of-living allowances.

Section 704. The Committee continues the provision prohibiting the employment of noncitizens with certain exceptions.

Section 705. The Committee continues the provision giving agencies the authority to pay General Services Administration bills for space renovation and other services.

Section 706. The Committee continues, with modification, the provision allowing agencies to finance the costs of recycling and

waste prevention programs with proceeds from the sale of materials recovered through such programs.

Section 707. The Committee continues the provision providing that funds made available to corporations and agencies subject to 31 U.S.C. 91 may pay rent and other service costs in the District of Columbia.

Section 708. The Committee continues the provision prohibiting interagency financing of groups absent prior statutory approval.

Section 709. The Committee continues the provision prohibiting the use of funds for enforcing regulations disapproved in accordance with the applicable law of the U.S.

Section 710. The Committee continues the provision limiting the amount of funds that can be used for redecoration of offices under certain circumstances.

Section 711. The Committee continues the provision to allow for interagency funding of national security and emergency telecommunications initiatives.

Section 712. The Committee continues the provision requiring agencies to certify that a Schedule C appointment was not created solely or primarily to detail the employee to the White House.

Section 713. The Committee continues the provision prohibiting the payment of any employee who prohibits, threatens or prevents another employee from communicating with Congress.

Section 714. The Committee continues the provision prohibiting Federal training not directly related to the performance of official duties.

Section 715. The Committee continues the provision prohibiting, other than for normal and recognized executive-legislative relationships, propaganda, publicity and lobbying by executive agency personnel in support or defeat of legislative initiatives.

Section 716. The Committee continues the provision prohibiting any Federal agency from disclosing an employee's home address to any labor organization, absent employee authorization or court order.

Section 717. The Committee continues the provision prohibiting funds to be used to provide non-public information such as mailing, telephone, or electronic mailing lists to any person or organization outside the government without the approval of the Committees on Appropriations.

Section 718. The Committee continues the provision prohibiting the use of funds for propaganda and publicity purposes not authorized by Congress.

Section 719. The Committee continues the provision directing agency employees to use official time in an honest effort to perform official duties.

Section 720. The Committee continues the provision authorizing the use of funds to finance an appropriate share of the Federal Accounting Standards Advisory Board.

Section 721. The Committee continues the provision authorizing the transfer of funds to the General Services Administration to finance an appropriate share of various government-wide boards and councils and for Federal Government Priority Goals under certain conditions.

Section 722. The Committee continues the provision that permits breastfeeding in a Federal building or on Federal property if the woman and child are authorized to be there.

Section 723. The Committee continues the provision that permits interagency funding of the National Science and Technology Council and provides for a report on the budget and resources of the National Science and Technology Council.

Section 724. The Committee continues the provision requiring documents involving the distribution of Federal funds to indicate the agency providing the funds and the amount provided.

Section 725. The Committee continues the provision prohibiting the use of funds to monitor personal access or use of Internet sites or to collect, review, or obtain any personally identifiable information relating to access to or use of an Internet site.

Section 726. The Committee continues a provision requiring health plans participating in the Federal Employees Health Benefits Program to provide contraceptive coverage and provides exemptions to certain religious plans.

Section 727. The Committee continues language supporting strict adherence to anti-doping activities.

Section 728. The Committee continues a provision allowing funds for official travel to be used by departments and agencies, if consistent with OMB Circular A-126, to participate in the fractional aircraft ownership pilot program.

Section 729. The Committee continues the provision that restricts the use of funds for Federal law enforcement training facilities.

Section 730. The Committee continues the provision that prohibits Executive Branch agencies from creating prepackaged news stories that are broadcast or distributed in the United States unless the story includes a clear notification within the text or audio of such news story that the prepackaged news story was prepared or funded by that executive branch agency. This provision confirms the opinion of the Government Accountability Office dated February 17, 2005 (B-304272).

Section 731. The Committee continues the provision prohibiting use of funds in contravention of section 552a of title 5, United States Code (the Privacy Act) and regulations implementing that section.

Section 732. The Committee continues the provision prohibiting funds from being used for any Federal Government contract with any foreign incorporated entity which is treated as an inverted domestic corporation.

Section 733. The Committee continues the provision requiring agencies to pay a fee to the Office of Personnel Management for processing retirement of employees who separate under Voluntary Early Retirement Authority or who receive Voluntary Separation Incentive payments.

Section 734. The Committee includes language prohibiting funds to require any entity submitting an offer for a Federal contract or participating in an acquisition to disclose political contributions.

Section 735. The Committee continues the provision prohibiting funds for the painting of a portrait of an employee of the Federal Government, including the President, the Vice President, a Mem-

ber of Congress, the head of an executive branch agency, or the head of an office of the legislative branch.

Section 736. The Committee continues the provision limiting the pay increases of certain prevailing rate employees.

Section 737. The Committee continues a provision, with modification, requiring agencies to submit reports to Inspectors General concerning expenditures for agency conferences.

Section 738. The Committee continues a provision prohibiting funds to be used to increase, eliminate, or reduce funding for a program or project unless such change is made pursuant to re-programming or transfer provisions.

Section 739. The Committee continues a provision prohibiting agencies from using funds to implement regulations changing the competitive areas under reductions-in-force for Federal employees.

Section 740. The Committee continues the provision ensuring contractors are not prevented from reporting waste, fraud, or abuse by signing confidentiality agreements that would prohibit such disclosure.

Section 741. The Committee continues the provision prohibiting the expenditure of funds for the implementation of certain non-disclosure agreements unless certain provisions are included in the agreements.

Section 742. The Committee continues the provision prohibiting funds to any corporation with certain unpaid Federal tax liabilities unless an agency has considered suspension or debarment of the corporation and made a determination that further action is not necessary to protect the interests of the Government.

Section 743. The Committee continues the provision prohibiting funds to any corporation that was convicted of a felony criminal violation within the preceding 24 months unless an agency has considered suspension or debarment of the corporation and made a determination that further action is not necessary to protect the interests of the Government.

Section 744. The Committee continues a provision requiring the Bureau of Consumer Financial Protection to notify the Committees on Appropriations of the House and Senate, the Committee on Financial Services of the House, and the Committee on Banking, Housing, and Urban Affairs of the Senate of requests for a transfer of funds from the Board of Governors of the Federal Reserve System as well as post any such notifications on the Bureau's website.

Section 745. The Committee modifies a provision on the conditions for implementing Executive Order 13690.

Section 746. The Committee includes a provision which allows those authorized to be employed in the United States pursuant to the Deferred Action for Childhood Arrivals program to be eligible for Federal government employment.

Section 747. The Committee continues the provision concerning the non-application of these general provisions to title IV and to title VIII.

TITLE VIII—GENERAL PROVISIONS—DISTRICT OF COLUMBIA

(INCLUDING TRANSFERS OF FUNDS)

Section 801. The Committee continues language that appropriates funds to refund overpayments of taxes collected and to pay settlements and judgments against the District of Columbia government.

Section 802. The Committee continues language prohibiting the use of Federal funds for publicity or propaganda purposes.

Section 803. The Committee continues language establishing re-programming procedures for Federal and local funds.

Section 804. The Committee continues language prohibiting the use of Federal funds to provide salaries or other costs associated with the offices of United States Senator or Representative.

Section 805. The Committee continues language limiting the use of official vehicles to official duties.

Section 806. The Committee continues language prohibiting the use of Federal funds for any petition drive or civil action which seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

Section 807. The Committee includes language prohibiting the use of Federal funds for needle exchange programs.

Section 808. The Committee continues language providing for a “conscience clause” on legislation that pertains to contraceptive coverage by health insurance plans.

Section 809. The Committee continues language prohibiting the use of Federal funds to legalize or reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act or any tetrahydrocannabinols derivative.

Language is also included prohibiting local and Federal funds to legalize or reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substance Act or any tetrahydrocannabinols derivative for recreational use.

Section 810. The Committee continues the provision that prohibits the use of funds for any abortion except in the cases of rape or incest or if necessary to save the life of the mother.

Section 811. The Committee continues language requiring the Chief Financial Officer (CFO) to submit a revised operating budget for all agencies in the D.C. government, no later than 30 calendar days after the enactment of this Act that realigns budgeted data with anticipated actual expenditures.

Section 812. The Committee continues language requiring the CFO to submit a revised operating budget for D.C. Public Schools, no later than 30 calendar days after the enactment of this Act that realigns school budgets to actual school enrollment.

Section 813. The Committee continues language allowing the transfer of local funds and capital and enterprise funds.

Section 814. The Committee continues language prohibiting the obligation of Federal funds beyond the current fiscal year and transfers of funds unless expressly provided herein.

Section 815. The Committee continues language providing that not to exceed 50 percent of unobligated balances from Federal ap-

propriations for salaries and expenses may remain available for certain purposes. This provision will apply to the District of Columbia Courts, the Court Services and Offender Supervision Agency, and the District of Columbia Public Defender Service.

Section 816. The Committee continues language appropriating local funds during fiscal year 2019 if there is an absence of a continuing resolution or regular appropriation for the District of Columbia. Funds are provided under the same authorities and conditions and in the same manner and extent as provided for in fiscal year 2018.

Section 817. The Committee includes a provision to repeal the Local Budget Autonomy Amendment Act of 2012.

Section 818. The Committee includes a new provision prohibiting funds to enact any act, resolution, rule, regulation, guidance, or other law to permit any person to carry out any activity, or to reduce the penalties imposed with respect to any activity to which subsection (a) of section 3 of the Assisted Suicide Funding Restriction Act of 1997 applies, and repeals the District of Columbia Death With Dignity Act of 2016.

Section 819. The Committee continues language limiting references to “this Act” as referring to only this title and title IV.

TITLE IX—OTHER MATTERS

The bill includes provisions from H.R. 10, the Financial CHOICE Act, as passed by the House of Representatives on June 8, 2017.

TITLE X—FINANCIAL INSTITUTION BANKRUPTCY

The bill includes H.R. 1667, the Financial Institution Bankruptcy Act of 2017, which was passed by the House of Representatives on April 5, 2017.

TITLE XI—ADDITIONAL GENERAL PROVISIONS

SPENDING REDUCTION ACCOUNT

Section 1101. The Committee includes a provision establishing a “Spending Reduction Account” in the bill.

HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

The following items are included in accordance with various requirements of the Rules of the House of Representatives:

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the following is a statement of general performance goals and objectives for which this measure authorizes funding:

The Committee on Appropriations considers program performance, including a program’s success in developing and attaining outcome-related goals and objectives, in developing funding recommendations.

RESCISSION OF FUNDS

Pursuant to clause 3(f)(2) of rule XIII of the Rules of the House of Representatives, the following table is submitted describing the rescissions recommended in the accompanying bill:

Treasury Forfeiture Fund	\$876,000,000
General Services Administration	\$200,000,000
Securities and Exchange Commission	\$75,000,000
Small Business Administration	\$2,600,000

TRANSFER OF FUNDS

Pursuant to clause 3(f)(2) of rule XIII of the Rules of the House of Representatives, the following is submitted describing the transfer of funds provided in the accompanying bill:

UNDER TITLE I—DEPARTMENT OF THE TREASURY

Section 101 allows the transfer of five percent of any appropriation made available to the Internal Revenue Service (IRS) to any other IRS appropriation, subject to prior congressional approval.

Section 115 authorizes the transfers of funds to IRS to improve customer service, fraud prevention, and cybersecurity.

Section 118 authorizes transfers, up to two percent, between Departmental Offices, Office of Inspector General, Special Inspector General for Troubled Asset Relief Program, Financial Crimes Enforcement Network, Bureau of the Fiscal Service, Alcohol and Tobacco Tax and Trade Bureau, and Community Development Financial Institutions Fund Program Fund Account appropriations under certain circumstances.

Section 119 authorizes transfers, up to two percent, between the IRS and the Treasury Inspector General for Tax Administration under certain circumstances.

Section 121 authorizes the transfer of funds from the “Bureau of the Fiscal Service” to the “Debt Collection Fund” as necessary to cover the cost of debt collection.

UNDER TITLE II—EXECUTIVE OFFICE OF THE PRESIDENT

Language is included under Presidential Transition Administrative Support, which allows for the transfer of funds within the Executive Office of the President.

Language is included under Federal Drug Control Programs, “High Intensity Drug Trafficking Areas Program”, which allows for the transfer of funds to Federal departments or agencies and State and local entities.

Language is included under “Other Federal Drug Control Programs”, allowing the transfers of funds to other Federal departments and agencies to carry out activities.

Language is included under “Information Technology Oversight and Reform”, allowing the transfer of funds to other agencies to carry out projects.

Language is included under the Official Residence of the Vice President, “Operating Expenses”, allowing the transfer of funds to other Federal departments or agencies.

Section 201 permits the Executive Office of the President to transfer up to 10 percent of any appropriation, subject to approval of the Committee.

UNDER TITLE III—THE JUDICIARY

Language is included under “Courts of Appeals, District Courts, and Other Judicial Services, Court Security”, allowing funds to be transferred to the United States Marshals Service for courthouse security.

Section 302 permits the Judiciary to transfer up to five percent of any appropriation with certain limitations.

UNDER TITLE V—INDEPENDENT AGENCIES

Under Title V, Independent Agencies, a number of transfers are allowed.

(1) Under the Election Assistance Commission, amounts may be transferred to the National Institute of Standards and Technology.

(2) Under the General Services Administration, amounts may be transferred within the Federal Buildings Fund, under certain circumstances, after approval of the Committee on Appropriations.

(3) Under the General Services Administration, “Federal Citizens Services Fund”, transfers are allowed from the Federal Citizens Services Fund to Federal agencies.

(4) Under the General Services Administration, “Federal Citizens Services Fund”, transfers are allowed from unobligated funding provided to the “Electronic Government Fund” to the Federal Citizens Services Fund.

(5) Section 511 permits the General Services Administration to transfer funds in the Federal Buildings Fund after approval of the Committee on Appropriations.

(6) Under Merit Systems Protection Board, an amount is transferred from the Civil Service Retirement and Disability Fund.

(7) Under Office of Personnel Management, amounts from certain trust funds are transferred to the Salaries and Expenses and Office of Inspector General accounts for administrative expenses;

(8) Under the Postal Regulatory Commission, amounts are transferred from the Postal Service Fund;

(9) Under Small Business Administration, Business Loans Program Account, amounts may be transferred to and merged with Salaries and Expenses.

(10) Under Small Business Administration, Disaster Loans Program Account, amounts may be transferred to and merged with the Office of Inspector General, and Salaries and Expenses.

(11) Section 520 permits the Small Business Administration to transfer funds between appropriations of the Small Business Administration.

(12) Under United States Postal Service, Office of Inspector General, amounts are transferred from the Postal Service Fund.

UNDER TITLE VII—GOVERNMENT-WIDE

Section 721 authorizes departments and agencies to transfer funds to the General Services Administration to support certain financial, information technology, procurement, and other management initiatives.

UNDER TITLE VIII—GENERAL PROVISIONS, DISTRICT OF COLUMBIA

Section 803 authorizes the District of Columbia to transfer local funds and section 813 allows transfer of funds between operations and capital accounts.

DISCLOSURE OF EARMARKS AND CONGRESSIONALLY DIRECTED SPENDING ITEMS

Neither the bill nor the report contains any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3(f)(1)(A) of rule XIII of the Rules of the House of Representatives, the following statements are submitted describing the effect of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly. The bill provides that appropriations shall remain available for more than one year for a number of programs for which the basic authorizing legislation does not explicitly authorize such extended availability. In addition, the bill carries language, in some instances, permitting activities not authorized by law, or exempting agencies from certain provisions of law, but which has been carried in appropriations acts for many years.

The bill includes several limitations on official entertainment, reception and representation expenses. Similar provisions have appeared in many previous appropriations Acts. The bill includes a number of limitations on the purchase of automobiles or office furnishings that also have appeared in many previous appropriations Acts. Language is included in several instances permitting certain funds to be credited to the appropriations recommended. Language is also included in several instances permitting funding for services authorized by 5 U.S.C. 3109 and for the hire of passenger motor vehicles.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3(f)(1)(A) of rule XIII of the Rules of the House of Representatives, the following statements are submitted describing the effect of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly. The bill provides that appropriations shall remain available for more than one year for a number of programs for which the basic authorizing legislation does not explicitly authorize such extended availability. In addition, the bill carries language, in some instances, permitting activities not authorized by law, or exempting agencies from certain provisions of law, but which has been carried in appropriations acts for many years.

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nishings that also have appeared in many previous appropriations Acts. Language is included in several instances permitting certain funds to be credited to the appropriations recommended. Language is also included in several instances permitting funding for services authorized by 5 U.S.C. 3109 and for the hire of passenger motor vehicles.

TITLE I—DEPARTMENT OF THE TREASURY

Language is included for “Departmental Offices, Salaries and Expenses” that provides funds for operation and maintenance of the Treasury Building Annex; hire of passenger motor vehicles; maintenance, repairs, and improvements of, and purchase of commercial insurance policies for real properties leased or owned overseas.

Language is also included designating funds for official reception and representation expenses; unforeseen emergencies of a confidential nature; and extending the period of availability for certain funds.

Language is included for the “Office of Terrorism and Financial Intelligence, Salaries and Expenses” that provides funds combating threats to national security.

Language is included for “Cybersecurity Enhancement Account” that provides funds for enhanced cybersecurity for systems operated by the Department of the Treasury.

Language is included for the Office of Inspector General, “Salaries and Expenses”, that provides funds to carry out the provisions of the Inspector General Act of 1978, including official reception and representation expenses, the hire of vehicles, and provides funds for unforeseen emergencies of a confidential nature.

Language is included for the Treasury Inspector General for Tax Administration, Salaries and Expenses that provides funds to carry out the provisions of the Inspector General Act of 1978, including consulting services, official reception and representation expenses, the purchase and hire of motor vehicles, unforeseen emergencies of a confidential nature, and specifies the period of availability for certain funds.

Language is included for the Special Inspector General for the Troubled Asset Relief Program, “Salaries and Expenses”, that provides funds for the necessary expenses of the SIGTARP in carrying out the provisions of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343).

Language is included for “Financial Crimes Enforcement Network, Salaries and Expenses” that provides funds for the hire of motor vehicles; travel and training of non-federal and foreign government personnel attending meetings involving domestic or foreign financial law enforcement, intelligence, and regulation; official reception and representation expenses; and assistance to Federal law enforcement agencies with or without reimbursement. Language is also included that extends the availability of certain amounts.

Language is included under the heading “Treasury Forfeiture Fund” rescinding certain funds and returning funds to the General Fund.

Language is included for the Bureau of the Fiscal Service, “Salaries and Expenses”, that provides a certain amount for official reception and representation expenses, and extends the availability

for systems modernization funds. Language is also included specifying an amount to be derived from the Oil Spill Liability Trust Fund.

Language is included for the Alcohol and Tobacco Tax and Trade Bureau, "Salaries and Expenses", that provides funds for the hire of passenger motor vehicles and laboratory assistance to State and local agencies with or without reimbursement. Language is also included that specifies the amounts for official reception and representation expenses and cooperative research and development.

Language is included for the U.S. Mint, "United States Mint Public Enterprise Fund", which identifies the source of funding for the operations and activities of the U.S. Mint and specifies the level of funding for circulating coinage and protective service capital investments.

Language is included for the Community Development Financial Institutions Fund Program Account that provides specific amounts for: financial and technical assistance; Native American initiatives; administrative expenses for the program and cost of direct loans; New Markets Tax Credit Program; and disabled community assistance. Language is included clarifying the cost of direct loans and the cost of modifying direct loans, and specifying the limitation on gross obligations for the principal amount of direct loans.

Language is included under Internal Revenue Service, Taxpayer Services, that provides funds for pre-filing assistance and education, filing and account services, and taxpayer advocacy services, and dedicating funding for the Tax Counseling for the Elderly Program, low-income taxpayer clinic grants, and Community Volunteer Income Tax Assistance grants.

Language is included for Internal Revenue Service, Enforcement, that provides funds to determine and collect owed taxes, provide legal and litigation support, conduct criminal investigations, enforce criminal statutes, purchase and hire of vehicles; and designates funding for the Interagency Crime and Drug Enforcement program. Language is included specifying the period of availability for certain funds.

Language is included for the Internal Revenue Service, Operations Support, that provides funds for operating and supporting taxpayer services and tax law enforcement programs; rent; facilities services; printing; postage; physical security; headquarters and other IRS-wide administration activities; research and statistics of income; telecommunications; information technology development, enhancement, operations, maintenance, and security; hire of passenger motor vehicles; and official reception and representation expenses. Language is included specifying the period of availability for certain funds and requiring reports on information technology.

Language is included for Internal Revenue Service, Business Systems Modernization that provides for the business systems modernization program, including capital asset acquisition of information technology, including management and related contractual costs and IRS labor costs of said acquisitions, contractual costs associated with operations, an extended availability of the funds and requires quarterly reports.

In addition, the bill provides the following administrative provisions:

Section 101. Language is included that allows for the transfer of five percent of any appropriation made available to the IRS to any other IRS appropriation, upon the advance approval of the Committees on Appropriations.

Section 102. Language is included that requires the IRS to maintain a training program in taxpayers' rights, dealing courteously with taxpayers, cross-cultural relations, and the impartial application of tax law.

Section 103. Language is included that requires the IRS to institute and enforce policies and procedures that will safeguard the confidentiality of taxpayer information and protect taxpayers against identity theft.

Section 104. Language is included that makes funds available for improved facilities and increased staffing to provide efficient and effective 1-800 number help line service for taxpayers.

Section 105. Language is included requiring videos produced by the IRS to be approved in advance by the Service-Wide Video Editorial Board.

Section 106. Language is included to require the IRS to issue notices to employers of any address change request and to give special consideration to offers in compromise for taxpayers who have been victims of payroll tax preparer fraud.

Section 107. Language is included to prohibit the IRS from targeting U.S. citizens for exercising their First Amendment rights.

Section 108. Language is included to prohibit the use of funds by the IRS to target groups based on their ideological beliefs.

Section 109. Language is included to prohibit the use of funds by the IRS on conferences that do not adhere to recommendations made by the Treasury Inspector General for Tax Administration.

Section 110. Language is included prohibiting funds for IRS employee awards or hiring programs that do not consider employee conduct and Federal tax compliance.

Section 111. Language included to prohibit the use of funds in contravention of section 6103 of the Internal Revenue Code of 1986 (relating to confidentiality and disclosure of returns and return information).

Section 112. Language is included prohibiting funds from being used to implement the individual mandate of the Affordable Care Act.

Section 113. Language is included to prohibit funds for pre-populated returns.

Section 114. Language is included to prohibit funds to enforce new guidance on conservation easements.

Section 115. Language is included to prohibit funds to finalize, implement or enforce amendments to proposed regulations related to estate, gift, and transfer taxes.

Section 116. Language is included to prohibit funds for the IRS to make a determination that a church is not exempt from taxation unless specific criteria is met.

Section 117. Language is included that authorizes the Department to purchase uniforms, insurance for motor vehicles that are overseas, and motor vehicles that are overseas without regard to the general purchase price limitations; to enter into contracts with the State Department for health and medical services for Treasury employees that are overseas; and to hire experts or consultants.

Section 118. Language is included that authorizes transfers, up to two percent, between “Departmental Offices—Salaries and Expenses”, “Office of Inspector General”, “Special Inspector General for the Troubled Asset Relief Program”, “Financial Crimes Enforcement Network”, “Bureau of the Fiscal Service”, and “Alcohol and Tobacco Tax and Trade Bureau”, appropriations under certain circumstances.

Section 119. Language is included that authorizes transfers, up to two percent, between the Internal Revenue Service and the Treasury Inspector General for Tax Administration under certain circumstances.

Section 120. Language is included prohibiting the Department of the Treasury from undertaking a redesign of the one dollar Federal Reserve note.

Section 121. Language is included providing for transfers from and reimbursements to “Bureau of the Fiscal Service, Salaries and Expenses” for the purposes of debt collection.

Section 122. Language is included requiring congressional approval for the construction and operation of a museum by the United States Mint.

Section 123. Language is included prohibiting funds in this or any other Act from being used to merge the U.S. Mint and the Bureau of Engraving and Printing without the approval of the House and Senate committees of jurisdiction.

Section 124. Language is included deeming that funds for the Department of the Treasury’s intelligence-related activities are specifically authorized in fiscal year 2018 until enactment of the Intelligence Authorization Act for fiscal year 2018.

Section 125. Language is included permitting the Bureau of Engraving and Printing to use \$5,000 from the Industrial Revolving Fund for reception and representation expenses.

Section 126. Language is included requiring the Department of the Treasury to submit a capital investment plan.

Section 127. Language is included requiring a quarterly report from both the Office of Financial Research and Office of Financial Stability Oversight.

Section 128. Language is included requiring the Department of the Treasury to submit a report on its Franchise Fund.

Section 129. Language is included prohibiting the Department of the Treasury from finalizing any regulation related to the standards used to determine the tax-exempt status of a 501(c)(4) organization.

Section 130. Language is included prohibiting funds to approve, license, facilitate, authorize, or otherwise allow the importation of property confiscated by the Cuban Government.

Section 131. Language is included prohibiting funds to approve or otherwise allow the licensing of a mark, trade name, or commercial name that is substantially similar to one that was used in connection with a business or assets that were confiscated unless expressly consented.

Section 132. Language is included requiring the Special Inspector General for the Troubled Asset Relief Program to prioritize performance audits or investigations of programs funded under the Emergency Economic Stabilization Act of 2008.

Section 133. Language is included prohibit the Department from enforcing guidance for U.S. positions on multilateral development banks engaging with developing countries on coal-fired power generation.

TITLE II—EXECUTIVE OFFICE OF THE PRESIDENT

Language under “The White House, Salaries and Expenses” provides funds for services authorized by 5 U.S.C. 3109 and 3 U.S.C. 103, 105 and 107, hire of vehicles, and official reception and representation expenses; and the Office of Policy Development.

Language under “Executive Residence at the White House, Operating Expenses” provides funds for necessary expenses as authorized by 3 U.S.C. 105, 109, 110, and 112–114.

Language under “Executive Residence at The White House, Reimbursable Expenses” specifies the authorized use of funds; specifies that reimbursable expenses are the exclusive authority of the Executive Residence to incur obligations and receive offsetting collections; requires the sponsors of political events to make advance payments; requires the national committee of the political party of the President to maintain \$25,000 on deposit; requires the Executive Residence to ensure that amounts owed are billed within 60 days of a reimbursable event and collected within 30 days of the bill notice; authorizes the Executive Residence to charge and assess interest and penalties on late payments; authorizes all reimbursements to be deposited into the Treasury as a miscellaneous receipt; requires a report to the Committee on the reimbursable expenses within 90 days of the end of the fiscal year; requires the Executive Residence to maintain a system for tracking and classifying reimbursable events; and specifies that the Executive Residence is not exempt from the requirements of subchapter I or II of chapter 37 of title 31, United States Code.

Language under “White House Repair and Restoration” provides funds for the repair, alteration, and improvement of the Executive Residence at the White House; and allows funds to remain available until expended.

Language under Council of Economic Advisors, “Salaries and Expenses”, is provided for necessary expenses in carrying out the Employment Act of 1946.

Language under “National Security Council and Homeland Security Council, Salaries and Expenses” provides for services authorized by 5 U.S.C. 3109.

Language under “Office of Administration, Salaries and Expenses” provides funds for continued modernization of the information resources within the Executive Office of the President, to remain available until expended, and provides for services authorized by 5 U.S.C. 3109 and 3 U.S.C. 107, and for the hire of vehicles.

Language under “Office of Management and Budget, Salaries and Expenses” provides funds for expenses; services authorized by 5 U.S.C. 3109; the hire of vehicles; carrying out provisions of chapter 35 of title 44 United States Code and to prepare the budget request; specifies funds for official representation expenses; prohibits the review of agricultural marketing orders; prohibits the use of funds for the purpose of altering the transcript of testimony except for OMB officials; prohibits the use of funds for evaluating or determining if water resource project or study reports submitted by the

Chief of Engineers are in compliance with all applicable laws, regulations, and requirements; and specifies the amount of time to perform budgetary policy reviews of water resource matters on which the Chief of Engineers has reported before the report is considered approved, and specifies notification requirements.

Language under “Office of National Drug Control Policy, Salaries and Expenses” provides for expenses; receptions and representation expenses; participation in joint projects; provision of services to non-profit, research or public organizations or agencies with or without reimbursement; and allows for gifts to be used without fiscal year limitation for the work of the Office.

Language “High Intensity Drug Trafficking Area Program” provides funds for expenses, extends the availability of funds, directs the distribution and obligation of funds, allows for the transfer of funds, allows for the reprogramming of unobligated funds, and requires notification on the distribution of funds.

Language under “Other Federal Drug Control Programs” extends the availability of funds, directs the distribution of funds, and allows for the transfer of funds.

Language under “Unanticipated Needs” extends the availability of funds.

Language under “Information Technology Oversight and Reform” provides for the use of funds, extends the availability of funds, and allows for the transfer of funds.

Language under “Special Assistance to the President, Salaries and Expenses” enables the Vice President to provide assistance to the President, services authorized by 5 U.S.C. 3109 and 3 U.S.C. 106, and the hire of vehicles.

Language under “Official Residence of the Vice President, Operating Expenses” provides funds for operation and maintenance of the official residence of the Vice President, the hire of vehicles, expenses authorized by 3 U.S.C. 106(b)(2) and provides for the transfer of funds as necessary.

In addition, the bill provides the following administrative provisions:

Section 201. Language is included permitting the transfer of not to exceed ten percent of funds between various accounts within the Executive Office of the President, with advance approval of the Committees on Appropriations. The amount of an appropriation shall not be increased by more than 50 percent.

Section 202. Language is included requiring the Director of the Office of Management and Budget to report on the costs of implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203).

Section 203. Language is included requiring the Director of the Office of Management and Budget to include a statement of budgetary impact with any Executive Order or Presidential Memorandum issued or rescinded during fiscal year 2018.

TITLE III—THE JUDICIARY

Language is included under Supreme Court, “Salaries and Expenses”, providing for certain funds to remain available until expended; the hire of passenger motor vehicles, official reception and representation, and miscellaneous expenses. Language is included providing funds for salaries of judges as authorized by law.

Language is included under Supreme Court, “Care of the Building and Grounds”, permitting funds to remain available until expended.

Language is included under United States Court of Appeals for the Federal Circuit, “Salaries and Expenses”, for necessary expenses of the court. Language is included providing funds for salaries of judges as authorized by law.

Language is included under United States Court of International Trade, “Salaries and Expenses”, for necessary expenses of the court. Language is included providing funds for salaries of judges as authorized by law.

Language is included under Courts of Appeals, District Courts, and Other Judicial Services, “Salaries and Expenses”, providing funds for the salaries of certain judges, and all other employees not otherwise provided for; necessary expenses; the purchase, rental, repair and cleaning of uniforms for Probation and Pretrial Services Office staff; firearms and ammunition; and specifies certain funds remain available for certain periods for specific purposes. Language is included providing funds for salaries of judges as authorized by law. Language is also included providing funding from the Vaccine Injury Compensation Trust Fund for certain purposes.

Language is included under Defender Services, providing for the compensation and reimbursement of expenses for attorneys, investigative, expert and other services, the operation of Federal Defender organizations, travel, training, general administrative expenses and permitting funds to remain available until expended.

Language is included under Fees of Jurors and Commissioners, permitting funds to remain available until expended and specifying limitations for the compensation of land commissioners.

Language is included under Court Security, providing for protective guard services and procurement, installation and maintenance of security systems and equipment, building ingress-egress control, inspection of mail and packages, directed security patrols, perimeter security and services provided by the Federal Protective Services. Language is included permitting certain funds to remain available until expended, which may be transferred to the United States Marshals Service.

Language is included under Administrative Office of the United States Courts, “Salaries and Expenses”, providing for travel, the hire of passenger motor vehicles, advertising and rent in the District of Columbia. Language is included specifying certain amounts for official reception and representation expenses.

Language is included under Federal Judicial Center, “Salaries and Expenses”, extending the availability of certain funds for education and training, and specifying certain amounts for official reception and representation expenses.

Language is included under United States Sentencing Commission, “Salaries and Expenses”, specifying certain amounts for official reception and representation expenses.

In addition, the bill provides the following administrative provisions:

Section 301. Language is included permitting funds for salaries and expenses to be available for the employment of experts and consultant services as authorized by 5 U.S.C. 3109.

Section 302. Language is included permitting up to five percent of any appropriation made available for fiscal year 2018 to be transferred between Judiciary appropriations provided that no appropriation shall be decreased by more than five percent or increased by more than ten percent by any such transfer except in certain circumstances. In addition, the language provides that any such transfer shall be treated as a reprogramming of funds under sections 604 and 608 of the accompanying bill and shall not be available for obligation or expenditure except in compliance with the procedures set forth in those sections.

Section 303. Language is included allowing not to exceed \$11,000 to be used for official reception and representation expenses incurred by the Judicial Conference of the United States.

Section 304. Language is included allowing the delegation of authority to the Judiciary for contracts for repairs of less than \$100,000 through fiscal year 2018.

Section 305. Language is included allowing a court security pilot program.

Section 306. Language is included requested by the Judicial Conference of the United States extending temporary judgeships in Arizona, California, Florida, Kansas, Missouri, New Mexico, North Carolina and Texas.

Section 307. Language is included requested by the Judicial Conference of the United States extending temporary bankruptcy judgeships in Virginia, Michigan, Puerto Rico, Delaware, and Florida.

TITLE IV—DISTRICT OF COLUMBIA

Language is included under “Federal Payment for Resident Tuition Support”, permitting the amount appropriated to remain available until expended; specifying conditions for the use, award, and financial accounting of funds; and requiring quarterly reports.

Language is included under “Federal Payment for Emergency Planning and Security Costs in the District of Columbia”, providing that the amount appropriated shall remain available until expended for providing public safety at events, including support of the United States Secret Service, and to respond to terrorist threats or attacks.

Language is included under “Federal Payment to the District of Columbia Courts”, authorizing official reception and representation expenses; specifying certain amounts for specific purposes; providing all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies; allowing funds made available for capital improvements to remain available until September 30, 2018; providing for the reallocation of funds and providing for certain payments.

Language is included under “Defender Services in the District of Columbia Courts”, providing that the amount appropriated shall remain available until expended; specifying who shall administer these funds; and providing that all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies;

and that not more than \$20,000,000 in unobligated funds provided in this account may be transferred to and merged with funds made available under the heading “Federal Payment to District of Columbia Courts”.

Language is included under “Federal Payment to the Court Services and Offender Supervision Agency for the District of Columbia”, allowing the transfer and hire of motor vehicles; authorizing official reception and representation expenses; specifying certain amounts for specific purposes and programs; allowing \$3,159,000 to remain available until September 30, 2018; providing that all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies; allowing the use of programmatic incentives for offenders and defendants who successfully meet the terms of their supervision; authorizing the Director to accept, solicit and use on the behalf of the Agency any monetary or nonmonetary gift to support offenders and defendants successfully meeting terms of supervision; specifying for recording the acceptance of such gifts; and authorizing the acceptance and use of space and services on a cost reimbursable basis from the District of Columbia Government.

Language is included under “Federal Payment to District of Columbia Public Defender Service”, allowing the transfer and hire of motor vehicles; providing that all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies; and authorizing the acceptance and use of voluntary and uncompensated services to facilitate the work of the District of Columbia Public Defender Service.

Language is included under “Federal Payment to the Criminal Justice Coordinating Council”, specifying that the amount appropriated shall remain available until expended to support initiatives related to the coordination of Federal and local criminal justice resources.

Language is included under “Federal Payment for Judicial Commissions”, specifying certain amounts for certain commissions and allowing for appropriations to remain available until September 30, 2018.

Language is included under “Federal Payment for School Improvement”, allowing for appropriations to remain available until expended for payments authorized under the Scholarship for Opportunity and Results Act.

Language is included under “Federal Payment for the District of Columbia National Guard”, providing funds for the National Guard Retention and College Access Program to remain available until expended.

Language is included under “Federal Payment for Testing and Treatment of HIV/AIDS” for testing and treatment.

Language is included under “District of Columbia Funds”: (1) providing funds as proposed in the Fiscal Year 2018 Budget Request Act of 2017 submitted to Congress by the District of Columbia; (2) limits the amount provided in this Act for the District of Columbia to the amount of the proposed budget or the sum of total revenues; (3) providing conditions for increasing the amount pro-

vided; and (4) directing the Chief Financial Officer to ensure the District of Columbia meets all requirements, but prohibits the re-programming of capital projects.

TITLE V—INDEPENDENT AGENCIES

Language is included for the Administrative Conference of the United States, “Salaries and Expenses”, providing for expenses, including official reception and representation and allowing funds to be available until September 30, 2019.

Language is included for the Consumer Product Safety Commission, “Salaries and Expenses”, that provides funds for expenses, the hire of motor vehicles, services as authorized by 5 U.S.C. 3109 (with a limitation on rates for individuals), and official reception and representation expenses. Language is included that provides funds for the Virginia Graeme Baker Pool and Spa Safety Act grant program.

The bill includes the following administrative provisions under the Consumer Product Safety Commission:

Section 501. Language is included prohibiting funds to finalize, implement, or enforce the proposed rule on recreational off-highway vehicles until a study is completed by the National Academy of Sciences.

Section 502. Language is included prohibiting funds to finalize any rule by the Consumer Product Safety Commission relating to blade-contact injuries on table saws.

Language is included for the Election Assistance Commission, “Salaries and Expenses”, that provides necessary funds to carry out the Help America Vote Act of 2002.

Language is included under the Federal Communications Commission, “Salaries and Expenses”, permitting funds for uniforms and allowances therefor, official reception and representation expenses, purchase and hire of motor vehicles, special counsel fees, and services as authorized by 5 U.S.C. 3109. Language provides for the assessment and collection of offsetting collections, authorizes retention of such collections, and provides that they remain available until expended. Language prohibits the availability for obligation of excess collections. Language limits the use of proceeds from the use of a competitive bidding system. Language provides funding for the Office of Inspector General.

Language is included for the Federal Deposit Insurance Corporation, “Office of Inspector General”, that provides for the funds to be derived from the Deposit Insurance Fund, and the FSLIC Resolution Fund.

Language is included for the Federal Election Commission, “Salaries and Expenses”, providing for expenses including official reception and representation.

Language is included for the Federal Labor Relations Authority, “Salaries and Expenses”, that provides funds for services authorized by 5 U.S.C. 3109, the hire of experts and consultants, hire of motor vehicles, reception and representation expenses and the rental of conference rooms; authorizes travel payments to public members of the Federal Service Impasses Panel; and allows for fees collected to be transferred to and merged with the appropriation.

Language is included for the Federal Trade Commission, “Salaries and Expenses”, permitting funds for uniforms and allowances

therefor, services authorized by 5 U.S.C. 3109, official reception and representation expenses, hire of motor vehicles, and contract for collection services. Language provides for the crediting and retention of certain fees. Language also prohibits funds from being used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act.

Language is included for the General Services Administration, “Federal Buildings Fund” that allows for revenues and collections to be spent from the Fund; specifies the conditions under which funds made available can be used; limits the availability of funds for certain purposes; specifies funding for construction and acquisition projects; specifies funding for special emphasis programs; provides for certain transfers of funds; requires spending plans; and prohibits excess funds from being available.

Language is included for the General Services Administration, “Government-wide Policy”, that provides funds for policy and evaluation activities associated with the management of real and personal property assets and certain administrative services; support responsibilities relating to acquisition, telecommunications, motor vehicles, information technology management, and related technology activities; and services authorized by 5 U.S.C. 3109.

Language is included for the General Services Administration, “Operating Expenses” that provides funds for Government-wide activities associated with personal and real property disposal, and services authorized by 5 U.S.C. 3109; for expenses for activities associated with agency-wide policy direction and management; for necessary expenses of the Civilian Board of Contract Appeals; for official reception and representation; designates funds for certain purposes; and provides for certain transfers.

Language is included for the General Services Administration, “Office of Inspector General” that makes certain funds available until expended and provides for awards in recognition of efforts that enhance the office. Language is included for services authorized by 5 U.S.C. 3109 and designates funds for information and detection of fraud.

Language is included for the General Services Administration, “Allowances and Office Staff for Former Presidents”, for carrying out the provisions of 3 U.S.C. 102 note and Public Law 95–138.

Language is included for the General Services Administration, “Federal Citizen Services Fund”, that provides funds for the Office of Citizen Services and other information technology costs. Language is included allowing for certain transfers to the Federal Citizen Services Fund. Language is also included for the “Federal Citizen Services Fund” that authorizes funds to be deposited in the Fund and limits the availability of funds in the Fund.

Language is included for the General Services Administration, “Asset Proceeds and Space Management Fund” for the purposes of carrying out actions pursuant to recommendations of the Public Buildings Reform Board focusing on civilian real property.

Language is included for the General Services Administration, “Environmental Review Improvement Fund” for the authorized activities of the Environmental Review Improvement Fund and the Federal Permitting Improvement Steering Council.

In addition, the bill includes the following administrative provisions under the General Services Administration (GSA):

Section 510. Language is included providing authority for the use of funds for the hire of motor vehicles.

Section 511. Language is included providing that funds made available for activities of the Federal Buildings Fund may be transferred between appropriations with advance approval of the Congress to apply to funds provided in prior appropriations Acts.

Section 512. Language is included requiring funds proposed for developing courthouse construction requests to meet appropriate standards and the priorities of the Judicial Conference.

Section 513. Language is included providing that no funds may be used to increase the amount of occupiable square feet, provide cleaning services, security enhancements, or any other service usually provided, to any agency which does not pay the assessed rent.

Section 514. Language is included permitting GSA to pay small claims (up to \$250,000) made against the Federal Government.

Section 515. Language is included requiring the Administrator to ensure that the delineated area of procurement for all lease agreements is identical to the delineated area included in the prospectus unless prior notice is given to the Committees.

Section 516. Language is included requiring a spend plan for certain accounts and programs.

Section 517. Language is included establishing the Asset Proceeds Space Management Fund as a fund separate from the Federal Buildings Fund.

Section 518. Language is included rescinding prior year unobligated balances from the FBI Headquarters Consolidation project funded in Public Law 115-31.

Section 519. Language is included requiring GSA to post certain draft environmental impact assessments on the GSA website.

Language is included for the Harry S Truman Scholarship Foundation as established by section 10 of Public Law 93-642.

Language is included for the Merit Systems Protection Board, "Salaries and Expenses", that provides funds for services authorized by 5 U.S.C. 3109, rental of conference rooms, hire of passenger motor vehicles, direct procurement of survey printing, official reception and representation expenses, specifies the period of availability for certain funds, provides for administration expenses to adjudicate retirement appeals, and provides for the transfer of some funds.

Language is included for the National Archives and Records Administration, "Operating Expenses", that provides funds for uniforms or allowances therefor, as authorized by 5 U.S.C. 5901 et seq., including maintenance, repairs, and cleaning, the hire of passenger motor vehicles, activities of the Public Interest Declassification Board, the review and declassification of documents, and the operations and maintenance of the electronic records archive.

Language is included for the National Archives and Records Administration, "Office of Inspector General", that provides funds for the hire of motor vehicles.

Language is included for the National Archives and Records Administration, "Repairs and Restoration", that provides funds for the repair, alteration, improvement, and provision of adequate storage; and provides that funds remain available until expended.

Language is included under the National Archives and Records Administration, "National Historical Publications and Records

Commission Grants Program”, that provides funds for allocations and grants for historical publications and records; and provides that funds remain available until expended.

Language is included under the National Credit Union Administration, “Community Development Credit Union Revolving Loan Fund”, that provides funds for technical assistance and extends the availability of funds.

Language is included under the Office of Government Ethics, “Salaries and Expenses”, that provides funds for services authorized by 5 U.S.C. 3109, rental of conference rooms, hire of passenger motor vehicles, and official reception and representation expenses.

Language is included under the Office of Personnel Management, “Salaries and Expenses”, that provides funds for services authorized by 5 U.S.C. 3109, medical examinations for veterans, rental of conference rooms, hire of passenger motor vehicles, official reception and representation expenses, advances for reimbursements, payment of per diem or subsistence allowances, and the transfer of administrative expenses; directs that provisions shall not affect other authorities; prohibits funds for the Legal Examining Unit; and authorizes the acceptance of donations under certain conditions. Language is also included specifying the period of availability for certain funds and requiring a report on information technology.

Language is included for the Office of Personnel Management, Office of Inspector General, “Salaries and Expenses”, that provides funds for services authorized by 5 U.S.C. 3109, hire of passenger motor vehicles, rental of conference rooms, and a transfer for administrative expenses.

Language is included for the Office of Special Counsel, “Salaries and Expenses”, that provides funds for services authorized by 5 U.S.C. 3109, payment of fees and expenses for witnesses, rental of conference rooms, and the hire of passenger motor vehicles.

Language is included for the Postal Regulatory Commission, “Salaries and Expenses”, that provides for transfer of funds from the Postal Service Fund.

Language is included for the Privacy and Civil Liberties Oversight Board, “Salaries and Expenses”, that provides funds authorized by section 1061 of 42 U.S.C. 2000ee.

Language is included for the Public Buildings Reform Board, “Salaries and Expenses”, that provides funds for carrying out the Federal Assets Sale and Transfer Act of 2016 (P.L. 114–287).

Language is included for the Securities and Exchange Commission, “Salaries and Expenses”, that provides for rental of space, services, reception and representation expenses, a permanent secretariat for the International Organization of Securities Commissions, and consultations and meetings hosted by the Commission. Language is included designating funds for information technology initiatives and the economics division. Language is included that provides for the crediting of offsetting collections. Language provides for the assessment and collection of offsetting collections, authorizes retention of such collections, and provides that they remain available until expended.

Language is included for the Selective Service System, “Salaries and Expenses”, that provides funds for attendance of meetings, training, hire of passenger motor vehicles, services authorized by 5 U.S.C. 3109, and official reception and representation expenses; au-

thorizes certain exemptions under certain conditions; and prohibits funds used in connection with the induction of any person into the Armed Forces of the United States.

Language is included for the Small Business Administration, “Salaries and Expenses”, that provides for hire of motor vehicles and official reception and representation expenses. Language is also included to provide authority to charge fees and credit such fees to the account without further appropriation. Language is also included designating funds for lender oversight. Language is also included for the Loan Modernization and Accounting System and co-sponsor activities.

Language is included for the Small Business Administration, “Entrepreneurial Development Programs”, that provides for supporting entrepreneurial and small business development grant programs. Language is included extending the availability of funds.

Language is included for the Small Business Administration, “Office of Inspector General”, that provides funds to carry out the provisions of the Inspector General Act of 1978.

Language is included for the Small Business Administration, “Office of Advocacy”, that provides funds to carry out the provisions of the Independent Office of Advocacy Act of 2003 and the Regulatory Flexibility Act of 1980 and allows funds to remain available until expended.

Language is included for the Small Business Administration, “Business Loans Program Account”, limiting commitments for certain guaranteed loan programs and for providing for the cost of direct loans and guaranteed loans. Language is also included authorizing the transfer of funds to “Salaries and Expenses” for administrative expenses.

Language is included for the Small Business Administration “Disaster Loan Program Account”, that provides for administrative expenses, the transfer of funds to the “Office of Inspector General” and to “Salaries and Expenses” and allows funds to remain available until expended.

Section 520 allows for the transfer of funds between Small Business Administration appropriations.

Section 521 rescinds prior year unobligated balances.

Section 522 amends requirements for the Microloan program.

Language is included for the United States Postal Service, “Payment to the Postal Service Fund”, that provides funds for revenue forgone; stipulates that mail for overseas voting and mail for the blind is free; provides that 6-day delivery shall continue at not less than the 1983 level; prohibits funds in this Act from being used to charge a fee to a child support enforcement agency seeking the address of a postal customer; prohibits funds from being used to consolidate or close small rural and other small post offices; and requires the Postal Service to maintain and comply with service standards for First Class Mail and periodicals effective on July 1, 2012.

Language is included for the United States Postal Service, “Office of Inspector General”, that provides for transfer from the Postal Service Fund.

Language is included for the United States Tax Court, “Salaries and Expenses”, that provides funds for contract reporting and serv-

ices authorized by 5 U.S.C. 3109, and that travel expenses of the judges shall be paid upon the written certificate of the judge.

TITLE VI—GENERAL PROVISIONS—THIS ACT

In addition, the bill provides the following provisions under this title:

Section 601. Language is included prohibiting pay and other expenses for non-Federal parties in regulatory or adjudicatory proceedings funded in this Act.

Section 602. Language is included prohibiting obligations beyond the current fiscal year and prohibits transfers of funds unless expressly so provided herein.

Section 603. Language is included limiting procurement contracts for consulting service expenditures to contracts that are matters of public record and available for public inspection.

Section 604. Language is included prohibiting transfer of funds in this Act without express authority.

Section 605. Language is included prohibiting the use of funds to engage in activities that would prohibit the enforcement of section 307 of the 1930 Tariff Act.

Section 606. Language is included concerning compliance with the Buy American Act.

Section 607. Language is included prohibiting the use of funds by any person or entity convicted of violating the Buy American Act.

Section 608. Language is included specifying reprogramming procedures. The provision requires that agencies or entities funded by the Act notify the Committee and obtain prior approval from the Committee for any reprogramming of funds that: (1) creates a new program; (2) eliminates a program, project, or activity; (3) increases funds or personnel for any program, project, or activity for which funds have been denied or restricted by the Congress; (4) proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose; (5) augments existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less; (6) reduces existing programs, projects, or activities by \$5,000,000 or 10 percent, whichever is less; or (7) reorganizes offices, programs, or activities. The provision also directs the agencies funded by this Act to submit operating plans for the Committee's review within 60 days of the bill's enactment.

Section 609. Language is included providing that fifty percent of unobligated balances may remain available for certain purposes.

Section 610. Language is included prohibiting funding for the Executive Office of the President to request either a Federal Bureau of Investigation background investigation or Internal Revenue Service determination with respect to section 501(a) of the Internal Revenue Code of 1986, except with the express consent of the individual involved in an investigation or in extraordinary circumstances involving national security.

Section 611. Language is included regarding cost accounting standards for contracts under the Federal Employee Health Benefits Program.

Section 612. Language is included regarding non-foreign area cost of living allowances.

Section 613. Language is included prohibiting the expenditure of funds for abortion under the Federal Employees Health Benefits program.

Section 614. Language is included making exceptions to the preceding provision where the life of the mother is in danger or the pregnancy is a result of an act of rape or incest.

Section 615. Language is included waiving restrictions on the purchase of non-domestic articles, materials, and supplies in the case of acquisition of information technology by the Federal government.

Section 616. Language is included prohibiting officers or employees of any regulatory agency or commission funded by this Act from accepting travel payments or reimbursements from a person or entity regulated by such agency or commission.

Section 617. Language is included permitting the Securities and Exchange Commission and Commodities Futures Trading Commission to fund a joint advisory committee to advise on emerging regulatory issues, notwithstanding Section 708 of this Act.

Section 618. Language is included requiring certain agencies in this Act to consult with the General Services Administration before seeking new office space or making alterations to existing office space.

Section 619. Language is included providing for several appropriated mandatory accounts. These are accounts where authorizing language requires the payment of funds. The Congressional Budget Office estimates the cost for the following programs addressed in this provision: \$450,000 for Compensation of the President including \$50,000 for expenses, \$167,000,000 for the Judicial Retirement Funds (Judicial Officers' Retirement Fund, Judicial Survivors' Annuities Fund, and the United States Court of Federal Claims Judges' Retirement Fund), \$13,202,000,000 for the Government Payment for Annuitants, Employee Health Benefits, \$48,000,000 for the Government Payment for Annuitants, Employee Life Insurance, and \$8,365,000,000 for the Payment to the Civil Service Retirement and Disability Fund.

Section 620. Language is included prohibiting funds for the Federal Trade Commission to complete or publish the study, recommendations, or report prepared by the Interagency Working Group on Food Marketed to Children.

Section 621. Language is included preventing conflicts of interest by prohibiting contractor security clearance related background investigators from undertaking final Federal reviews of their own work.

Section 622. Language is included requiring that the head of any executive branch agency ensure that the Chief Information Officer (CIO) has authority to participate in the budget planning process and approval of the information technology (IT) budget.

Section 623. Language is included prohibiting funds in contravention of the Federal Records Act.

Section 624. Language is included prohibiting agencies from requiring Internet Service Providers (ISPs) to disclose electronic communications information in a manner that violates the Fourth Amendment.

Section 625. Language is included prohibiting funds to be used to deny inspectors general access to records.

Section 626. Language is included prohibiting any funds made available in this Act from being used to establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography.

Section 627. Language is included to clarify the period of time offered to the victims of the OPM security breaches that occurred in 2015.

Section 628. Language is included permanently rescinding the unobligated balance in the Securities and Exchange Commission Reserve Fund established by section 991 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203).

Section 629. Language is included prohibiting funds for the Securities and Exchange Commission to require the disclosure of political contributions to tax exempt organizations, or dues paid to trade associations.

Section 630. Language is included repealing the Federal Election Commission’s prior approval requirement for corporate member trade association PACs.

Section 631. Language is included prohibiting funds to pay for an abortion or the administrative expenses in connection with a multi-State qualified health plan offered under a contract under section 1334 of the Patient Protection and Affordable Care Act which provides any benefits or coverage for abortions, except for endangerment of the life of the mother, rape or incest.

Section 632. Language is included prohibiting funds to require public electronic communications providers or remote computing services to disclose the contents of a wire or electronic communication unless required by a court warrant.

Section 633. The Committee includes a new provision which defines a pyramid promotional scheme, and limits funds to enforcement actions under the definition.

TITLE VII—GENERAL PROVISIONS—GOVERNMENT-WIDE

In addition, the bill provides the following provisions under this title:

Section 701. Language is included requiring agencies to administer a policy designed to ensure that all of its workplaces are free from the illegal use of controlled substances.

Section 702. Language is included establishing price limitations on vehicles to be purchased by the Federal Government with certain exceptions.

Section 703. Language is included allowing funds made available to agencies for travel to also be used for quarters allowances and cost-of-living allowances.

Section 704. Language is included prohibiting the employment of noncitizens with certain exceptions.

Section 705. Language is included giving agencies the authority to pay General Services Administration bills for space renovation and other services.

Section 706. Language is included allowing agencies to finance the costs of recycling and waste prevention programs with proceeds from the sale of materials recovered through such programs.

Section 707. Language is included providing that funds made available to corporations and agencies subject to 31 U.S.C. 91 may pay rent and other service costs in the District of Columbia.

Section 708. Language is included prohibiting interagency financing of groups absent prior statutory approval.

Section 709. Language is included prohibiting the use of funds for enforcing regulations disapproved in accordance with the applicable law of the U.S.

Section 710. Language is included limiting the amount of funds that can be used for redecoration of offices under certain circumstances.

Section 711. Language is included allowing for interagency funding of national security and emergency telecommunications initiatives.

Section 712. Language is included requiring agencies to certify that a Schedule C appointment was not created solely or primarily to detail the employee to the White House.

Section 713. Language is included prohibiting the payment of any employee who prohibits, threatens or prevents another employee from communicating with Congress.

Section 714. Language is included prohibiting Federal training not directly related to the performance of official duties.

Section 715. Language is included prohibiting, other than for normal and recognized executive-legislative relationships, propaganda, publicity and lobbying by executive agency personnel in support or defeat of legislative initiatives.

Section 716. Language is included prohibiting any Federal agency from disclosing an employee's home address to any labor organization, absent employee authorization or court order.

Section 717. Language is included prohibiting funds to be used to provide non-public information such as mailing, telephone, or electronic mailing lists to any person or organization outside the government without the approval of the Committees on Appropriations.

Section 718. Language is included prohibiting the use of funds for propaganda and publicity purposes not authorized by Congress.

Section 719. Language is included directing agency employees to use official time in an honest effort to perform official duties.

Section 720. Language is included allowing the use of funds to finance an appropriate share of the Federal Accounting Standards Advisory Board.

Section 721. Language is included allowing the transfer of funds to the General Services Administration to finance an appropriate share of various government-wide boards and councils and for Federal Government Priority Goals under certain conditions.

Section 722. Language is included permitting breast feeding in a Federal building or on Federal property if the woman and child are authorized to be there.

Section 723. Language is included permitting interagency funding of the National Science and Technology Council and provides for a report on the budget and resources of the National Science and Technology Council.

Section 724. Language is included requiring documents involving the distribution of Federal funds to indicate the agency providing the funds and the amount provided.

Section 725. Language is included prohibiting the use of funds to monitor personal access or use of Internet sites or to collect, re-

view, or obtain any personally identifiable information relating to access to or use of an Internet site.

Section 726. Language is included requiring health plans participating in the Federal Employees Health Benefits Program to provide contraceptive coverage and provides exemptions to certain religious plans.

Section 727. Language is included supporting strict adherence to anti-doping activities.

Section 728. Language is included allowing funds for official travel to be used by departments and agencies, if consistent with OMB Circular A-126, to participate in the fractional aircraft ownership pilot program.

Section 729. Language is included restricting the use of funds for Federal law enforcement training facilities.

Section 730. Language is included prohibiting Executive Branch agencies from creating prepackaged news stories that are broadcast or distributed in the United States unless the story includes a clear notification within the text or audio of that news story that the prepackaged news story was prepared or funded by that executive branch agency.

Section 731. Language is included prohibiting use of funds in contravention of section 552a of title 5, United States Code (the Privacy Act) and regulations implementing that section.

Section 732. Language is included prohibiting funds from being used for any Federal Government contract with any foreign incorporated entity which is treated as an inverted domestic corporation.

Section 733. Language is included requiring agencies to pay a fee to the Office of Personnel Management for processing retirement of employees who separate under Voluntary Early Retirement Authority or who receive Voluntary Separation Incentive payments.

Section 734. Language is included prohibiting funds to require any entity submitting an offer for a Federal contract or participating in an acquisition to disclose political contributions.

Section 735. Language is included prohibiting funds for the painting of a portrait of an employee of the Federal government including the President, the Vice President, a Member of Congress, the head of an executive branch agency, or the head of an office of the legislative branch.

Section 736. Language is included limiting the pay increases of certain prevailing rate employees.

Section 737. Language is included requiring agencies to submit reports to Inspectors General concerning expenditures for agency conferences.

Section 738. Language is included prohibiting funds to be used to increase, eliminate, or reduce funding for a program or project unless such change is made pursuant to reprogramming or transfer provisions.

Section 739. Language is included prohibiting agencies from using funds to implement regulations changing the competitive areas under reductions-in-force for Federal employees.

Section 740. Language is included ensuring contractors are not prevented from reporting waste, fraud, or abuse by signing confidentiality agreements that would prohibit such disclosure.

Section 741. Language is included prohibiting the expenditure of funds for the implementation of certain nondisclosure agreements unless certain provisions are included in the agreements.

Section 742. Language is included prohibiting funds to any corporation with certain unpaid Federal tax liabilities unless an agency has considered suspension or debarment of the corporation and made a determination that further action is not necessary to protect the interests of the Government.

Section 743. Language is included prohibiting funds to any corporation that was convicted of a felony criminal violation within the preceding 24 months unless an agency has considered suspension or debarment of the corporation and made a determination that further action is not necessary to protect the interests of the Government.

Section 744. Language is included requiring the Bureau of Consumer Financial Protection to notify certain Committees of requests for a transfer of funds from the Federal Reserve System and to post any such notifications on the Bureau's website.

Section 745. Language is included prohibiting funds from implementing, administering, carrying out, modifying, revising, or enforcing Executive Order 13690.

Section 746. Language is included allowing those individuals authorized to be employed under the Deferred Action for Childhood Arrivals program to be eligible for employment by the federal government.

Section 747. Language is included concerning the non-application of these general provisions to title IV and to title VIII.

TITLE VIII—GENERAL PROVISIONS—DISTRICT OF COLUMBIA

In addition, the bill provides the following provisions under this title:

Section 801. Language is included that appropriates funds for refunding overpayments of taxes collected and for paying settlements and judgments against the District of Columbia government.

Section 802. Language is included prohibiting the use of Federal funds for publicity or propaganda purposes.

Section 803. Language is included establishing reprogramming procedures for Federal and local funds.

Section 804. Language is included prohibiting the use of Federal funds to provide salaries or other costs associated with the offices of United States Senator or Representative.

Section 805. Language is included restricting the use of official vehicles to official duties.

Section 806. Language is included prohibiting the use of Federal funds for any petition drive or civil action which seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

Section 807. Language is included prohibiting the use of Federal funds for needle exchange programs.

Section 808. Language is included providing for a "conscience clause" on legislation that pertains to contraceptive coverage by health insurance plans.

Section 809. Language is included prohibiting the use of Federal funds to legalize or reduce penalties associated with the possession,

use, or distribution on any schedule I substance under the Controlled Substances Act or any tetrahydrocannabinols derivative.

Language is also included prohibiting local and Federal funds to legalize or reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substance Act or any tetrahydrocannabinols derivative for recreational use.

Section 810. Language is included prohibiting the use of funds for abortion except in the cases of rape or incest or if necessary to save the life of the mother.

Section 811. Language is included requiring the Chief Financial Officer (CFO) to submit a revised operating budget for all agencies in the D.C. government, no later than 30 calendar days after the enactment of this Act that realigns budgeted data with anticipated actual expenditures.

Section 812. Language is included requiring the CFO to submit a revised operating budget for D.C. Public Schools, no later than 30 calendar days after the enactment of this Act, that realigns school budgets to actual school enrollment.

Section 813. Language is included allowing the transfer of local funds and capital and enterprise funds.

Section 814. Language is included prohibiting the obligation of Federal funds beyond the current fiscal year and transfers of funds unless expressly provided herein.

Section 815. Language is included providing that not to exceed 50 percent of unobligated balances from Federal appropriations for salaries and expenses may remain available for certain purposes.

Section 816. Language is included appropriating local funds during fiscal year 2019 if there is an absence of a continuing resolution or regular appropriation for the District of Columbia. Funds are provided under the same authorities and conditions and in the same manner and extent as provided for in fiscal year 2018.

Section 817. Language is included repealing the Local Budget Autonomy Amendment Act of 2012.

Section 818. Language is included prohibiting funds to enact any act, resolution, rule, regulation, guidance, or other law to permit any person to carry out any activity, or to reduce the penalties imposed with respect to any activity to which subsection (a) of section 3 of the Assisted Suicide Funding Restriction Act of 1997 applies, and repeals with Death with Dignity Act of 2016.

Section 819. Language is included limiting references to “this Act” as referring to only this title and title IV.

TITLE IX—OTHER MATTERS

Language is included from H.R. 10, the Financial CHOICE Act, as passed by the House of Representatives on June 8, 2017.

TITLE X—FINANCIAL INSTITUTION BANKRUPTCY

Language is included from H.R. 1667, the Financial Institution Bankruptcy Act of 2017, as passed by the House of Representatives on April 5, 2017.

APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3(f)(1)(B) of rule XIII of the Rules of the House of Representatives, the following table lists the appropriations in the accompanying bill which are not authorized by law for the period concerned:

(Dollars in thousands)

Account	Last Year of Authorization	Authorization Level	Appropriation in Last Year of Authorization	Appropriations in this bill
Title I—Department of the Treasury				
Departmental Offices	n/a	n/a	n/a	201,751
Office of Terrorism and Financial Intelligence	n/a	n/a	n/a	123,000
Cybersecurity Enhancement Account	n/a	n/a	n/a	27,264
Department-Wide Systems and Capital Investments Program	1997	.....	.....	3,077
Office of Inspector General .....	.....	.....	.....	34,112
Treasury Inspector General for Tax Administration	n/a	n/a	n/a	165,113
Special Inspector General for the Troubles Asset Relief Program .....	.....	.....	.....	37,044
Financial Crimes Enforcement Network	2013	100,419	111,788	115,003
Bureau of the Fiscal Service	n/a	n/a	n/a	330,837
Alcohol and Trade Tax and Trade Bureau	n/a	n/a	n/a	111,439
Community Development and Financial Institutions Fund	1998	111,000	45,000	190,000
Internal Revenue Service:				
Taxpayer Services	n/a	n/a	n/a	2,315,754
Enforcement	n/a	n/a	n/a	4,810,000
Operations Support	n/a	n/a	n/a	3,850,189
Business Systems Modernization	n/a	n/a	n/a	110,000
Title II—Executive Office of the President				
Office of Management and Budget Policy	2003	various	61,988	100,000
Salaries and Expenses	2010	n/a	29,575	18,400
High Intensity Drug Trafficking Areas	2011	280,000	238,522	254,000
Other Federal Drug Control Programs	various	various	105,550	108,843
Information Technology Oversight and Reform	n/a	n/a	n/a	20,000
Title IV—District of Columbia				
Federal Payment for Resident Tuition Support	2012	such sums	30,000	30,000
Federal Payment for the Judicial Commissions	n/a	n/a	n/a	565
Federal Payment for School Improvement	2016	60,000	45,000	45,000
Federal Payment for the DC National Guard	n/a	n/a	n/a	435
Federal Payment for Testing and Treatment of HIV/AIDS	n/a	n/a	n/a	5,000
Title V—Independent Agencies				
Administrative Conference of the United States ..	2011	3,200	2,750	3,100
Consumer Safety Product Commission	2014	136,409	118,000	123,000
Election Assistance Commission	2005	n/a	13,888	7,000
Federal Communications Commission	1991	such sums	115,794	322,035
Federal Election Commission	1981	9,400	9,662	71,250
Federal Trade Commission	1998	111,000	106,500	306,317
General Services Administration:				
Government-wide Policy	n/a	n/a	n/a	53,499
Operating Expenses	n/a	n/a	n/a	46,645
Federal Citizen Services Fund	n/a	n/a	n/a	53,741
Merit Systems Protection Board	2007	such sums	29,110	46,835
National Historical Public Records Commission	2009	10,000	11,250	4,000
Office of Government Ethics	2007	such sums	11,148	16,439
Office of Special Counsel	2007	such sums	15,524	24,750
Securities and Exchange Commission	2015	2,250,000	1,500,000	1,896,507

COMPARISON WITH THE BUDGET RESOLUTION

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and Section 308(a)(1)(A) of the Congressional

Budget Act of 1974, the following table compares the levels of new budget authority provided in the bill with the appropriate allocations under section 302(b) of the Budget Act:

BUDGETARY IMPACT OF FINANCIAL SERVICES AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2018 (AS ORDER REPORTED ON 14 JULY 2017)—PREPARED IN CONSULTATION WITH THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	302(b) Allocation		This Bill	
	Budget Authority	Outlays	Budget Authority	Outlays
Comparison of amounts in the bill with Committee allocations to its subcommittees: Subcommittee on Financial Services				
Mandatory			22,388	¹ 22,380
Discretionary			20,231	22,487
General Purpose	n.a.	n.a.		
Overseas Contingency	n.a.	n.a.		

¹ Includes outlays from prior-year budget authority.

n.a.: not applicable.

FIVE-YEAR OUTLAY PROJECTIONS

Pursuant to section 308(a)(1)(B) of the Congressional Budget Act of 1974, the following table contains five-year projections prepared by the Congressional Budget Office of outlays associated with the budget authority provided in the accompanying bill, as provided to the Committee by the Congressional Budget Office:

[In millions of dollars]

	302(b) Allocation		This Bill	
	Budget Authority	Outlays	Budget Authority	Outlays
Projection of outlays associated with the recommendation:				
2018	n.a.	n.a.	n.a.	¹ 39,053
2019	n.a.	n.a.	n.a.	1,758
2020	n.a.	n.a.	n.a.	– 1,623
2021	n.a.	n.a.	n.a.	– 1,890
2022 and future years	n.a.	n.a.	n.a.	– 12,294

¹ Excludes outlays from prior-year budget authority.

n.a.: not applicable.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Pursuant to section 308(a)(1)(C) of the Congressional Budget Act of 1974, the amounts of financial assistance to State and local governments is as follows:

	302(b) Allocation		This Bill	
	Budget Authority	Outlays	Budget Authority	Outlays
Financial assistance to State and local governments for 2018 ..	n.a.	n.a.	663	¹ 160

¹ Excludes outlays from prior-year budget authority.

n.a.: not applicable.

PROGRAM DUPLICATION

No provision of this bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the

Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DIRECTED RULE MAKING

The bill does not direct any rule making.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

The following table provides a detailed summary, for each Department and agency, comparing the amounts recommended in the bill with amounts enacted for fiscal year 2017 and budget estimates presented for fiscal year 2018.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - DEPARTMENT OF THE TREASURY					
Departmental Offices					
Salaries and Expenses.....	224,376	201,751	201,751	-22,625	---
Office of Terrorism and Financial Intelligence.....	123,000	116,778	123,000	---	+6,222
Cybersecurity Enhancement Account	47,743	27,264	27,264	-20,479	---
Department-wide Systems and Capital Investments Programs.....	3,000	4,426	3,077	+77	-1,349
Office of Inspector General.....	37,044	34,112	34,112	-2,932	---
Treasury Inspector General for Tax Administration.....	169,634	161,113	165,113	-4,521	+4,000
Special Inspector General for TARP.....	41,160	20,297	37,044	-4,116	+16,747
Financial Crimes Enforcement Network.....	115,003	112,764	115,003	---	+2,239
Subtotal, Departmental Offices.....	760,960	678,505	706,364	-54,596	+27,859
Treasury Forfeiture Fund (rescission).....	-314,000	-876,000	-876,000	-562,000	---
Treasury Forfeiture Fund (rescission) (temporary).....	-801,000	---	---	+801,000	---
Total, Departmental Offices.....	-354,040	-197,495	-169,636	+184,404	+27,859

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Bureau of the Fiscal Service.....	353,057	330,837	330,837	-22,220	---
Alcohol and Tobacco Tax and Trade Bureau.....	111,439	98,658	111,439	---	+12,781
Community Development Financial Institutions Fund					
Program Account.....	248,000	14,000	190,000	-58,000	+176,000
Payment of Government Losses in Shipment.....	2,000	2,000	2,000	---	---
Total, Department of the Treasury, non-IRS.....	360,456	248,000	484,840	+104,184	+216,640
Internal Revenue Service					
Taxpayer Services.....	2,156,554	2,212,311	2,315,754	+159,200	+103,443
Enforcement.....	4,860,000	4,706,500	4,810,000	-50,000	+103,500
Subtotal.....	4,860,000	4,706,500	4,810,000	-50,000	+103,500
Operations Support.....	3,638,446	3,946,189	3,850,189	+211,743	-96,000
Subtotal.....	3,638,446	3,946,189	3,850,189	+211,743	-96,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Business Systems Modernization.....	290,000	110,000	110,000	-180,000	---
General Provision (Sec. 115)	290,000	---	---	-290,000	---
Total, Internal Revenue Service.....	11,235,000	10,975,000	11,085,943	-149,057	+110,943
Total, title I, Department of the Treasury.....	11,595,456	11,223,000	11,550,583	-44,873	+327,583
Appropriations.....	(12,710,456)	(12,099,000)	(12,426,583)	(-283,873)	(+327,583)
Rescissions.....	(-1,115,000)	(-876,000)	(-876,000)	(+239,000)	---
(Mandatory).....	(2,000)	(2,000)	(2,000)	---	---
(Discretionary).....	(11,593,456)	(11,221,000)	(11,548,583)	(-44,873)	(+327,583)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request

TITLE II - EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS					
APPROPRIATED TO THE PRESIDENT					
The White House					
Salaries and Expenses.....	55,214	55,000	55,000	-214	---
Executive Residence at the White House:					
Operating Expenses.....	12,723	12,917	12,917	+194	---
White House Repair and Restoration.....	750	750	750	---	---
Subtotal.....	13,473	13,667	13,667	+194	---
Council of Economic Advisers.....	4,201	4,187	4,187	-14	---
National Security Council and Homeland Security					
Council.....	12,000	13,500	11,800	-200	-1,700
Office of Administration.....	101,041	100,000	100,000	-1,041	---
Presidential Transition Administrative Support.....	7,582	---	---	-7,582	---
Subtotal.....	193,511	186,354	184,664	-8,857	-1,700
Total, The White House.....					
	193,511	186,354	184,664	-8,857	-1,700

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Office of Management and Budget.....	95,000	103,000	100,000	+5,000	-3,000
Office of National Drug Control Policy					
Salaries and Expenses.....	19,274	18,400	18,400	-874	---
High Intensity Drug Trafficking Areas Program.....	254,000	246,525	254,000	---	+7,475
Other Federal Drug Control Programs.....	114,871	103,662	108,843	-6,028	+5,181
Total, Office of National Drug Control Policy...	388,145	368,587	381,243	-6,902	+12,656
Unanticipated Needs.....	800	798	798	-2	---
Information Technology Oversight and Reform.....	27,000	25,000	20,000	-7,000	-5,000
Special Assistance to the President and Official Residence of the Vice President:					
Salaries and Expenses.....	4,228	4,288	4,288	+60	---
Operating Expenses.....	299	302	302	+3	---
Subtotal.....	4,527	4,590	4,590	+63	---
Total, title II, Executive Office of the President and Funds Appropriated to the President.....	708,983	688,329	691,285	-17,698	+2,956

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE III - THE JUDICIARY					
Supreme Court of the United States					
Salaries and Expenses:					
Salaries of Justices.....	3,000	3,000	3,000	---	---
Other salaries and expenses.....	76,668	78,538	78,538	+1,870	---
Subtotal.....	79,668	81,538	81,538	+1,870	---
Care of the Building and Grounds.....	14,868	15,689	15,000	+132	-689
Total, Supreme Court of the United States.....	94,536	97,227	96,538	+2,002	-689
United States Court of Appeals for the Federal Circuit					
Salaries and Expenses:					
Salaries of judges.....	3,000	3,000	3,000	---	---
Other salaries and expenses.....	30,108	31,075	30,592	+484	-483
Total, United States Court of Appeals for the Federal Circuit.....	33,108	34,075	33,592	+484	-483

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
United States Court of International Trade					
Salaries and Expenses:					
Salaries of judges.....	2,000	1,000	1,000	-1,000	---
Other salaries and expenses.....	18,462	18,649	18,556	+94	-93
Total, U.S. Court of International Trade.....	20,462	19,649	19,556	-906	-93
Courts of Appeals, District Courts, and Other Judicial Services					
Salaries and Expenses:					
Salaries of judges and bankruptcy judges.....	424,000	435,000	435,000	+11,000	---
Other salaries and expenses.....	4,996,445	5,168,974	5,082,710	+86,265	-86,264
Subtotal.....	5,420,445	5,603,974	5,517,710	+97,265	-86,264
Vaccine Injury Compensation Trust Fund.....	6,510	8,221	7,366	+856	-855
Defender Services.....	1,044,647	1,132,284	1,110,375	+65,728	-21,909
Fees of Jurors and Commissioners.....	39,929	52,673	39,929	---	-12,744
Court Security.....	565,388	583,799	574,593	+9,205	-9,206
Total, Courts of Appeals, District Courts, and Other Judicial Services.....	7,076,919	7,380,951	7,249,973	+173,054	-130,978

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----	-----	-----	-----	-----	-----
Administrative Office of the United States Courts					
Salaries and Expenses.....	87,500	90,339	87,920	+420	-2,419
Federal Judicial Center					
Salaries and Expenses.....	28,335	29,082	28,708	+373	-374
United States Sentencing Commission					
Salaries and Expenses.....	18,100	18,576	18,338	+238	-238
=====	=====	=====	=====	=====	=====
Total, title III, the Judiciary.....	7,358,980	7,669,899	7,534,625	+175,665	-135,274
(Mandatory).....	(432,000)	(442,000)	(442,000)	(+10,000)	---
(Discretionary).....	(6,926,960)	(7,227,899)	(7,092,625)	(+165,665)	(-135,274)
=====	=====	=====	=====	=====	=====

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE IV - DISTRICT OF COLUMBIA					
Federal Payment for Resident Tuition Support.....	40,000	30,000	30,000	-10,000	---
Federal Payment for Emergency Planning and Security Costs in the District of Columbia.....	34,895	13,000	13,000	-21,895	---
Federal Payment to the District of Columbia Courts.....	274,611	265,400	265,400	-9,211	---
Federal Payment for Defender Services in District of Columbia Courts.....	49,890	49,890	49,890	---	---
Federal Payment to the Court Services and Offender Supervision Agency for the District of Columbia.....	248,008	244,298	244,298	-3,710	---
Federal Payment to the District of Columbia Public Defender Service.....	41,829	40,082	40,082	-1,747	---
Federal Payment to the District of Columbia Water and Sewer Authority.....	14,000	8,500	---	-14,000	-8,500
Federal Payment to the Criminal Justice Coordinating Council.....	2,000	1,900	1,900	-100	---
Federal Payment for Judicial Commissions.....	585	565	565	-20	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Federal Payment for School Improvement.....	45,000	45,000	45,000	---	---
Federal Payment for the D.C. National Guard.....	450	435	435	-15	---
Federal Payment for Testing and Treatment of HIV/AIDS.....	5,000	5,000	5,000	---	---
Total, Title IV, District of Columbia.....	756,268	704,070	695,570	-60,698	-8,500

TITLE V - OTHER INDEPENDENT AGENCIES

Administrative Conference of the United States.....	3,100	3,094	3,100	---	+6
Commodity Futures Trading Commission	250,000	---	---	-250,000	---
Consumer Product Safety Commission.....	126,000	123,000	123,000	-3,000	---
Election Assistance Commission.....	9,600	9,200	7,000	-2,600	-2,200

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Federal Communications Commission					
Salaries and Expenses.....	356,711	322,035	322,035	-34,676	---
Offsetting fee collections.....	-356,711	-322,035	-322,035	+34,676	---
Direct appropriation.....	---	---	---	---	---
Federal Deposit Insurance Corporation					
Office of Inspector General (by transfer).....	(35,958)	(39,136)	(39,136)	(+3,178)	---
Deposit Insurance Fund (transfer).....	(-35,958)	(-39,136)	(-39,136)	(-3,178)	---
Federal Election Commission.....	79,119	71,250	71,250	-7,869	---
Federal Labor Relations Authority.....	26,200	26,200	26,200	---	---
Federal Trade Commission					
Salaries and Expenses.....	313,000	306,317	306,317	-6,683	---
Offsetting fee collections (mergers).....	-125,000	-126,000	-126,000	-1,000	---
Offsetting fee collections (telephone).....	-15,000	-16,000	-16,000	-1,000	---
Direct appropriation.....	173,000	164,317	164,317	-8,683	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
General Services Administration					
Federal Buildings Fund					
Limitations on Availability of Revenue:					
Construction and acquisition of facilities.....	205,749	790,491	---	-205,749	-790,491
Repairs and alterations.....	676,035	1,444,494	180,000	-496,035	-1,264,494
Rental of space.....	5,628,363	5,493,768	5,462,345	-166,018	-31,423
Building operations.....	2,335,000	2,221,766	2,221,766	-113,234	---
Subtotal, Limitations on Availability of Revenue.....	8,845,147	9,950,519	7,864,111	-981,036	-2,086,408
Rental income to fund.....	-10,178,338	-9,950,519	-9,950,519	+227,819	---
Total, Federal Buildings Fund	-1,333,191	---	-2,086,408	-753,217	-2,086,408
Government-wide Policy.....	60,000	53,499	53,499	-6,501	---
Operating Expenses.....	58,541	45,645	45,645	-12,896	---
Civilian Board of Contract Appeals	---	8,795	8,795	+8,795	---
Office of Inspector General.....	65,000	65,000	65,000	---	---
Allowances and Office Staff for Former Presidents.....	3,865	4,754	4,754	+889	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Expenses, Presidential Transition.....	9,500	---	---	-9,500	---
Federal Citizen Services Fund.....	55,894	53,741	53,741	-2,153	---
Pre-Election Presidential Transition.....	---	---	---	---	---
Information Technology Modernization Fund.....	---	228,000	---	---	-228,000
Civilian Cyber Campus (rescission).....	-15,000	---	---	+15,000	---
GSA - FBI Headquarters (rescission).....	---	---	-200,000	-200,000	-200,000
Asset Proceeds and Space Management Fund.....	---	40,000	10,000	+10,000	-30,000
Environmental Review Improvement Fund.....	---	10,000	1,000	+1,000	-9,000
Total, General Services Administration.....	-1,095,391	509,434	-2,043,974	-948,583	-2,553,408
Harry S Truman Scholarship Foundation.....	1,000	---	1,000	---	+1,000
Merit Systems Protection Board					
Salaries and Expenses.....	44,786	44,490	44,490	-296	---
Limitation on administrative expenses.....	2,345	2,345	2,345	---	---
Total, Merit Systems Protection Board.....	47,131	46,835	46,835	-296	---
Morris K. Udall and Stewart L. Udall Foundation					
Morris K. Udall and Stewart L. Udall Trust Fund.....	1,895	1,975	---	-1,895	-1,975
Environmental Dispute Resolution Fund.....	3,249	3,366	---	-3,249	-3,366
Total, Morris K. Udall and Stewart L. Udall Foundation.....	5,144	5,341	---	-5,144	-5,341

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request

National Archives and Records Administration					
Operating Expenses.....	380,634	364,308	364,308	-16,326	---
Reduction of debt.....	-23,049	-25,050	-25,050	-2,001	---
Subtotal.....	357,585	339,258	339,258	-18,327	---

Office of Inspector General.....	4,801	4,241	4,241	-560	---
Repairs and Restoration.....	7,500	7,500	7,500	---	---
National Historical Publications and Records Commission Grants Program.....	6,000	---	4,000	-2,000	+4,000
Total, National Archives and Records Administration.....	375,886	350,999	354,999	-20,887	+4,000

NCUA Community Development Revolving Loan Fund.....	2,000	---	2,000	---	+2,000
Office of Government Ethics.....	16,090	16,439	16,439	+349	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Office of Personnel Management					
Salaries and Expenses.....	119,000	148,341	129,341	+10,341	-19,000
Limitation on administrative expenses.....	140,000	131,414	131,414	-8,586	---
Subtotal, Salaries and Expenses.....	259,000	279,755	260,755	+1,755	-19,000
Office of Inspector General.....	5,072	5,000	5,000	-72	---
Limitation on administrative expenses.....	25,112	25,000	25,000	-112	---
Subtotal, Office of Inspector General.....	30,184	30,000	30,000	-184	---
Total, Office of Personnel Management.....	289,184	309,755	290,755	+1,571	-19,000
Office of Special Counsel.....	24,750	26,535	24,750	---	-1,785
Postal Regulatory Commission.....	16,200	14,440	15,200	-1,000	+760
Privacy and Civil Liberties Oversight Board.....	10,100	8,000	8,000	-2,100	---
Public Building Reform Board.....	---	2,000	5,000	+5,000	+3,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Securities and Exchange Commission					
Salaries and Expenses.....	1,605,000	1,602,000	1,602,000	-3,000	---
Information Technology.....	---	---	50,000	+50,000	+50,000
Headquarters Lease.....	---	244,507	244,507	+244,507	---
Subtotal, Securities and Exchange Commission.....	1,605,000	1,846,507	1,896,507	+291,507	+50,000
SEC fees.....	-1,605,000	-1,846,507	-1,896,507	-291,507	-50,000
SEC Reserve Fund (rescission).....	-25,000	-25,000	-75,000	-50,000	-50,000
Selective Service System.....	22,900	22,900	22,900	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
Small Business Administration					
Salaries and expenses.....	269,500	265,000	265,000	-4,500	---
Entrepreneurial Development Programs.....	245,100	192,450	211,100	-34,000	+18,650
Office of Inspector General.....	19,900	19,900	19,900	---	---
Office of Advocacy.....	9,220	9,120	9,120	-100	---
Business Loans Program Account:					
Direct loans subsidy.....	4,338	3,438	3,438	-900	---
Administrative expenses.....	152,726	152,782	152,782	+56	---
Total, Business loans program account.....	157,064	156,220	156,220	-844	---
Disaster Loans Program Account:					
Administrative expenses.....	185,977	186,458	186,458	+481	---
Total, Small Business Administration.....	886,761	829,148	847,798	-38,963	+18,650

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
General Provision (rescission) (Sec. 531).....	-55,000	---	---	+55,000	---
United States Postal Service					
Payment to the Postal Service Fund.....	34,658	58,118	58,118	+23,460	---
Total, Payment to the Postal Service Fund.....	34,658	58,118	58,118	+23,460	---
Office of Inspector General.....	253,600	234,650	234,650	-18,950	---
Total, United States Postal Service.....	288,258	292,768	292,768	+4,510	---
United States Tax Court.....	51,226	53,185	51,100	-126	-2,085
Total, title V, Independent Agencies.....	1,528,258	2,859,840	255,437	-1,272,821	-2,604,403
Appropriations.....	(1,623,258)	(2,884,840)	(530,437)	(-1,092,821)	(-2,354,403)
Rescissions.....	(-95,000)	(-27,600)	(-277,600)	(-182,600)	(-250,000)
(by transfer).....	(35,958)	(39,136)	(39,136)	(+3,178)	---
(Discretionary).....	(1,528,258)	(2,859,840)	(255,437)	(-1,272,821)	(-2,604,403)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2017
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2018
(Amounts in thousands)

	FY 2017 Enacted	FY 2018 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE VI - GENERAL PROVISIONS					
Mandatory appropriations (Sec. 619).....	21,376,450	21,800,000	21,800,000	+423,550	---
PCA Oversight Board scholarships (sec. 620)	1,000	---	---	-1,000	---
SBA 503 Unobligated balances (sec. 620).....	---	-2,600	-2,600	-2,600	---
	=====	=====	=====	=====	=====
Total, title VI, General Provisions.....	21,377,450	21,797,400	21,797,400	+419,950	---
	=====	=====	=====	=====	=====
TITLE IX - OTHER MATTERS					
Other matters.....	---	---	-50,000	-50,000	-50,000
	=====	=====	=====	=====	=====
Total, title IX, Other Matters.....	---	---	-50,000	-50,000	-50,000
	=====	=====	=====	=====	=====
Grand total.....	43,325,375	44,942,538	42,474,900	-850,475	-2,467,638
Appropriations.....	(44,535,375)	(45,846,138)	(43,628,500)	(-906,875)	(-2,217,638)
Rescissions.....	(-1,210,000)	(-903,600)	(-1,153,600)	(+56,400)	(-250,000)
(by transfer).....	(35,958)	(39,136)	(39,136)	(+3,178)	---
	=====	=====	=====	=====	=====
Discretionary total.....	21,514,925	22,697,538	20,230,900	-1,284,025	-2,466,638

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 1

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Price

Description of Motion: To prohibit funds for the Presidential Advisory Commission on Election Integrity to collect, compile, centralize, or store state voting records.

Results: Defeated 22 yeas to 30 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 2

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Ms. McCollum

Description of Motion: To prohibit funds for the Presidential Advisory Commission on Election Integrity.

Results: Defeated 22 yeas to 30 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 3

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Ms. Wasserman Schultz

Description of Motion: To strike Section 116 prohibiting funds for the Internal Revenue Service (IRS) to determine that a church is not exempt from taxation for participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidates for public office unless the IRS Commissioner consents to such determination, the Commissioner notifies the tax committees of Congress, and the determination is effective 90 days after such notification.

Results: Defeated 24 yeas to 28 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Mr. Dent
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Taylor
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 4

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mrs. Lowey

Description of Motion: To strike Section 631 prohibiting funds to pay for an abortion or the administrative expenses in connection with a multi-State qualified health plan offered under a contract under section 1334 of the Patient Protection and Affordable Care Act which provides any benefits or coverage for abortions, except for endangerment of the life of the mother, rape, or incest.

Results: Defeated 21 yeas to 31 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Cuellar
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 5

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Pocan

Description of Motion: To strike title IX regarding provisions from H.R. 10, the Financial CHOICE Act, as passed by the House of Representatives on June 8, 2017.

Results: Defeated 22 yeas to 30 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 6

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Ms. Lee

Description of Motion: To limit the bill's prohibition on the use of funds on abortions so that it would not apply to local District of Columbia funds.

Results: Defeated 23 yeas to 29 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Mr. Dent
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 7

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Serrano

Description of Motion: To prohibit funds to repeal, revoke, eliminate, or otherwise limit the application of the Report and Order on Remand, Declaratory Ruling, and Order of the Federal Communications Commission in the matter of protecting and promoting the open internet.

Results: Defeated 21 yeas to 31 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Cuellar
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 8

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Clark

Description of Motion: To require the Administrator of the General Services Administration to provide monthly revenue and income statements and annual audits for lease No. GS-LS-11-1307 to the Committee on Appropriations and Committee on Transportation and Infrastructure of the House of Representatives.

Results: Defeated 22 yeas to 30 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 9

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Dr. Harris

Description of Motion: To prohibit funds to further the legalization of physician-assisted suicide in the District of Columbia and repeal the local District of Columbia Death With Dignity Act of 2016.

Results: Adopted 28 yeas to 24 nays

Members Voting Yea

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

Members Voting Nay

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Mr. Dent
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Mr. Newhouse
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 10

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Cartwright

Description of Motion: To strike Section 629 prohibiting funds for the Securities Exchange Commission to require the disclosure of political contributions to tax exempt organizations, or dues paid to trade organizations.

Results: Defeated 22 yeas to 30 nays

Members Voting Yea

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Mr. Cuellar
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

Members Voting Nay

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLL CALL NO. 11

Date: July 13, 2017

Measure: Financial Services and General Government Appropriations Bill, FY 2018

Motion by: Mr. Rogers

Description of Motion: To report the bill to the House, as amended.

Results: Adopted 31 yeas to 21 nays

Members Voting Yea

Mr. Aderholt
Mr. Amodei
Mr. Calvert
Mr. Carter
Mr. Cole
Mr. Cuellar
Mr. Culberson
Mr. Dent
Mr. Diaz-Balart
Mr. Fleischmann
Mr. Fortenberry
Mr. Frelinghuysen
Ms. Granger
Mr. Graves
Dr. Harris
Ms. Herrera Beutler
Mr. Jenkins
Mr. Joyce
Mr. Moolenaar
Mr. Newhouse
Mr. Palazzo
Mrs. Roby
Mr. Rogers
Mr. Rooney
Mr. Simpson
Mr. Stewart
Mr. Taylor
Mr. Valadao
Mr. Womack
Mr. Yoder
Mr. Young

Members Voting Nay

Mr. Aguilar
Mr. Bishop
Mr. Cartwright
Ms. Clark
Ms. DeLauro
Ms. Kaptur
Mr. Kilmer
Ms. Lee
Mrs. Lowey
Ms. McCollum
Ms. Meng
Ms. Pingree
Mr. Pocan
Mr. Price
Mr. Quigley
Ms. Roybal-Allard
Mr. Ruppersberger
Mr. Ryan
Mr. Serrano
Mr. Visclosky
Ms. Wasserman Schultz

COMPLIANCE WITH RULE XIII, CL. 3(e) (RAMSEYER RULE)

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

COMPLIANCE WITH RULE XIII, CL. 3(e) (RAMSEYER RULE)

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

JUDICIAL IMPROVEMENTS ACT OF 1990

* * * * *

TITLE II—FEDERAL JUDGESHIPS

* * * * *

SEC. 203. DISTRICT JUDGES FOR THE DISTRICT COURTS.

(a) IN GENERAL.—The President shall appoint, by and with the advice and consent of the Senate—

- (1) 1 additional district judge for the western district of Arkansas;
- (2) 2 additional district judges for the northern district of California;
- (3) 5 additional district judges for the central district of California;
- (4) 1 additional district judge for the southern district of California;
- (5) 2 additional district judges for the district of Connecticut;
- (6) 2 additional district judges for the middle district of Florida;
- (7) 1 additional district judge for the northern district of Florida;
- (8) 1 additional district judge for the southern district of Florida;
- (9) 1 additional district judge for the middle district of Georgia;
- (10) 1 additional district judge for the northern district of Illinois;
- (11) 1 additional district judge for the southern district of Iowa;
- (12) 1 additional district judge for the western district of Louisiana;
- (13) 1 additional district judge for the district of Maine;
- (14) 1 additional district judge for the district of Massachusetts;
- (15) 1 additional district judge for the southern district of Mississippi;
- (16) 1 additional district judge for the eastern district of Missouri;

- (17) 1 additional district judge for the district of New Hampshire;
 - (18) 3 additional district judges for the district of New Jersey;
 - (19) 1 additional district judge for the district of New Mexico;
 - (20) 1 additional district judge for the southern district of New York;
 - (21) 3 additional district judges for the eastern district of New York;
 - (22) 1 additional district judge for the middle district of North Carolina;
 - (23) 1 additional district judge for the southern district of Ohio;
 - (24) 1 additional district judge for the northern district of Oklahoma;
 - (25) 1 additional district judge for the western district of Oklahoma;
 - (26) 1 additional district judge for the district of Oregon;
 - (27) 3 additional district judges for the eastern district of Pennsylvania;
 - (28) 1 additional district judge for the middle district of Pennsylvania;
 - (29) 1 additional district judge for the district of South Carolina;
 - (30) 1 additional district judge for the eastern district of Tennessee;
 - (31) 1 additional district judge for the western district of Tennessee;
 - (32) 1 additional district judge for the middle district of Tennessee;
 - (33) 2 additional district judges for the northern district of Texas;
 - (34) 1 additional district judge for the eastern district of Texas;
 - (35) 5 additional district judges for the southern district of Texas;
 - (36) 3 additional district judges for the western district of Texas;
 - (37) 1 additional district judge for the district of Utah;
 - (38) 1 additional district judge for the eastern district of Washington;
 - (39) 1 additional district judge for the northern district of West Virginia;
 - (40) 1 additional district judge for the southern district of West Virginia; and
 - (41) 1 additional district judge for the district of Wyoming.
- (b) EXISTING JUDGESHIPS.—(1) The existing district judgeships for the western district of Arkansas, the northern district of Illinois, the northern district of Indiana, the district of Massachusetts, the western district of New York, the eastern district of North Carolina, the northern district of Ohio, and the western district of Washington authorized by section 202(b) of the Bankruptcy Amendments and Federal Judgeship Act of 1984 (Public Law 98–353, 98 Stat. 347–348) shall, as of the effective date of this title, be authorized under section 133 of title 28, United States Code,

and the incumbents in those offices shall hold the office under section 133 of title 28, United States Code, as amended by this title.

(2)(A) The existing 2 district judgeships for the eastern and western districts of Arkansas (provided by section 133 of title 28, United States Code, as in effect on the day before the effective date of this title) shall be district judgeships for the eastern district of Arkansas only, and the incumbents of such judgeships shall hold the offices under section 133 of title 28, United States Code, as amended by this title.

(B) The existing district judgeship for the northern and southern districts of Iowa (provided by section 133 of title 28, United States Code, as in effect on the day before the effective date of this title) shall be a district judgeship for the northern district of Iowa only, and the incumbent of such judgeship shall hold the office under section 133 of title 28, United States Code, as amended by this title.

(C) The existing district judgeship for the northern, eastern, and western districts of Oklahoma (provided by section 133 of title 28, United States Code, as in effect on the day before the effective date of this title) and the occupant of which has his or her official duty station at Oklahoma City on the date of the enactment of this title, shall be a district judgeship for the western district of Oklahoma only, and the incumbent of such judgeship shall hold the office under section 133 of title 28, United States Code, as amended by this title.

(c) TEMPORARY JUDGESHIPS.—The President shall appoint, by and with the advice and consent of the Senate—

(1) 1 additional district judge for the eastern district of California;

(2) 1 additional district judge for the district of Hawaii;

(3) 1 additional district judge for the central district of Illinois;

(4) 1 additional district judge for the southern district of Illinois;

(5) 1 additional district judge for the district of Kansas;

(6) 1 additional district judge for the western district of Michigan;

(7) 1 additional district judge for the eastern district of Missouri;

(8) 1 additional district judge for the district of Nebraska;

(9) 1 additional district judge for the northern district of New York;

(10) 1 additional district judge for the northern district of Ohio;

(11) 1 additional district judge for the eastern district of Pennsylvania; and

(12) 1 additional district judge for the eastern district of Virginia.

Except with respect to the district of Kansas, the western district of Michigan, the eastern district of Pennsylvania, the district of Hawaii, and the northern district of Ohio, the first vacancy in the office of district judge in each of the judicial districts named in this subsection, occurring 10 years or more after the confirmation date of the judge named to fill the temporary judgeship created by this subsection, shall not be filled. The first vacancy in the office of dis-

trict judge in the district of Kansas occurring [26 years and 6 months] *27 years and 6 months* or more after the confirmation date of the judge named to fill the temporary judgeship created for such district under this subsection, shall not be filled. The first vacancy in the office of district judge in the western district of Michigan, occurring after December 1, 1995, shall not be filled. The first vacancy in the office of district judge in the eastern district of Pennsylvania, occurring 5 years or more after the confirmation date of the judge named to fill the temporary judgeship created for such district under this subsection, shall not be filled. The first vacancy in the office of district judge in the northern district of Ohio occurring 19 years or more after the confirmation date of the judge named to fill the temporary judgeship created under this subsection shall not be filled. The first vacancy in the office of the district judge in the district of Hawaii occurring 21 years and 6 months or more after the confirmation date of the judge named to fill the temporary judgeship created under this subsection shall not be filled. For districts named in this subsection for which multiple judgeships are created by this Act, the last of those judgeships filled shall be the judgeships created under this section.

* * * * *

**TRANSPORTATION, TREASURY, HOUSING AND URBAN
DEVELOPMENT, THE JUDICIARY, THE DISTRICT OF
COLUMBIA, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 2006**

DIVISION A—TRANSPORTATION, TREASURY, HOUSING AND
URBAN DEVELOPMENT, THE JUDICIARY, AND INDE-
PENDENT AGENCIES APPROPRIATIONS ACT, 2006

* * * * *

TITLE IV—THE JUDICIARY

* * * * *

SEC. 406. The existing judgeship for the eastern district of Missouri authorized by section 203(c) of the Judicial Improvements Act of 1990 (Public Law 101-650, 104 Stat. 5089) as amended by Public Law 105-53, as of the effective date of this Act, shall be extended. The first vacancy in the office of district judge in this district occurring [24 years and 6 months] *25 years and 6 months* or more after the confirmation date of the judge named to fill the temporary judgeship created by section 203(c) shall not be filled.

* * * * *

**21ST CENTURY DEPARTMENT OF JUSTICE
APPROPRIATIONS AUTHORIZATION ACT**

* * * * *

DIVISION A—21ST CENTURY DEPARTMENT OF JUSTICE
APPROPRIATIONS AUTHORIZATION ACT

* * * * *

TITLE III—MISCELLANEOUS

* * * * *

SEC. 312. ADDITIONAL FEDERAL JUDGEShips.(a) **PERMANENT DISTRICT JUDGES FOR THE DISTRICT COURTS.—**(1) **IN GENERAL.**—The President shall appoint, by and with the advice and consent of the Senate—

(A) 5 additional district judges for the southern district of California;

(B) 1 additional district judge for the western district of North Carolina; and

(C) 2 additional district judges for the western district of Texas.

(2) [Omitted—Amendatory]

(b) **DISTRICT JUDGEShips FOR THE CENTRAL AND SOUTHERN DISTRICTS OF ILLINOIS, THE NORTHERN DISTRICT OF NEW YORK, AND THE EASTERN DISTRICT OF VIRGINIA.—**(1) **CONVERSION OF TEMPORARY JUDGEShips TO PERMANENT JUDGEShips.**—The existing district judgeships for the central district and the southern district of Illinois, the northern district of New York, and the eastern district of Virginia authorized by section 203(c) (3), (4), (9), and (12) of the Judicial Improvements Act of 1990 (Public Law 101–650, 28 U.S.C. 133 note) shall be authorized under section 133 of title 28, United States Code, and the incumbents in such offices shall hold the offices under section 133 of title 28, United States Code (as amended by this section).

(2) [Omitted—Amendatory]

(3) **EFFECTIVE DATE.**—With respect to the central or southern district of Illinois, the northern district of New York, or the eastern district of Virginia, this subsection shall take effect on the earlier of—

(A) the date on which the first vacancy in the office of district judge occurs in such district; or

(B) July 15, 2003.

(c) **TEMPORARY JUDGEShips.—**(1) **IN GENERAL.**—The President shall appoint, by and with the advice and consent of the Senate—

(A) 1 additional district judge for the northern district of Alabama;

(B) 1 additional judge for the district of Arizona;

(C) 1 additional judge for the central district of California;

(D) 1 additional judge for the southern district of Florida;

(E) 1 additional district judge for the district of New Mexico;

(F) 1 additional district judge for the western district of North Carolina; and

(G) 1 additional district judge for the eastern district of Texas.

(2) **VACANCIES NOT FILLED.**—The first vacancy in the office of district judge in each of the offices of district judge authorized by this subsection, except in the case of *the northern district of Alabama*, the central district of California, and the western

district of North Carolina, occurring **[15 years]** *16 years* or more after the confirmation date of the judge named to fill the temporary district judgeship created in the applicable district by this subsection, shall not be filled. *The first vacancy in the office of district judge in the district of Alabama occurring 15 years or more after the confirmation date of the judge named to fill the temporary district judgeship created in that district by this subsection, shall not be filled.* The first vacancy in the office of district judge in the central district of California occurring **[14 years and 6 months]** *15 years and six months* or more after the confirmation date of the judge named to fill the temporary district judgeship created in that district by this subsection, shall not be filled. The first vacancy in the office of district judge in the western district of North Carolina occurring **[13 years]** *14 years* or more after the confirmation date of the judge named to fill the temporary district judgeship created in that district by this subsection, shall not be filled.

(3) EFFECTIVE DATE.—This subsection shall take effect on July 15, 2003.

(d) EXTENSION OF TEMPORARY FEDERAL DISTRICT COURT JUDGESHIP FOR THE NORTHERN DISTRICT OF OHIO.—

(1) IN GENERAL.—[Omitted—Amendatory]

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of enactment of this Act.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section, including such sums as may be necessary to provide appropriate space and facilities for the judicial positions created by this section.

* * * * *

TEMPORARY BANKRUPTCY JUDGESHIPS EXTENSION ACT OF 2012

* * * * *

SEC. 2. EXTENSION OF TEMPORARY OFFICE OF BANKRUPTCY JUDGES IN CERTAIN JUDICIAL DISTRICTS.

(a) TEMPORARY OFFICE OF BANKRUPTCY JUDGES AUTHORIZED BY PUBLIC LAW 109-8.—

(1) EXTENSIONS.—The temporary office of bankruptcy judges authorized for the following districts by section 1223(b) of Public Law 109-8 (28 U.S.C. 152 note) are extended until the applicable vacancy specified in paragraph (2) in the office of a bankruptcy judge for the respective district occurs:

- (A) The central district of California.
- (B) The eastern district of California.
- (C) The district of Delaware.
- (D) The southern district of Florida.
- (E) The southern district of Georgia.
- (F) The district of Maryland.
- (G) The eastern district of Michigan.
- (H) The district of New Jersey.
- (I) The northern district of New York.
- (J) The eastern district of North Carolina.

- (K) The eastern district of Pennsylvania.
- (L) The middle district of Pennsylvania.
- (M) The district of Puerto Rico.
- (N) The district of South Carolina.
- (O) The western district of Tennessee.
- (P) The eastern district of Virginia.
- (Q) The district of Nevada.

(2) VACANCIES.—

(A) SINGLE VACANCIES.—Except as provided in subparagraphs (B), (C), (D), (E), (F), (G), and (H), the 1st vacancy in the office of a bankruptcy judge for each district specified in paragraph (1)—

(i) occurring more than 5 years after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(B) CENTRAL DISTRICT OF CALIFORNIA.—The 1st, 2d, and 3d vacancies in the office of a bankruptcy judge for the central district of California—

(i) occurring 5 years or more after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(C) DISTRICT OF DELAWARE.—The 1st, 2d, 3d, and 4th vacancies in the office of a bankruptcy judge for the district of Delaware—

(i) in the case of the 1st and 2d vacancies, occurring more than **6 years** *7 years* after the date of the enactment of this Act,

(ii) in the case of the 3d and 4th vacancies, occurring more than 5 years after the date of the enactment of this Act, and

(iii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(D) SOUTHERN DISTRICT OF FLORIDA.—The 1st and 2d vacancies in the office of a bankruptcy judge for the southern district of Florida—

(i) occurring more than **6 years** *7 years* after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(E) DISTRICT OF MARYLAND.—The 1st, 2d, and 3d vacancies in the office of a bankruptcy judge for the district of Maryland—

(i) occurring more than 5 years after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(F) EASTERN DISTRICT OF MICHIGAN.—The 1st vacancy in the office of a bankruptcy judge for the eastern district of Michigan—

(i) occurring **[6 years]** *7 years* or more after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(G) DISTRICT OF PUERTO RICO.—The 1st vacancy in the office of a bankruptcy judge for the district of Puerto Rico—

(i) occurring **[6 years]** *7 years* or more after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(H) EASTERN DISTRICT OF VIRGINIA.—The 1st vacancy in the office of a bankruptcy judge for the eastern district of Virginia—

(i) occurring **[6 years]** *7 years* or more after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(3) APPLICABILITY OF OTHER PROVISIONS.—Except as provided in paragraphs (1) and (2), all other provisions of section 1223(b) of Public Law 109-8 (28 U.S.C. 152 note) remain applicable to the temporary office of bankruptcy judges referred to in paragraph (1).

(b) TEMPORARY OFFICE OF BANKRUPTCY JUDGES EXTENDED BY PUBLIC LAW 109-8.—

(1) EXTENSIONS.—The temporary office of bankruptcy judges authorized by section 3 of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 152 note) and extended by section 1223(c) of Public Law 109-8 (28 U.S.C. 152 note) for the district of Delaware, the district of Puerto Rico, and the eastern district of Tennessee are extended until the applicable vacancy specified in paragraph (2) in the office of a bankruptcy judge for the respective district occurs.

(2) VACANCIES.—

(A) DISTRICT OF DELAWARE.—The 5th vacancy in the office of a bankruptcy judge for the district of Delaware—

(i) occurring more than 5 years after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(B) DISTRICT OF PUERTO RICO.—The 2d vacancy in the office of a bankruptcy judge for the district of Puerto Rico—

(i) occurring more than 5 years after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(C) EASTERN DISTRICT OF TENNESSEE.—The 1st vacancy in the office of a bankruptcy judge for the eastern district of Tennessee—

(i) occurring more than 5 years after the date of the enactment of this Act, and

(ii) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(3) APPLICABILITY OF OTHER PROVISIONS.—Except as provided in paragraphs (1) and (2), all other provisions of section 3 of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 152 note) and section 1223(c) of Public Law 109-8 (28 U.S.C. 152 note) remain applicable to the temporary office of bankruptcy judges referred to in paragraph (1).

(c) TEMPORARY OFFICE OF THE BANKRUPTCY JUDGE AUTHORIZED BY PUBLIC LAW 102-361 FOR THE MIDDLE DISTRICT OF NORTH CAROLINA.—

(1) EXTENSION.—The temporary office of the bankruptcy judge authorized by section 3 of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 152 note) for the middle district of North Carolina is extended until the vacancy specified in paragraph (2) occurs.

(2) VACANCY.—The 1st vacancy in the office of a bankruptcy judge for the middle district of North Carolina—

(A) occurring more than 5 years after the date of the enactment of this Act, and

(B) resulting from the death, retirement, resignation, or removal of a bankruptcy judge, shall not be filled.

(3) APPLICABILITY OF OTHER PROVISIONS.—Except as provided in paragraphs (1) and (2), all other provisions of section 3 of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 152 note) remain applicable to the temporary office of the bankruptcy judge referred to in paragraph (1).

* * * * *

FEDERAL ASSETS SALE AND TRANSFER ACT OF 2016

* * * * *

SEC. 16. FUNDING.

(a) SALARIES AND EXPENSES ACCOUNT.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States an account to be known as the “Public Buildings Reform Board Salaries and Expenses Account” (in this subsection referred to as the “Account”). *The Account shall be under the custody and control of the Chairperson of the Board and deposits in the Account shall remain available until expended.*

(2) NECESSARY PAYMENTS.—There shall be deposited into the Account such amounts, as are provided in appropriations Acts, for those necessary payments for salaries and expenses to accomplish the administrative needs of the Board.

(b) ASSET PROCEEDS AND SPACE MANAGEMENT FUND.—

[(1) ESTABLISHMENT.—There is established within the Federal Buildings Fund established under section 592 of title 40, United States Code, an account to be known as the Public Buildings Reform Board—Asset Proceeds and Space Management Fund (in this subsection referred to as the “Fund”).]

(1) *ESTABLISHMENT.*—*There is established in the Treasury of the United States an account to be known as the “Public Buildings Reform Board - Asset Proceeds and Space Management Fund” (in this subsection referred to as the “Fund”). The Fund shall be under the custody and control of the Administrator of General Services and deposits in the Fund shall remain available until expended.*

(2) *USE OF AMOUNTS.*—*Amounts in the Fund shall be used solely for the purposes of carrying out actions pursuant to the Board recommendations approved under section 13.*

(3) *DEPOSITS.*—*The following amounts shall be deposited into the Fund and made available for obligation or expenditure only as provided in advance in appropriations Acts (subject to section 3307 of title 40, United States Code, to the extent an appropriation normally covered by that section exceeds \$20,000,000) for the purposes specified:*

(A) *Such amounts as are provided in appropriations Acts, to remain available until expended, for the consolidation, co-location, exchange, redevelopment, reconfiguration of space, disposal, and other actions recommended by the Board for Federal agencies.*

(B) *Amounts received from the sale of any civilian real property action taken pursuant to a recommendation of the Board.*

(4) *USE OF AMOUNTS TO COVER COSTS.*—*As provided in appropriations Acts, amounts in the Fund may be made available to cover necessary costs associated with implementing the recommendations pursuant to section 14, including costs associated with—*

(A) *sales transactions;*

(B) *acquiring land, construction, constructing replacement facilities, and conducting advance planning and design as may be required to transfer functions from a Federal asset or property to another Federal civilian property;*

(C) *co-location, redevelopment, disposal, and reconfiguration of space; and*

(D) *other actions recommended by the Board for Federal agencies.*

(c) *ADDITIONAL REQUIREMENT FOR BUDGET CONTENTS.*—*The President shall transmit along with the President’s budget submitted pursuant to section 1105 of title 31, United States Code, an estimate of proceeds that are the result of the Board’s recommendations and the obligations and expenditures needed to support such recommendations.*

* * * * *

SMALL BUSINESS ACT

* * * * *

SEC. 7. (a) LOANS TO SMALL BUSINESS CONCERNS; ALLOWABLE PURPOSES; QUALIFIED BUSINESS; RESTRICTIONS AND LIMITATIONS.—The Administration is empowered to the extent and in such amounts as provided in advance in appropriation Acts to make loans for plant acquisition, construction, conversion, or expansion, including the acquisition of land, material, supplies, equipment, and working capital, and to make loans to any qualified small business concern, including those owned by qualified Indian tribes, for purposes of this Act. Such financings may be made either directly or in cooperation with banks or other financial institutions through agreements to participate on an immediate or deferred (guaranteed) basis. These powers shall be subject, however, to the following restrictions, limitations, and provisions:

(1) IN GENERAL.—

(A) CREDIT ELSEWHERE.—

(i) IN GENERAL.—No financial assistance shall be extended pursuant to this subsection if the applicant can obtain credit elsewhere. No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no direct financing may be made unless it is shown that a participation is not available.

(ii) LIQUIDITY.—On and after October 1, 2015, the Administrator may not guarantee a loan under this subsection if the lender determines that the borrower is unable to obtain credit elsewhere solely because the liquidity of the lender depends upon the guaranteed portion of the loan being sold on the secondary market.

(B) BACKGROUND CHECKS.—Prior to the approval of any loan made pursuant to this subsection, or section 503 of the Small Business Investment Act of 1958, the Administrator may verify the applicant's criminal background, or lack thereof, through the best available means, including, if possible, use of the National Crime Information Center computer system at the Federal Bureau of Investigation.

(C) LENDING LIMITS OF LENDERS.—On and after October 1, 2015, the Administrator may not guarantee a loan under this subsection if the sole purpose for requesting the guarantee is to allow the lender to exceed the legal lending limit of the lender.

(2) LEVEL OF PARTICIPATION IN GUARANTEED LOANS.—

(A) IN GENERAL.—Except as provided in subparagraphs (B), (D), and (E), in an agreement to participate in a loan on a deferred basis under this subsection (including a loan made under the Preferred Lenders Program), such participation by the Administration shall be equal to—

(i) 75 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds \$150,000; or

(ii) 85 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to \$150,000.

(B) REDUCED PARTICIPATION UPON REQUEST.—

(i) IN GENERAL.—The guarantee percentage specified by subparagraph (A) for any loan under this subsection may be reduced upon the request of the participating lender.

(ii) PROHIBITION.—The Administration shall not use the guarantee percentage requested by a participating lender under clause (i) as a criterion for establishing priorities in approving loan guarantee requests under this subsection.

(C) INTEREST RATE UNDER PREFERRED LENDERS PROGRAM.—

(i) IN GENERAL.—The maximum interest rate for a loan guaranteed under the Preferred Lenders Program shall not exceed the maximum interest rate, as determined by the Administration, applicable to other loans guaranteed under this subsection.

(ii) EXPORT-IMPORT BANK LENDERS.—Any lender that is participating in the Delegated Authority Lender Program of the Export-Import Bank of the United States (or any successor to the Program) shall be eligible to participate in the Preferred Lenders Program.

(iii) PREFERRED LENDERS PROGRAM DEFINED.—For purposes of this subparagraph, the term “Preferred Lenders Program” means any program established by the Administrator, as authorized under the proviso in section 5(b)(7), under which a written agreement between the lender and the Administration delegates to the lender—

(I) complete authority to make and close loans with a guarantee from the Administration without obtaining the prior specific approval of the Administration; and

(II) complete authority to service and liquidate such loans without obtaining the prior specific approval of the Administration for routine servicing and liquidation activities, but shall not take any actions creating an actual or apparent conflict of interest.

(D) PARTICIPATION UNDER EXPORT WORKING CAPITAL PROGRAM.—In an agreement to participate in a loan on a deferred basis under the Export Working Capital Program established pursuant to paragraph (14)(A), such participation by the Administration shall be 90 percent.

(E) PARTICIPATION IN INTERNATIONAL TRADE LOAN.—In an agreement to participate in a loan on a deferred basis under paragraph (16), the participation by the Administration may not exceed 90 percent.

(3) No loan shall be made under this subsection—

(A) if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed \$3,750,000 (or if the gross loan amount would exceed \$5,000,000), except as provided in subparagraph (B);

(B) if the total amount outstanding and committed (on a deferred basis) solely for the purposes provided in paragraph (16) to the borrower from the business loan and investment fund established by this Act would exceed \$4,500,000 (or if the gross loan amount would exceed \$5,000,000), of which not more than \$4,000,000 may be used for working capital, supplies, or financings under section 7(a)(14) for export purposes; and

(C) if effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis if the amount would exceed \$350,000.

(4) INTEREST RATES AND PREPAYMENT CHARGES.—

(A) INTEREST RATES.—Notwithstanding the provisions of the constitution of any State or the laws of any State limiting the rate or amount of interest which may be charged, taken, received, or reserved, the maximum legal rate of interest on any financing made on a deferred basis pursuant to this subsection shall not exceed a rate prescribed by the Administration, and the rate of interest for the Administration's share of any direct or immediate participation loan shall not exceed the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans and adjusted to the nearest one-eighth of 1 per centum, and an additional amount as determined by the Administration, but not to exceed 1 per centum per annum: *Provided*, That for those loans to assist any public or private organization for the handicapped or to assist any handicapped individual as provided in paragraph (10) of this subsection, the interest rate shall be 3 per centum per annum.

(B) PAYMENT OF ACCRUED INTEREST.—

(i) IN GENERAL.—Any bank or other lending institution making a claim for payment on the guaranteed portion of a loan made under this subsection shall be paid the accrued interest due on the loan from the earliest date of default to the date of payment of the claim at a rate not to exceed the rate of interest on the loan on the date of default, minus one percent.

(ii) LOANS SOLD ON SECONDARY MARKET.—If a loan described in clause (i) is sold on the secondary market, the amount of interest paid to a bank or other lending institution described in that clause from the earliest date of default to the date of payment of the claim shall be no more than the agreed upon rate, minus one percent.

(iii) APPLICABILITY.—Clauses (i) and (ii) shall not apply to loans made on or after October 1, 2000.

(C) PREPAYMENT CHARGES.—

(i) IN GENERAL.—A borrower who prepays any loan guaranteed under this subsection shall remit to the Administration a subsidy recoupment fee calculated in accordance with clause (ii) if—

(I) the loan is for a term of not less than 15 years;

(II) the prepayment is voluntary;

(III) the amount of prepayment in any calendar year is more than 25 percent of the outstanding balance of the loan; and

(IV) the prepayment is made within the first 3 years after disbursement of the loan proceeds.

(ii) SUBSIDY RECOUPMENT FEE.—The subsidy recoupment fee charged under clause (i) shall be—

(I) 5 percent of the amount of prepayment, if the borrower prepays during the first year after disbursement;

(II) 3 percent of the amount of prepayment, if the borrower prepays during the second year after disbursement; and

(III) 1 percent of the amount of prepayment, if the borrower prepays during the third year after disbursement.

(5) No such loans including renewals and extensions thereof may be made for a period or periods exceeding twenty-five years, except that such portion of a loan made for the purpose of acquiring real property or constructing, converting, or expanding facilities may have a maturity of twenty-five years plus such additional period as is estimated may be required to complete such construction, conversion, or expansion.

(6) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment: *Provided, however, That—*

(A) for loans to assist any public or private organization or to assist any handicapped individual as provided in paragraph (10) of this subsection any reasonable doubt shall be resolved in favor of the applicant;

(B) recognizing that greater risk may be associated with loans for energy measures as provided in paragraph (12) of this subsection, factors in determining “sound value” shall include, but not be limited to, quality of the product or service; technical qualifications of the applicant or his employees; sales projections; and the financial status of the business concern: *Provided further, That* such status need not be as sound as that required for general loans under this subsection; and

On that portion of the loan used to refinance existing indebtedness held by a bank or other lending institution, the Administration shall limit the amount of deferred participation to 80 per centum of the amount of the loan at the time of disbursement: *Provided further, That* any authority conferred by this subparagraph on the Administration shall be exercised solely by the Administration and shall not be delegated to other than Administration personnel.

(7) The Administration may defer payments on the principal of such loans for a grace period and use such other methods as it deems necessary and appropriate to assure the successful establishment and operation of such concern.

(8) The Administration may make loans under this subsection to small business concerns owned and controlled by disabled veterans (as defined in section 4211(3) of title 38, United States Code).

(9) The Administration may provide loans under this subsection to finance residential or commercial construction or rehabilitation for sale: *Provided, however,* That such loans shall not be used primarily for the acquisition of land.

(10) The Administration may provide guaranteed loans under this subsection to assist any public or private organization for the handicapped or to assist any handicapped individual, including service-disabled veterans, in establishing, acquiring, or operating a small business concern.

(11) The Administration may provide loans under this subsection to any small business concern, or to any qualified person seeking to establish such a concern when it determines that such loan will further the policies established in section 2(c) of this Act, with particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals.

(12)(A) The Administration may provide loans under this subsection to assist any small business concern, including start up, to enable such concern to design architecturally or engineer, manufacture, distribute, market, install, or service energy measures: *Provided, however,* That such loan proceeds shall not be used primarily for research and development.

(b) The Administration may provide deferred participation loans under this subsection to finance the planning, design, or installation of pollution control facilities for the purposes set forth in section 404 of the Small Business Investment Act of 1958. Notwithstanding the limitation expressed in paragraph (3) of this subsection, a loan made under this paragraph may not result in a total amount outstanding and committed to a borrower from the business loan and investment fund of more than \$1,000,000.

(13) The Administration may provide financing under this subsection to State and local development companies for the purposes of, and subject to the restrictions in, title V of the Small Business Investment Act of 1958.

(14) EXPORT WORKING CAPITAL PROGRAM.—

(A) IN GENERAL.—The Administrator may provide extensions of credit, standby letters of credit, revolving lines of credit for export purposes, and other financing to enable small business concerns, including small business export trading companies and small business export management companies, to develop foreign markets. A bank or participating lending institution may establish the rate of interest on such financings as may be legal and reasonable.

(B) TERMS.—

(i) LOAN AMOUNT.—The Administrator may not guarantee a loan under this paragraph of more than \$5,000,000.

(ii) FEES.—

(I) IN GENERAL.—For a loan under this paragraph, the Administrator shall collect the fee as-

sessed under paragraph (23) not more frequently than once each year.

(II) UNTAPPED CREDIT.—The Administrator may not assess a fee on capital that is not accessed by the small business concern.

(C) CONSIDERATIONS.—When considering loan or guarantee applications, the Administration shall give weight to export-related benefits, including opening new markets for United States goods and services abroad and encouraging the involvement of small businesses, including agricultural concerns, in the export market.

(D) MARKETING.—The Administrator shall aggressively market its export financing program to small businesses.

(15)(A) The Administration may guarantee loans under this subsection to qualified employee trusts with respect to a small business concern for the purpose of purchasing stock of the concern under a plan approved by the Administrator which, when carried out, results in the qualified employee trust owning at least 51 per centum of the stock of the concern.

(B) The plan requiring the Administrator's approval under subparagraph (A) shall be submitted to the Administration by the trustee of such trust with its application for the guarantee. Such plan shall include an agreement with the Administrator which is binding on such trust and on the small business concern and which provides that—

(i) not later than the date the loan guaranteed under subparagraph (A) is repaid (or as soon thereafter as is consistent with the requirements of section 401(a) of the Internal Revenue Code of 1954), at least 51 per centum of the total stock of such concern shall be allocated to the accounts of at least 51 per centum of the employees of such concern who are entitled to share in such allocation,

(ii) there will be periodic reviews of the role in the management of such concern of employees to whose accounts stock is allocated, and

(iii) there will be adequate management to assure management expertise and continuity.

(C) In determining whether to guarantee any loan under this paragraph, the individual business experience or personal assets of employee-owners shall not be used as criteria, except inasmuch as certain employee-owners may assume managerial responsibilities, in which case business experience may be considered.

(D) For purposes of this paragraph, a corporation which is controlled by any other person shall be treated as a small business concern if such corporation would, after the plan described in subparagraph (B) is carried out, be treated as a small business concern.

(E) The Administration shall compile a separate list of applications for assistance under this paragraph, indicating which applications were accepted and which were denied, and shall report periodically to the Congress on the status of employee-owned firms assisted by the Administration.

(16) INTERNATIONAL TRADE.—

(A) IN GENERAL.—If the Administrator determines that a loan guaranteed under this subsection will allow an eligible small business concern that is engaged in or adversely affected by international trade to improve its competitive position, the Administrator may make such loan to assist such concern—

(i) in the financing of the acquisition, construction, renovation, modernization, improvement, or expansion of productive facilities or equipment to be used in the United States in the production of goods and services involved in international trade;

(ii) in the refinancing of existing indebtedness that is not structured with reasonable terms and conditions, including any debt that qualifies for refinancing under any other provision of this subsection; or

(iii) by providing working capital.

(B) SECURITY.—

(i) IN GENERAL.—Except as provided in clause (ii), each loan made under this paragraph shall be secured by a first lien position or first mortgage on the property or equipment financed by the loan or on other assets of the small business concern.

(ii) EXCEPTION.—A loan under this paragraph may be secured by a second lien position on the property or equipment financed by the loan or on other assets of the small business concern, if the Administrator determines the lien provides adequate assurance of the payment of the loan.

(C) ENGAGED IN INTERNATIONAL TRADE.—For purposes of this paragraph, a small business concern is engaged in international trade if, as determined by the Administrator, the small business concern is in a position to expand existing export markets or develop new export markets.

(D) ADVERSELY AFFECTED BY INTERNATIONAL TRADE.—For purposes of this paragraph, a small business concern is adversely affected by international trade if, as determined by the Administrator, the small business concern—

(i) is confronting increased competition with foreign firms in the relevant market; and

(ii) is injured by such competition.

(E) FINDINGS BY CERTAIN FEDERAL AGENCIES.—For purposes of subparagraph (D)(ii) the Administrator shall accept any finding of injury by the International Trade Commission or any finding of injury by the Secretary of Commerce pursuant to chapter 3 of title II of the Trade Act of 1974.

(F) LIST OF EXPORT FINANCE LENDERS.—

(i) PUBLICATION OF LIST REQUIRED.—The Administrator shall publish an annual list of the banks and participating lending institutions that, during the 1-year period ending on the date of publication of the list, have made loans guaranteed by the Administration under—

(I) this paragraph;

(II) paragraph (14); or

(III) paragraph (34).

(ii) AVAILABILITY OF LIST.—The Administrator shall—

(I) post the list published under clause (i) on the website of the Administration; and

(II) make the list published under clause (i) available, upon request, at each district office of the Administration.

(17) The Administration shall authorize lending institutions and other entities in addition to banks to make loans authorized under this subsection.

(18) GUARANTEE FEES.—

(A) IN GENERAL.—With respect to each loan guaranteed under this subsection (other than a loan that is repayable in 1 year or less), the Administration shall collect a guarantee fee, which shall be payable by the participating lender, and may be charged to the borrower, as follows:

(i) A guarantee fee not to exceed 2 percent of the deferred participation share of a total loan amount that is not more than \$150,000.

(ii) A guarantee fee not to exceed 3 percent of the deferred participation share of a total loan amount that is more than \$150,000, but not more than \$700,000.

(iii) A guarantee fee not to exceed 3.5 percent of the deferred participation share of a total loan amount that is more than \$700,000.

(iv) In addition to the fee under clause (iii), a guarantee fee equal to 0.25 percent of any portion of the deferred participation share that is more than \$1,000,000.

(B) RETENTION OF CERTAIN FEES.—Lenders participating in the programs established under this subsection may retain not more than 25 percent of a fee collected under subparagraph (A)(i).

(19)(A) In addition to the Preferred Lenders Program authorized by the proviso in section 5(b)(7), the Administration is authorized to establish a Certified Lenders Program for lenders who establish their knowledge of Administration laws and regulations concerning the guaranteed loan program and their proficiency in program requirements. The designation of a lender as a certified lender shall be suspended or revoked at any time that the Administration determines that the lender is not adhering to its rules and regulations or that the loss experience of the lender is excessive as compared to other lenders, but such suspension or revocation shall not affect any outstanding guarantee.

(B) In order to encourage all lending institutions and other entities making loans authorized under this subsection to provide loans of \$50,000 or less in guarantees to eligible small business loan applicants, the Administration shall develop and allow participating lenders to solely utilize a uniform and simplified loan form for such loans.

(C) Authority to liquidate loans.—

(i) IN GENERAL.—The Administrator may permit lenders participating in the Certified Lenders Program to liquidate loans made with a guarantee from the Administration pursuant to a liquidation plan approved by the Administrator.

(ii) Automatic approval.—If the Administrator does not approve or deny a request for approval of a liquidation plan within 10 business days of the date on which the request is made (or with respect to any routine liquidation activity under such a plan, within 5 business days) such request shall be deemed to be approved.

(20)(A) The Administration is empowered to make loans either directly or in cooperation with banks or other financial institutions through agreements to participate on an immediate or deferred (guaranteed) basis to small business concerns eligible for assistance under subsection (j)(10) and section 8(a). Such assistance may be provided only if the Administration determines that—

(i) the type and amount of such assistance requested by such concern is not otherwise available on reasonable terms from other sources;

(ii) with such assistance such concern has a reasonable prospect for operating soundly and profitably within a reasonable period of time;

(iii) the proceeds of such assistance will be used within a reasonable time for plant construction, conversion, or expansion, including the acquisition of equipment, facilities, machinery, supplies, or material or to supply such concern with working capital to be used in the manufacture of articles, equipment, supplies, or material for defense or civilian production or as may be necessary to insure a well-balanced national economy; and

(iv) such assistance is of such sound value as reasonably to assure that the terms under which it is provided will not be breached by the small business concern.

(B)(i) No loan shall be made under this paragraph if the total amount outstanding and committed (by participation or otherwise) to the borrower would exceed \$750,000.

(ii) Subject to the provisions of clause (i), in agreements to participate in loans on a deferred (guaranteed) basis, participation by the Administration shall be not less than 85 per centum of the balance of the financing outstanding at the time of disbursement.

(iii) The rate of interest on financings made on a deferred (guaranteed) basis shall be legal and reasonable.

(iv) Financings made pursuant to this paragraph shall be subject to the following limitations:

(I) No immediate participation may be purchased unless it is shown that a deferred participation is not available.

(II) No direct financing may be made unless it is shown that a participation is unavailable.

(C) A direct loan or the Administration's share of an immediate participation loan made pursuant to this paragraph shall be any secured debt instrument—

- (i) that is subordinated by its terms to all other borrowings of the issuer;
 - (ii) the rate of interest on which shall not exceed the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loan and adjusted to the nearest one-eighth of 1 per centum;
 - (iii) the term of which is not more than twenty-five years; and
 - (iv) the principal on which is amortized at such rate as may be deemed appropriate by the Administration, and the interest on which is payable not less often than annually.
- (21)(A) The Administration may make loans on a guaranteed basis under the authority of this subsection—
- (i) to a small business concern that has been (or can reasonably be expected to be) detrimentally affected by—
 - (I) the closure (or substantial reduction) of a Department of Defense installation; or
 - (II) the termination (or substantial reduction) of a Department of Defense program on which such small business was a prime contractor or subcontractor (or supplier) at any tier; or
 - (ii) to a qualified individual or a veteran seeking to establish (or acquire) and operate a small business concern.
- (B) Recognizing that greater risk may be associated with a loan to a small business concern described in subparagraph (A)(i), any reasonable doubts concerning the firm's proposed business plan for transition to nondefense-related markets shall be resolved in favor of the loan applicant when making any determination regarding the sound value of the proposed loan in accordance with paragraph (6).
- (C) Loans pursuant to this paragraph shall be authorized in such amounts as provided in advance in appropriation Acts for the purposes of loans under this paragraph.
- (D) For purposes of this paragraph a qualified individual is—
- (i) a member of the Armed Forces of the United States, honorably discharged from active duty involuntarily or pursuant to a program providing bonuses or other inducements to encourage voluntary separation or early retirement;
 - (ii) a civilian employee of the Department of Defense involuntarily separated from Federal service or retired pursuant to a program offering inducements to encourage early retirement; or
 - (iii) an employee of a prime contractor, subcontractor, or supplier at any tier of a Department of Defense program whose employment is involuntarily terminated (or voluntarily terminated pursuant to a program offering inducements to encourage voluntary separation or early retirement) due to the termination (or substantial reduction) of a Department of Defense program.
- (E) JOB CREATION AND COMMUNITY BENEFIT.—In providing assistance under this paragraph, the Administration shall develop procedures to ensure, to the maximum extent practicable, that such assistance is used for projects that—

(i) have the greatest potential for—

(I) creating new jobs for individuals whose employment is involuntarily terminated due to reductions in Federal defense expenditures; or

(II) preventing the loss of jobs by employees of small business concerns described in subparagraph (A)(i); and

(ii) have substantial potential for stimulating new economic activity in communities most affected by reductions in Federal defense expenditures.

(22) The Administration is authorized to permit participating lenders to impose and collect a reasonable penalty fee on late payments of loans guaranteed under this subsection in an amount not to exceed 5 percent of the monthly loan payment per month plus interest.

(23) YEARLY FEE.—

(A) IN GENERAL.—With respect to each loan approved under this subsection, the Administration shall assess, collect, and retain a fee, not to exceed 0.55 percent per year of the outstanding balance of the deferred participation share of the loan, in an amount established once annually by the Administration in the Administration's annual budget request to Congress, as necessary to reduce to zero the cost to the Administration of making guarantees under this subsection. As used in this paragraph, the term "cost" has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

(B) PAYER.—The yearly fee assessed under subparagraph (A) shall be payable by the participating lender and shall not be charged to the borrower.

(C) LOWERING OF BORROWER FEES.—If the Administration determines that fees paid by lenders and by small business borrowers for guarantees under this subsection may be reduced, consistent with reducing to zero the cost to the Administration of making such guarantees—

(i) the Administration shall first consider reducing fees paid by small business borrowers under clauses (i) through (iii) of paragraph (18)(A), to the maximum extent possible; and

(ii) fees paid by small business borrowers shall not be increased above the levels in effect on the date of enactment of this subparagraph.

(24) NOTIFICATION REQUIREMENT.—The Administration shall notify the Committees on Small Business of the Senate and the House of Representatives not later than 15 days before making any significant policy or administrative change affecting the operation of the loan program under this subsection.

(25) LIMITATION ON CONDUCTING PILOT PROJECTS.—

(A) IN GENERAL.—Not more than 10 percent of the total number of loans guaranteed in any fiscal year under this subsection may be awarded as part of a pilot program which is commenced by the Administrator on or after October 1, 1996.

(B) PILOT PROGRAM DEFINED.—In this paragraph, the term "pilot program" means any lending program initia-

tive, project, innovation, or other activity not specifically authorized by law.

(C) LOW DOCUMENTATION LOAN PROGRAM.—The Administrator may carry out the low documentation loan program for loans of \$100,000 or less only through lenders with significant experience in making small business loans. Not later than 90 days after the date of enactment of this subsection, the Administrator shall promulgate regulations defining the experience necessary for participation as a lender in the low documentation loan program.

(26) CALCULATION OF SUBSIDY RATE.—All fees, interest, and profits received and retained by the Administration under this subsection shall be included in the calculations made by the Director of the Office of Management and Budget to offset the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of purchasing and guaranteeing loans under this Act.

(28) LEASING.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower may permanently lease to one or more tenants not more than 20 percent of any property constructed with the proceeds of a loan guaranteed under this subsection, if the borrower permanently occupies and uses not less than 60 percent of the total business space in the property.

(29) REAL ESTATE APPRAISALS.—With respect to a loan under this subsection that is secured by commercial real property, an appraisal of such property by a State licensed or certified appraiser—

(A) shall be required by the Administration in connection with any such loan for more than \$250,000; or

(B) may be required by the Administration or the lender in connection with any such loan for \$250,000 or less, if such appraisal is necessary for appropriate evaluation of creditworthiness.

(30) OWNERSHIP REQUIREMENTS.—Ownership requirements to determine the eligibility of a small business concern that applies for assistance under any credit program under this Act shall be determined without regard to any ownership interest of a spouse arising solely from the application of the community property laws of a State for purposes of determining marital interests.

(31) EXPRESS LOANS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) The term “disaster area” means the area for which the President has declared a major disaster, during the 5-year period beginning on the date of the declaration.

(ii) The term “express lender” means any lender authorized by the Administration to participate in the Express Loan Program.

(iii) The term “express loan” means any loan made pursuant to this paragraph in which a lender utilizes to the maximum extent practicable its own loan analyses, procedures, and documentation.

(iv) The term “Express Loan Program” means the program for express loans established by the Administration under paragraph (25)(B), as in existence on April 5, 2004, with a guaranty rate of not more than 50 percent.

(B) RESTRICTION TO EXPRESS LENDER.—The authority to make an express loan shall be limited to those lenders deemed qualified to make such loans by the Administration. Designation as an express lender for purposes of making an express loan shall not prohibit such lender from taking any other action authorized by the Administration for that lender pursuant to this subsection.

(C) GRANDFATHERING OF EXISTING LENDERS.—Any express lender shall retain such designation unless the Administration determines that the express lender has violated the law or regulations promulgated by the Administration or modifies the requirements to be an express lender and the lender no longer satisfies those requirements.

(D) MAXIMUM LOAN AMOUNT.—The maximum loan amount under the Express Loan Program is \$350,000.

(E) OPTION TO PARTICIPATE.—Except as otherwise provided in this paragraph, the Administration shall take no regulatory, policy, or administrative action, without regard to whether such action requires notification pursuant to paragraph (24), that has the effect of requiring a lender to make an express loan pursuant to subparagraph (D).

(F) EXPRESS LOANS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY.—

(i) DEFINITIONS.—In this subparagraph—

(I) the term “biomass”—

(aa) means any organic material that is available on a renewable or recurring basis, including—

(AA) agricultural crops;

(BB) trees grown for energy production;

(CC) wood waste and wood residues;

(DD) plants (including aquatic plants and grasses);

(EE) residues;

(FF) fibers;

(GG) animal wastes and other waste materials; and

(HH) fats, oils, and greases (including recycled fats, oils, and greases); and

(bb) does not include—

(AA) paper that is commonly recycled;

or

(BB) unsegregated solid waste;

(II) the term “energy efficiency project” means the installation or upgrading of equipment that results in a significant reduction in energy usage; and

(III) the term “renewable energy system” means a system of energy derived from—

- (aa) a wind, solar, biomass (including biodiesel), or geothermal source; or
 - (bb) hydrogen derived from biomass or water using an energy source described in item (aa).
- (ii) LOANS.—The Administrator may make a loan under the Express Loan Program for the purpose of—
 - (I) purchasing a renewable energy system; or
 - (II) carrying out an energy efficiency project for a small business concern.
- (G) GUARANTEE FEE WAIVER FOR VETERANS.—
 - (i) GUARANTEE FEE WAIVER.—The Administrator may not collect a guarantee fee described in paragraph (18) in connection with a loan made under this paragraph to a veteran or spouse of a veteran on or after October 1, 2015.
 - (ii) EXCEPTION.—If the President’s budget for the upcoming fiscal year, submitted to Congress pursuant to section 1105(a) of title 31, United States Code, includes a cost for the program established under this subsection that is above zero, the requirements of clause (i) shall not apply to loans made during such upcoming fiscal year.
 - (iii) DEFINITION.—In this subparagraph, the term “veteran or spouse of a veteran” means—
 - (I) a veteran, as defined in section 3(q)(4);
 - (II) an individual who is eligible to participate in the Transition Assistance Program established under section 1144 of title 10, United States Code;
 - (III) a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code;
 - (IV) the spouse of an individual described in subclause (I), (II), or (III); or
 - (V) the surviving spouse (as defined in section 101 of title 38, United States Code) of an individual described in subclause (I), (II), or (III) who died while serving on active duty or as a result of a disability that is service-connected (as defined in such section).
- (H) RECOVERY OPPORTUNITY LOANS.—
 - (i) IN GENERAL.—The Administrator may guarantee an express loan to a small business concern located in a disaster area in accordance with this subparagraph.
 - (ii) MAXIMUMS.—For a loan guaranteed under clause (i)—
 - (I) the maximum loan amount is \$150,000; and
 - (II) the guarantee rate shall be not more than 85 percent.
 - (iii) OVERALL CAP.—A loan guaranteed under clause (i) shall not be counted in determining the amount of loans made to a borrower for purposes of subparagraph (D).
 - (iv) OPERATIONS.—A small business concern receiving a loan guaranteed under clause (i) shall certify

that the small business concern was in operation on the date on which the applicable major disaster occurred as a condition of receiving the loan.

(v) REPAYMENT ABILITY.—A loan guaranteed under clause (i) may only be made to a small business concern that demonstrates, to the satisfaction of the Administrator, sufficient capacity to repay the loan.

(vi) TIMING OF PAYMENT OF GUARANTEES.—

(I) IN GENERAL.—Not later than 90 days after the date on which a request for purchase is filed with the Administrator, the Administrator shall determine whether to pay the guaranteed portion of the loan.

(II) RECAPTURE.—Notwithstanding any other provision of law, unless there is a subsequent finding of fraud by a court of competent jurisdiction relating to a loan guaranteed under clause (i), on and after the date that is 6 months after the date on which the Administrator determines to pay the guaranteed portion of the loan, the Administrator may not attempt to recapture the paid guarantee.

(vii) FEES.—

(I) IN GENERAL.—Unless the Administrator has waived the guarantee fee that would otherwise be collected by the Administrator under paragraph (18) for a loan guaranteed under clause (i), and except as provided in subclause (II), the guarantee fee for the loan shall be equal to the guarantee fee that the Administrator would collect if the guarantee rate for the loan was 50 percent.

(II) EXCEPTION.—Subclause (I) shall not apply if the cost of carrying out the program under this subsection in a fiscal year is more than zero and such cost is directly attributable to the cost of guaranteeing loans under clause (i).

(viii) RULES.—Not later than 270 days after the date of enactment of this subparagraph, the Administrator shall promulgate rules to carry out this subparagraph.

(32) LOANS FOR ENERGY EFFICIENT TECHNOLOGIES.—

(A) DEFINITIONS.—In this paragraph—

(i) the term “cost” has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a);

(ii) the term “covered energy efficiency loan” means a loan—

(I) made under this subsection; and

(II) the proceeds of which are used to purchase energy efficient designs, equipment, or fixtures, or to reduce the energy consumption of the borrower by 10 percent or more; and

(iii) the term “pilot program” means the pilot program established under subparagraph (B)

(B) ESTABLISHMENT.—The Administrator shall establish and carry out a pilot program under which the Adminis-

trator shall reduce the fees for covered energy efficiency loans.

(C) DURATION.—The pilot program shall terminate at the end of the second full fiscal year after the date that the Administrator establishes the pilot program.

(D) MAXIMUM PARTICIPATION.—A covered energy efficiency loan shall include the maximum participation levels by the Administrator permitted for loans made under this subsection.

(E) FEES.—

(i) IN GENERAL.—The fee on a covered energy efficiency loan shall be equal to 50 percent of the fee otherwise applicable to that loan under paragraph (18).

(ii) WAIVER.—The Administrator may waive clause (i) for a fiscal year if—

(I) for the fiscal year before that fiscal year, the annual rate of default of covered energy efficiency loans exceeds that of loans made under this subsection that are not covered energy efficiency loans;

(II) the cost to the Administration of making loans under this subsection is greater than zero and such cost is directly attributable to the cost of making covered energy efficiency loans; and

(III) no additional sources of revenue authority are available to reduce the cost of making loans under this subsection to zero.

(iii) EFFECT OF WAIVER.—If the Administrator waives the reduction of fees under clause (ii), the Administrator—

(I) shall not assess or collect fees in an amount greater than necessary to ensure that the cost of the program under this subsection is not greater than zero; and

(II) shall reinstate the fee reductions under clause (i) when the conditions in clause (ii) no longer apply.

(iv) NO INCREASE OF FEES.—The Administrator shall not increase the fees under paragraph (18) on loans made under this subsection that are not covered energy efficiency loans as a direct result of the pilot program.

(F) GAO REPORT.—

(i) IN GENERAL.—Not later than 1 year after the date that the pilot program terminates, the Comptroller General of the United States shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report on the pilot program.

(ii) CONTENTS.—The report submitted under clause (i) shall include—

(I) the number of covered energy efficiency loans for which fees were reduced under the pilot program;

(II) a description of the energy efficiency savings with the pilot program;

(III) a description of the impact of the pilot program on the program under this subsection;

(IV) an evaluation of the efficacy and potential fraud and abuse of the pilot program; and

(V) recommendations for improving the pilot program.

(33) INCREASED VETERAN PARTICIPATION PROGRAM.—

(A) DEFINITIONS.—In this paragraph—

(i) the term “cost” has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a);

(ii) the term “pilot program” means the pilot program established under subparagraph (B); and

(iii) the term “veteran participation loan” means a loan made under this subsection to a small business concern owned and controlled by veterans of the Armed Forces or members of the reserve components of the Armed Forces.

(B) ESTABLISHMENT.—The Administrator shall establish and carry out a pilot program under which the Administrator shall reduce the fees for veteran participation loans.

(C) DURATION.—The pilot program shall terminate at the end of the second full fiscal year after the date that the Administrator establishes the pilot program.

(D) MAXIMUM PARTICIPATION.—A veteran participation loan shall include the maximum participation levels by the Administrator permitted for loans made under this subsection.

(E) FEES.—

(i) IN GENERAL.—The fee on a veteran participation loan shall be equal to 50 percent of the fee otherwise applicable to that loan under paragraph (18).

(ii) WAIVER.—The Administrator may waive clause (i) for a fiscal year if—

(I) for the fiscal year before that fiscal year, the annual estimated rate of default of veteran participation loans exceeds that of loans made under this subsection that are not veteran participation loans;

(II) the cost to the Administration of making loans under this subsection is greater than zero and such cost is directly attributable to the cost of making veteran participation loans; and

(III) no additional sources of revenue authority are available to reduce the cost of making loans under this subsection to zero.

(iii) EFFECT OF WAIVER.—If the Administrator waives the reduction of fees under clause (ii), the Administrator—

(I) shall not assess or collect fees in an amount greater than necessary to ensure that the cost of the program under this subsection is not greater than zero; and

(II) shall reinstate the fee reductions under clause (i) when the conditions in clause (ii) no longer apply.

(iv) NO INCREASE OF FEES.—The Administrator shall not increase the fees under paragraph (18) on loans made under this subsection that are not veteran participation loans as a direct result of the pilot program.

(F) GAO REPORT.—

(i) IN GENERAL.—Not later than 1 year after the date that the pilot program terminates, the Comptroller General of the United States shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report on the pilot program.

(ii) CONTENTS.—The report submitted under clause (i) shall include—

- (I) the number of veteran participation loans for which fees were reduced under the pilot program;
- (II) a description of the impact of the pilot program on the program under this subsection;
- (III) an evaluation of the efficacy and potential fraud and abuse of the pilot program; and
- (IV) recommendations for improving the pilot program.

(34) EXPORT EXPRESS PROGRAM.—

(A) DEFINITIONS.—In this paragraph—

(i) the term “export development activity” includes—

- (I) obtaining a standby letter of credit when required as a bid bond, performance bond, or advance payment guarantee;
- (II) participation in a trade show that takes place outside the United States;
- (III) translation of product brochures or catalogues for use in markets outside the United States;
- (IV) obtaining a general line of credit for export purposes;
- (V) performing a service contract from buyers located outside the United States;
- (VI) obtaining transaction-specific financing associated with completing export orders;
- (VII) purchasing real estate or equipment to be used in the production of goods or services for export;
- (VIII) providing term loans or other financing to enable a small business concern, including an export trading company and an export management company, to develop a market outside the United States; and
- (IX) acquiring, constructing, renovating, modernizing, improving, or expanding a production facility or equipment to be used in the United States in the production of goods or services for export; and

(ii) the term “express loan” means a loan in which a lender uses to the maximum extent practicable the loan analyses, procedures, and documentation of the lender to provide expedited processing of the loan application.

(B) AUTHORITY.—The Administrator may guarantee the timely payment of an express loan to a small business concern made for an export development activity.

(C) LEVEL OF PARTICIPATION.—

(i) MAXIMUM AMOUNT.—The maximum amount of an express loan guaranteed under this paragraph shall be \$500,000.

(ii) PERCENTAGE.—For an express loan guaranteed under this paragraph, the Administrator shall guarantee—

(I) 90 percent of a loan that is not more than \$350,000; and

(II) 75 percent of a loan that is more than \$350,000 and not more than \$500,000.

(b) Except as to agricultural enterprises as defined in section 18(b)(1) of this Act, the Administration also is empowered to the extent and in such amounts as provided in advance in appropriation Acts—

(1)(A) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis) as the Administration may determine to be necessary or appropriate to repair, rehabilitate or replace property, real or personal, damaged or destroyed by or as a result of natural or other disasters: *Provided*, That such damage or destruction is not compensated for by insurance or otherwise: *And provided further*, That the Administration may increase the amount of the loan by up to an additional 20 per centum of the aggregate costs of such damage or destruction (whether or not compensated for by insurance or otherwise) if it determines such increase to be necessary or appropriate in order to protect the damaged or destroyed property from possible future disasters by taking mitigating measures, including—

(i) construction of retaining walls and sea walls;

(ii) grading and contouring land; and

(iii) relocating utilities and modifying structures, including construction of a safe room or similar storm shelter designed to protect property and occupants from tornadoes or other natural disasters, if such safe room or similar storm shelter is constructed in accordance with applicable standards issued by the Federal Emergency Management Agency;

(B) to refinance any mortgage or other lien against a totally destroyed or substantially damaged home or business concern: *Provided*, That no loan or guarantee shall be extended unless the Administration finds that (i) the applicant is not able to obtain credit elsewhere; (ii) such property is to be repaired, rehabilitated, or replaced; (iii) the amount refinanced shall not exceed the amount of physical loss sustained; and (iv) such

amount shall be reduced to the extent such mortgage or lien is satisfied by insurance or otherwise; and

(C) during fiscal years 2000 through 2004, to establish a predisaster mitigation program to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis), as the Administrator may determine to be necessary or appropriate, to enable small businesses to use mitigation techniques in support of a formal mitigation program established by the Federal Emergency Management Agency, except that no loan or guarantee may be extended to a small business under this subparagraph unless the Administration finds that the small business is otherwise unable to obtain credit for the purposes described in this subparagraph;

(2) to make sure loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis) as the Administration may determine to be necessary or appropriate to any small business concern, private nonprofit organization, or small agricultural cooperative located in an area affected by a disaster, (including drought), with respect to both farm-related and nonfarm-related small business concerns, if the Administration determines that the concern, the organization, or the cooperative has suffered a substantial economic injury as a result of such disaster and if such disaster constitutes—

(A) a major disaster, as determined by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); or

(B) a natural disaster, as determined by the Secretary of Agriculture pursuant to section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961), in which case, assistance under this paragraph may be provided to farm-related and nonfarm-related small business concerns, subject to the other applicable requirements of this paragraph; or

(C) a disaster, as determined by the Administrator of the Small Business Administration; or

(D) if no disaster declaration has been issued pursuant to subparagraph (A), (B), or (C), the Governor of a State in which a disaster has occurred may certify to the Small Business Administration that small business concerns, private nonprofit organizations, or small agricultural cooperatives (1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance which is not available on reasonable terms in the disaster stricken area. Not later than 30 days after the date of receipt of such certification by a Governor of a State, the Administration shall respond in writing to that Governor on its determination and the reasons therefore, and may then make such loans as would have been available under this paragraph if a disaster declaration had been issued.

Provided, That no loan or guarantee shall be extended pursuant to this paragraph (2) unless the Administration finds that the applicant is not able to obtain credit elsewhere.

(3)(A) In this paragraph—

(i) the term “essential employee” means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern;

(ii) the term “period of military conflict” has the meaning given the term in subsection (n)(1); and

(iii) the term “substantial economic injury” means an economic harm to a business concern that results in the inability of the business concern—

(I) to meet its obligations as they mature;

(II) to pay its ordinary and necessary operating expenses; or

(III) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.

(B) The Administration may make such disaster loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to assist a small business concern that has suffered or that is likely to suffer substantial economic injury as the result of an essential employee of such small business concern being ordered to active military duty during a period of military conflict.

(C) A small business concern described in subparagraph (B) shall be eligible to apply for assistance under this paragraph during the period beginning on the date on which the essential employee is ordered to active duty and ending on the date that is 1 year after the date on which such essential employee is discharged or released from active duty. The Administrator may, when appropriate (as determined by the Administrator), extend the ending date specified in the preceding sentence by not more than 1 year.

(D) Any loan or guarantee extended pursuant to this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

(E) No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under this subsection would exceed \$1,500,000, unless such applicant constitutes, or have become due to changed economic circumstances, a major source of employment in its surrounding area, as determined by the Administration, in which case the Administration, in its discretion, may waive the \$1,500,000 limitation.

(F) For purposes of assistance under this paragraph, no declaration of a disaster area shall be required.

(G)(i) Notwithstanding any other provision of law, the Administrator may make a loan under this paragraph of not more than \$50,000 without collateral.

(ii) The Administrator may defer payment of principal and interest on a loan described in clause (i) during the longer of—

(I) the 1-year period beginning on the date of the initial disbursement of the loan; and

(II) the period during which the relevant essential employee is on active duty.

(H) The Administrator shall give priority to any application for a loan under this paragraph and shall process and make a determination regarding such applications prior to processing or making a determination on other loan applications under this subsection, on a rolling basis.

(4) COORDINATION WITH FEMA.—

(A) IN GENERAL.—Notwithstanding any other provision of law, for any disaster declared under this subsection or major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall ensure, to the maximum extent practicable, that all application periods for disaster relief under this Act correspond with application deadlines established under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), or as extended by the President.

(B) DEADLINES.—Notwithstanding any other provision of law, not later than 10 days before the closing date of an application period for a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report that includes—

(i) the deadline for submitting applications for assistance under this Act relating to that major disaster;

(ii) information regarding the number of loan applications and disbursements processed by the Administrator relating to that major disaster for each day during the period beginning on the date on which that major disaster was declared and ending on the date of that report; and

(iii) an estimate of the number of potential applicants that have not submitted an application relating to that major disaster.

(5) PUBLIC AWARENESS OF DISASTERS.—If a disaster is declared under this subsection or the Administrator declares eligibility for additional disaster assistance under paragraph (9), the Administrator shall make every effort to communicate through radio, television, print, and web-based outlets, all relevant information needed by disaster loan applicants, including—

(A) the date of such declaration;

(B) cities and towns within the area of such declaration;

(C) loan application deadlines related to such disaster;

(D) all relevant contact information for victim services available through the Administration (including links to small business development center websites);

(E) links to relevant Federal and State disaster assistance websites, including links to websites providing information regarding assistance available from the Federal Emergency Management Agency;

(F) information on eligibility criteria for Administration loan programs, including where such applications can be found; and

(G) application materials that clearly state the function of the Administration as the Federal source of disaster loans for homeowners and renters.

(6) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS.—

(A) DISASTER LOAN PROCESSING.—The Administrator may enter into an agreement with a qualified private contractor, as determined by the Administrator, to process loans under this subsection in the event of a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the contractor a fee for each loan processed.

(B) LOAN LOSS VERIFICATION SERVICES.—The Administrator may enter into an agreement with a qualified lender or loss verification professional, as determined by the Administrator, to verify losses for loans under this subsection in the event of a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the lender or verification professional a fee for each loan for which such lender or verification professional verifies losses.

(7) DISASTER ASSISTANCE EMPLOYEES.—

(A) IN GENERAL.—In carrying out this section, the Administrator may, where practicable, ensure that the number of full-time equivalent employees—

(i) in the Office of the Disaster Assistance is not fewer than 800; and

(ii) in the Disaster Cadre of the Administration is not fewer than 1,000.

(B) REPORT.—In carrying out this subsection, if the number of full-time employees for either the Office of Disaster Assistance or the Disaster Cadre of the Administration is below the level described in subparagraph (A) for that office, not later than 21 days after the date on which that staffing level decreased below the level described in subparagraph (A), the Administrator shall submit to the Committee on Appropriations and the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Appropriations and Committee on Small Business of the House of Representatives, a report—

(i) detailing staffing levels on that date;

(ii) requesting, if practicable and determined appropriate by the Administrator, additional funds for additional employees; and

(iii) containing such additional information, as determined appropriate by the Administrator.

(8) INCREASED LOAN CAPS.—

(A) AGGREGATE LOAN AMOUNTS.—Except as provided in subparagraph (B), and notwithstanding any other provision of law, the aggregate loan amount outstanding and committed to a borrower under this subsection may not exceed \$2,000,000.

(B) WAIVER AUTHORITY.—The Administrator may, at the discretion of the Administrator, increase the aggregate loan amount under subparagraph (A) for loans relating to a disaster to a level established by the Administrator, based on appropriate economic indicators for the region in which that disaster occurred.

(9) DECLARATION OF ELIGIBILITY FOR ADDITIONAL DISASTER ASSISTANCE.—

(A) IN GENERAL.—If the President declares a major disaster, the Administrator may declare eligibility for additional disaster assistance in accordance with this paragraph.

(B) THRESHOLD.—A major disaster for which the Administrator declares eligibility for additional disaster assistance under this paragraph shall—

(i) have resulted in extraordinary levels of casualties or damage or disruption severely affecting the population (including mass evacuations), infrastructure, environment, economy, national morale, or government functions in an area;

(ii) be comparable to the description of a catastrophic incident in the National Response Plan of the Administration, or any successor thereto, unless there is no successor to such plan, in which case this clause shall have no force or effect; and

(iii) be of such size and scope that—

(I) the disaster assistance programs under the other paragraphs under this subsection are incapable of providing adequate and timely assistance to individuals or business concerns located within the disaster area; or

(II) a significant number of business concerns outside the disaster area have suffered disaster-related substantial economic injury as a result of the incident.

(C) ADDITIONAL ECONOMIC INJURY DISASTER LOAN ASSISTANCE.—

(i) IN GENERAL.—If the Administrator declares eligibility for additional disaster assistance under this paragraph, the Administrator may make such loans under this subparagraph (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to

eligible small business concerns located anywhere in the United States.

(ii) PROCESSING TIME.—

(I) IN GENERAL.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 15 days, the Administrator shall give priority to the processing of such applications submitted by eligible small business concerns located inside the disaster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

(II) SUSPENSION OF APPLICATIONS FROM OUTSIDE DISASTER AREA.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 30 days, the Administrator shall suspend the processing of such applications submitted by eligible small business concerns located outside the disaster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

(iii) LOAN TERMS.—A loan under this subparagraph shall be made on the same terms as a loan under paragraph (2).

(D) DEFINITIONS.—In this paragraph—

(i) the term “disaster area” means the area for which the applicable major disaster was declared;

(ii) the term “disaster-related substantial economic injury” means economic harm to a business concern that results in the inability of the business concern to—

(I) meet its obligations as it matures;

(II) meet its ordinary and necessary operating expenses; or

(III) market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern because the business concern relies on materials from the disaster area or sells or markets in the disaster area; and

(iii) the term “eligible small business concern” means a small business concern—

(I) that has suffered disaster-related substantial economic injury as a result of the applicable major disaster; and

(II)(aa) for which not less than 25 percent of the market share of that small business concern is from business transacted in the disaster area;

(bb) for which not less than 25 percent of an input into a production process of that small business concern is from the disaster area; or

(cc) that relies on a provider located in the disaster area for a service that is not readily available elsewhere.

(10) REDUCING CLOSING AND DISBURSEMENT DELAYS.—The Administrator shall provide a clear and concise notification on all application materials for loans made under this subsection and on relevant websites notifying an applicant that the applicant may submit all documentation necessary for the approval of the loan at the time of application and that failure to submit all documentation could delay the approval and disbursement of the loan.

(11) INCREASING TRANSPARENCY IN LOAN APPROVALS.—The Administrator shall establish and implement clear, written policies and procedures for analyzing the ability of a loan applicant to repay a loan made under this subsection.

(12) ADDITIONAL AWARDS TO SMALL BUSINESS DEVELOPMENT CENTERS, WOMEN'S BUSINESS CENTERS, AND SCORE FOR DISASTER RECOVERY.—

(A) IN GENERAL.—The Administration may provide financial assistance to a small business development center, a women's business center described in section 29, the Service Corps of Retired Executives, or any proposed consortium of such individuals or entities to spur disaster recovery and growth of small business concerns located in an area for which the President has declared a major disaster.

(B) FORM OF FINANCIAL ASSISTANCE.—Financial assistance provided under this paragraph shall be in the form of a grant, contract, or cooperative agreement.

(C) NO MATCHING FUNDS REQUIRED.—Matching funds shall not be required for any grant, contract, or cooperative agreement under this paragraph.

(D) REQUIREMENTS.—A recipient of financial assistance under this paragraph shall provide counseling, training, and other related services, such as promoting long-term resiliency, to small business concerns and entrepreneurs impacted by a major disaster.

(E) PERFORMANCE.—

(i) IN GENERAL.—The Administrator, in cooperation with the recipients of financial assistance under this paragraph, shall establish metrics and goals for performance of grants, contracts, and cooperative agreements under this paragraph, which shall include recovery of sales, recovery of employment, reestablishment of business premises, and establishment of new small business concerns.

(ii) USE OF ESTIMATES.—The Administrator shall base the goals and metrics for performance established under clause (i), in part, on the estimates of disaster impact prepared by the Office of Disaster Assistance for purposes of estimating loan-making requirements.

(F) TERM.—

(i) IN GENERAL.—The term of any grant, contract, or cooperative agreement under this paragraph shall be for not more than 2 years.

(ii) EXTENSION.—The Administrator may make 1 extension of a grant, contract, or cooperative agreement under this paragraph for a period of not more than 1 year, upon a showing of good cause and need for the extension.

(G) EXEMPTION FROM OTHER PROGRAM REQUIREMENTS.—Financial assistance provided under this paragraph is in addition to, and wholly separate from, any other form of assistance provided by the Administrator under this Act.

(H) COMPETITIVE BASIS.—The Administration shall award financial assistance under this paragraph on a competitive basis.

(13) SUPPLEMENTAL ASSISTANCE FOR CONTRACTOR MALFEASANCE.—

(A) IN GENERAL.—If a contractor or other person engages in malfeasance in connection with repairs to, rehabilitation of, or replacement of real or personal property relating to which a loan was made under this subsection and the malfeasance results in substantial economic damage to the recipient of the loan or substantial risks to health or safety, upon receiving documentation of the substantial economic damage or the substantial risk to health and safety from an independent loss verifier, and subject to subparagraph (B), the Administrator may increase the amount of the loan under this subsection, as necessary for the cost of repairs, rehabilitation, or replacement needed to address the cause of the economic damage or health or safety risk.

(B) REQUIREMENTS.—The Administrator may only increase the amount of a loan under subparagraph (A) upon receiving an appropriate certification from the borrower and person performing the mitigation attesting to the reasonableness of the mitigation costs and an assignment of any proceeds received from the person engaging in the malfeasance. The assignment of proceeds recovered from the person engaging in the malfeasance shall be equal to the amount of the loan under this section. Any mitigation activities shall be subject to audit and independent verification of completeness and cost reasonableness.

(14) BUSINESS RECOVERY CENTERS.—

(A) IN GENERAL.—The Administrator, acting through the district offices of the Administration, shall identify locations that may be used as recovery centers by the Administration in the event of a disaster declared under this subsection or a major disaster.

(B) REQUIREMENTS FOR IDENTIFICATION.—Each district office of the Administration shall—

(i) identify a location described in subparagraph (A) in each county, parish, or similar unit of general local government in the area served by the district office; and

(ii) ensure that the locations identified under subparagraph (A) may be used as a recovery center without cost to the Government, to the extent practicable.

(15) INCREASED OVERSIGHT OF ECONOMIC INJURY DISASTER LOANS.—The Administrator shall increase oversight of entities receiving loans under paragraph (2), and may consider—

(A) scheduled site visits to ensure borrower eligibility and compliance with requirements established by the Administrator; and

(B) reviews of the use of the loan proceeds by an entity described in paragraph (2) to ensure compliance with requirements established by the Administrator.

No loan under this subsection, including renewals and extensions thereof, may be made for a period or periods exceeding thirty years: *Provided*, That the Administrator may consent to a suspension in the payment of principal and interest charges on, and to an extension in the maturity of, the Federal share of any loan under this subsection for a period not to exceed five years, if (A) the borrower under such loan is a homeowner or a small business concern, (B) the loan was made to enable (i) such homeowner to repair or replace his home, or (ii) such concern to repair or replace plant or equipment which was damaged or destroyed as the result of a disaster meeting the requirements of clause (A) or (B) of paragraph (2) of this subsection, and (C) the Administrator determines such action is necessary to avoid severe financial hardship: *Provided further*, That the provisions of paragraph (1) of subsection (d) of this section shall not be applicable to any such loan having a maturity in excess of twenty years. Notwithstanding any other provision of law, and except as provided in subsection (d), the interest rate on the Administration's share of any loan made under subsection (b), shall not exceed the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum plus one-quarter of 1 per centum: *Provided, however*, That the interest rate for loans made under paragraphs (1) and (2) hereof shall not exceed the rate of interest which is in effect at the time of the occurrence of the disaster. In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement. Notwithstanding any other provision of law, the interest rate on the Administration's share of any loan made pursuant to paragraph (1) of this subsection to repair or replace a primary residence and/or replace or repair damaged or destroyed personal property, less the amount of compensation by insurance or otherwise, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be: 1 per centum on the amount of such loan not exceeding \$10,000, and 3 per centum on the amount of such loan over \$10,000 but not exceeding \$40,000. The interest rate on the Administration's share of the first \$250,000 of all other loans made pursuant to paragraph (1) of this subsection, with respect to a disaster occurring on or after July 1, 1976, and prior to October 1, 1978, shall be 3 per centum. All repayments of principal on the Administration's share of any loan made under the above provisions shall first be applied to reduce the principal sum of such loan which bears interest at the lower rates provided in this paragraph. The principal amount of any loan made pursuant to para-

graph (1) in connection with a disaster which occurs on or after April 1, 1977, but prior to January 1, 1978, may be increased by such amount, but not more than \$2,000, as the Administration determines to be reasonable in light of the amount and nature of loss, damage, or injury sustained in order to finance the installation of insulation in the property which was lost, damaged, or injured, if the uninsured, damaged portion of the property is 10 per centum or more of the market value of the property at the time of the disaster. No later than June 1, 1978, the Administration shall prepare and transmit to the Select Committee on Small Business of the Senate, the Committee on Small Business of the House of Representatives, and the Committee of the Senate and House of Representatives having jurisdiction over measures relating to energy conservation, a report on its activities under this paragraph, including therein an evaluation of the effect of such activities on encouraging the installation of insulation in property which is repaired or replaced after a disaster which is subject to this paragraph, and its recommendations with respect to the continuation, modification, or termination of such activities.

In the administration of the disaster loan program under paragraphs (1) and (2) of this subsection, in the case of property loss or damage or injury resulting from a major disaster as determined by the President or a disaster as determined by the Administrator which occurs on or after January 1, 1971, and prior to July 1, 1973, the Small Business Administration, to the extent such loss or damage or injury is not compensated for by insurance or otherwise—

(A) may make any loan for repair, rehabilitation, or replacement of property damaged or destroyed without regard to whether the required financial assistance is otherwise available from private sources;

(B) may, in the case of the total destruction or substantial property damage of a home or business concern, refinance any mortgage or other liens outstanding against the destroyed or damaged property if such project is to be repaired, rehabilitated, or replaced, except that (1) in the case of a business concern, the amount refinanced shall not exceed the amount of the physical loss sustained, and (2) in the case of a home, the amount of each monthly payment of principal and interest on the loan after refinancing under this clause shall be not less than the amount of each such payment made prior to such refinancing;

(C) may, in the case of a loan made under clause (A) or a mortgage or other lien refinanced under clause (B) in connection with the destruction of, or substantial damage to, property owned and used as a residence by an individual who by reason of retirement, disability, or other similar circumstances relies for support on survivor, disability, or retirement benefits under a pension, insurance, or other program, consent to the suspension of the payments of the principal of that loan, mortgage, or lien during the lifetime of that individual and his spouse for so long as the Administration determines that making such payments would constitute a substantial hardship;

(D) shall, notwithstanding the provisions of any other law and upon presentation by the applicant of proof of loss or damage or injury and a bona fide estimate of cost of repair, reha-

bilitation, or replacement, cancel the principal of any loan made to cover a loss or damage or injury resulting from such disaster, except that—

(i) with respect to a loan made in connection with a disaster occurring on or after January 1, 1971 but prior to January 1, 1972, the total amount so canceled shall not exceed \$2,500, and the interest on the balance of the loan shall be at a rate of 3 per centum per annum; and

(ii) with respect to a loan made in connection with a disaster occurring on or after January 1, 1972 but prior to July 1, 1973, the total amount so canceled shall not exceed \$5,000, and the interest on the balance of the loan shall be at a rate of 1 per centum per annum.

With respect to any loan referred to in clause (D) which is outstanding on the date of enactment of this paragraph, the Administrator shall—

(i) make sure change in the interest rate on the balance of such loan as is required under that clause effective as of such date of enactment; and

(ii) in applying the limitation set forth in that clause with respect to the total amount of such loan which may be canceled, consider as part of the amount so canceled any part of such loan which was previously canceled pursuant to section 231 of the Disaster Relief Act of 1970.

Whoever wrongfully misapplies the proceeds of a loan obtained under this subsection shall be civilly liable to the Administrator in an amount equal to one-and-one-half times the original principal amount of the loan.

(E) A State grant made on or prior to July 1, 1979, shall not be considered compensation for the purpose of applying the provisions of section 312(a) of the Disaster Relief and Emergency Assistance Act to a disaster loan under paragraph (1)(2) of this subsection.

(c) PRIVATE DISASTER LOANS.—

(1) DEFINITIONS.—In this subsection—

(A) the term “disaster area” means any area for which the President declared a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9), during the period of that major disaster declaration;

(B) the term “eligible individual” means an individual who is eligible for disaster assistance under subsection (b)(1) relating to a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9);

(C) the term “eligible small business concern” means a business concern that is—

(i) a small business concern, as defined under this Act; or

(ii) a small business concern, as defined in section 103 of the Small Business Investment Act of 1958;

(D) the term “preferred lender” means a lender participating in the Preferred Lender Program;

(E) the term “Preferred Lender Program” has the meaning given that term in subsection (a)(2)(C)(ii); and

(F) the term “qualified private lender” means any privately-owned bank or other lending institution that—

- (i) is not a preferred lender; and
- (ii) the Administrator determines meets the criteria established under paragraph (10).

(2) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Private Disaster Assistance program, under which the Administration may guarantee timely payment of principal and interest, as scheduled, on any loan made to an eligible small business concern located in a disaster area and to an eligible individual.

(3) USE OF LOANS.—A loan guaranteed by the Administrator under this subsection may be used for any purpose authorized under subsection (b).

(4) ONLINE APPLICATIONS.—

(A) ESTABLISHMENT.—The Administrator may establish, directly or through an agreement with another entity, an online application process for loans guaranteed under this subsection.

(B) OTHER FEDERAL ASSISTANCE.—The Administrator may coordinate with the head of any other appropriate Federal agency so that any application submitted through an online application process established under this paragraph may be considered for any other Federal assistance program for disaster relief.

(C) CONSULTATION.—In establishing an online application process under this paragraph, the Administrator shall consult with appropriate persons from the public and private sectors, including private lenders.

(5) MAXIMUM AMOUNTS.—

(A) GUARANTEE PERCENTAGE.—The Administrator may guarantee not more than 85 percent of a loan under this subsection.

(B) LOAN AMOUNT.—The maximum amount of a loan guaranteed under this subsection shall be \$2,000,000.

(6) TERMS AND CONDITIONS.—A loan guaranteed under this subsection shall be made under the same terms and conditions as a loan under subsection (b).

(7) LENDERS.—

(A) IN GENERAL.—A loan guaranteed under this subsection made to—

- (i) a qualified individual may be made by a preferred lender; and
- (ii) a qualified small business concern may be made by a qualified private lender or by a preferred lender that also makes loans to qualified individuals.

(B) COMPLIANCE.—If the Administrator determines that a preferred lender knowingly failed to comply with the underwriting standards for loans guaranteed under this subsection or violated the terms of the standard operating procedure agreement between that preferred lender and the Administration, the Administrator shall do 1 or more of the following:

- (i) Exclude the preferred lender from participating in the program under this subsection.

(ii) Exclude the preferred lender from participating in the Preferred Lender Program for a period of not more than 5 years.

(8) FEES.—

(A) IN GENERAL.—The Administrator may not collect a guarantee fee under this subsection.

(B) ORIGINATION FEE.—The Administrator may pay a qualified private lender or preferred lender an origination fee for a loan guaranteed under this subsection in an amount agreed upon in advance between the qualified private lender or preferred lender and the Administrator.

(9) DOCUMENTATION.—A qualified private lender or preferred lender may use its own loan documentation for a loan guaranteed by the Administrator under this subsection, to the extent authorized by the Administrator. The ability of a lender to use its own loan documentation for a loan guaranteed under this subsection shall not be considered part of the criteria for becoming a qualified private lender under the regulations promulgated under paragraph (10).

(10) IMPLEMENTATION REGULATIONS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall issue final regulations establishing permanent criteria for qualified private lenders.

(B) REPORT TO CONGRESS.—Not later than 6 months after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall submit a report on the progress of the regulations required by subparagraph (A) to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

(11) AUTHORIZATION OF APPROPRIATIONS.—

(A) IN GENERAL.—Amounts necessary to carry out this subsection shall be made available from amounts appropriated to the Administration to carry out subsection (b).

(B) AUTHORITY TO REDUCE INTEREST RATES AND OTHER TERMS AND CONDITIONS.—Funds appropriated to the Administration to carry out this subsection, may be used by the Administrator to meet the loan terms and conditions specified in paragraph (6).

(12) PURCHASE OF LOANS.—The Administrator may enter into an agreement with a qualified private lender or preferred lender to purchase any loan guaranteed under this subsection.

(d)(1) The Administration may further extend the maturity of or renew any loan made pursuant to this section, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, or Reorganization Plan Numbered 1 of 1957, for additional periods not to exceed ten years beyond the period stated therein, if such extension or renewal will aid in the orderly liquidation of such loan.

(2) During any period in which principal and interest charges are suspended on the Federal share of any loan, as provided in subsection (b), the Administrator shall, upon the

request of any person, firm, or corporation having a participation in such loan, purchase such participation, or assume the obligation of the borrower, for the balance of such period, to make principal and interest payments on the non-Federal share of such loan: *Provided*, That no such payments shall be made by the Administrator in behalf of any borrower unless (i) the Administrator determines that such action is necessary in order to avoid a default, and (ii) the borrower agrees to make payments to the Administration in an aggregate amount equal to the amount paid in its behalf by the Administrator, in such manner and at such time (during or after the term of the loan) as the Administrator shall determine having due regard to the purposes sought to be achieved by this paragraph.

(3) With respect to a disaster occurring on or after October 1, 1978, and prior the effective date of this Act, on the Administration's share of loans made pursuant to paragraph (1) of subsection (b)—

(A) if the loan proceeds are to repair or replace a primary residence and/or repair or replace damaged or destroyed personal property, the interest rate shall be 3 percent on the first \$55,000 of such loan;

(B) if the loan proceeds are to repair or replace property damaged or destroyed and if the applicant is a business concern which is unable to obtain sufficient credit elsewhere, the interest rate shall be as determined by the Administration, but not in excess of 5 percent per annum; and

(C) if the loan proceeds are to repair or replace property damaged or destroyed and if the applicant is a business concern which is able to obtain sufficient credit elsewhere, the interest rate shall not exceed the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans and adjusted to the nearest one-eighth of 1 percent, and an additional amount as determined by the Administration, but not to exceed 1 percent: *Provided*, That three years after such loan is fully disbursed and every two years thereafter for the term of the loan, if the Administration determines that the borrower is able to obtain a loan from one-Federal sources at reasonable rates and terms for loans of similar purposes and periods of time, the borrower shall, upon request by the Administration, apply for and accept such a loan in sufficient amount to repay the Administration: *Provided further*, That no loan under subsection (b)(1) shall be made, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under such subsection would exceed \$500,000 for each disaster, unless an applicant constitutes a major source of employment in an area suffering a disaster, in which case the Administration, in its discretion, may waive the \$500,000 limitation.

(4) Notwithstanding the provisions of any other law, the interest rate on the Federal share of any loan made under subsection (b) shall be—

(A) in the case of a homeowner unable to secure credit elsewhere, the rate prescribed by the Administration but not more than one-half the rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans plus an additional charge of not to exceed 1 per centum per annum as determined by the Administrator, and adjusted to the nearest one-eighth of 1 per centum but not to exceed 8 per centum per annum;

(B) in the case of a homeowner able to secure credit elsewhere, the rate prescribed by the Administration but not more than the rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans plus an additional charge of not to exceed 1 per centum per annum as determined by the Administrator, and adjusted to the nearest one-eighth of 1 per centum;

(C) in the case of a business concern unable to obtain credit elsewhere, not to exceed 8 per centum per annum;

(D) in the case of a business concern able to obtain credit elsewhere, the rate prescribed by the Administration but not in excess of the rate prevailing in private market for similar loans and not more than the rate prescribed by the Administration as the maximum interest rate for deferred participation (guaranteed) loans under section 7(a) of this Act. Loans under this subparagraph shall be limited to a maximum term of three years.

(5) Notwithstanding the provisions of any other law, the interest rate on the Federal share of any loan made under subsection (b)(1) and (b)(2) on account of a disaster commencing on or after October 1, 1982, shall be—

(A) in the case of a homeowner unable to secure credit elsewhere, the rate prescribed by the Administration but not more than one-half the rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loan plus an additional charge of not to exceed 1 per centum per annum as determined by the Administrator, and adjusted to the nearest one-eighth of 1 per centum, but not to exceed 4 per centum per annum;

(B) in the case of a homeowner, able to secure credit elsewhere, the rate prescribed by the Administration but not more than the rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity com-

parable to the average maturities of such loans plus an additional charge of not to exceed 1 per centum per annum as determined by the Administrator, and adjusted to the nearest one-eighth of 1 per centum, but not to exceed 8 per centum per annum;

(C) in the case of a business, private nonprofit organization, or other concern, including agricultural cooperatives, unable to obtain credit elsewhere, not to exceed 4 per centum per annum;

(D) in the case of a business concern able to obtain credit elsewhere, the rate prescribed by the Administration but not in excess of the lowest of (i) the rate prevailing in the private market for similar loans, (ii) the rate prescribed by the Administration as the maximum interest rate for deferred participation (guaranteed) loans under section 7(a) of this Act, or (iii) 8 per centum per annum. Loans under this subparagraph shall be limited to a maximum term of 7 years.

(6) Notwithstanding the provisions of any other law, such loans, subject to the reductions required by subparagraphs (A) and (B) of paragraph 7(b)(1), shall be in amounts equal to 100 per centum of loss. The interest rate for loans made under paragraphs 7(b)(1) and (2), as determined pursuant to paragraph (5), shall be the rate of interest which is in effect on the date of the disaster commenced: *Provided*, That no loan under paragraphs 7(b) (1) and (2) shall be made, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis, if the total amount outstanding and committed to the borrower under subsection 7(b) would exceed \$500,000 for each disaster unless an applicant constitutes a major source of employment in an area suffering a disaster, in which case the Administration, in its discretion, may waive the \$500,000 limitation: *Provided further*, That the Administration, subject to the reductions required by subparagraphs (A) and (B) of paragraph 7(b)(1), shall not reduce the amount of eligibility for any homeowner on account of loss of real estate to less than \$100,000 for each disaster nor for any homeowner or lessee on account of loss of personal property to less than \$20,000 for each disaster, such sums being in addition to any eligible refinancing: *Provided further*, That the Administration shall not require collateral for loans of \$25,000 or less (or such higher amount as the Administrator determines appropriate in the event of a disaster) which are made under paragraph (1) of subsection (b): *Provided further*, That the Administrator, in obtaining the best available collateral for a loan of not more than \$200,000 under paragraph (1) or (2) of subsection (b) relating to damage to or destruction of the property of, or economic injury to, a small business concern, shall not require the owner of the small business concern to use the primary residence of the owner as collateral if the Administrator determines that the owner has other assets of equal quality and with a value equal to or greater than the amount of the loan that could be used as collateral for the loan: *Provided further*, That nothing in the preceding proviso may be construed to reduce the

amount of collateral required by the Administrator in connection with a loan described in the preceding proviso or to modify the standards used to evaluate the quality (rather than the type) of such collateral. Employees of concerns sharing a common business premises shall be aggregated in determining “major source of employment” status for nonprofit applicants owning such premises.

With respect to any loan which is outstanding on the date of enactment of this paragraph and which was made on account of a disaster commencing on or after October 1, 1982, the Administrator shall make such change in the interest rate on the balance of such loan as is required herein effective as of the date of enactment.

[Note: Effective on November 25, 2018, section 2102(b) of Public Law 114–88 provides for amendments to the third proviso of section 7(d)(6). Upon such date, paragraph (6) will read as follows:]

(6) Notwithstanding the provisions of any other law, such loans, subject to the reductions required by subparagraphs (A) and (B) of paragraph 7(b)(1), shall be in amounts equal to 100 per centum of loss. The interest rate for loans made under paragraphs 7(b)(1) and (2), as determined pursuant to paragraph (5), shall be the rate of interest which is in effect on the date of the disaster commenced: Provided, That no loan under paragraphs 7(b) (1) and (2) shall be made, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis, if the total amount outstanding and committed to the borrower under subsection 7(b) would exceed \$500,000 for each disaster unless an applicant constitutes a major source of employment in an area suffering a disaster, in which case the Administration, in its discretion, may waive the \$500,000 limitation: Provided further, That the Administration, subject to the reductions required by subparagraphs (A) and (B) of paragraph 7(b)(1), shall not reduce the amount of eligibility for any homeowner on account of loss of real estate to less than \$100,000 for each disaster nor for any homeowner or lessee on account of loss of personal property to less than \$20,000 for each disaster, such sums being in addition to any eligible refinancing: Provided further, That the Administration shall not require collateral for loans of \$14,000 or less (or such higher amount as the Administrator determines appropriate in the event of a major disaster) which are made under paragraph (1) of subsection (b): Provided further, That the Administrator, in obtaining the best available collateral for a loan of not more than \$200,000 under paragraph (1) or (2) of subsection (b) relating to damage to or destruction of the property of, or economic injury to, a small business concern, shall not require the owner of the small business concern to use the primary residence of the owner as collateral if the Administrator determines that the owner has other assets of equal quality and with a value equal to or greater than the amount of the loan that could be used as collateral for the loan: Provided further, That nothing in the preceding proviso may be construed to reduce the amount of collateral required by the Administrator in connection with a loan described in the pre-

ceding proviso or to modify the standards used to evaluate the quality (rather than the type) of such collateral. Employees of concerns sharing a common business premises shall be aggregated in determining "major source of employment" status for nonprofit applicants owning such premises.

With respect to any loan which is outstanding on the date of enactment of this paragraph and which was made on account of a disaster commencing on or after October 1, 1982, the Administrator shall make such change in the interest rate on the balance of such loan as is required herein effective as of the date of enactment.

(7) The Administration shall not withhold disaster assistance pursuant to this paragraph to nurseries who are victims of drought disasters. As used in section 7(b)(2) the term "an area affected by a disaster" includes any county, or county contiguous thereto, determined to be a disaster by the President, the Secretary of Agriculture or the Administrator of the Small Business Administration.

(8) DISASTER LOANS FOR SUPERSTORM SANDY.—

(A) IN GENERAL.—Notwithstanding any other provision of law, and subject to the same requirements and procedures that are used to make loans pursuant to subsection (b), a small business concern, homeowner, nonprofit entity, or renter that was located within an area and during the time period with respect to which a major disaster was declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) by reason of Superstorm Sandy may apply to the Administrator—

(i) for a loan to repair, rehabilitate, or replace property damaged or destroyed by reason of Superstorm Sandy; or

(ii) if such a small business concern has suffered substantial economic injury by reason of Superstorm Sandy, for a loan to assist such a small business concern.

(B) TIMING.—The Administrator shall select loan recipients and make available loans for a period of not less than 1 year after the date on which the Administrator carries out this authority.

(C) INSPECTOR GENERAL REVIEW.—Not later than 6 months after the date on which the Administrator begins carrying out this authority, the Inspector General of the Administration shall initiate a review of the controls for ensuring applicant eligibility for loans made under this paragraph.

(e) The Administration shall not fund any Small Business Development Center or any variation thereof, except as authorized in section 21 of this Act.

(f) ADDITIONAL REQUIREMENTS FOR 7(b) LOANS.—

(1) INCREASED DEFERMENT AUTHORIZED.—

(A) IN GENERAL.—In making loans under subsection (b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

(B) PERIOD.—The period of a deferment under subparagraph (A) may not exceed 4 years.

(g) NET EARNINGS CLAUSES PROHIBITED FOR 7(b) LOANS.—In making loans under subsection (b), the Administrator shall not require the borrower to pay any non-amortized amount for the first five years after repayment begins.

(e) [RESERVED].

(f) [RESERVED].

(h)(1) The Administration also is empowered, where other financial assistance is not available on reasonable terms, to make such loans (either directly or in cooperation with Banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate—

(A) to assist any public or private organization—

(i) which is organized under the laws of the United States or of any State, operated in the interest of handicapped individuals, the net income of which does not inure in whole or in part to the benefit of any shareholder or other individual;

(ii) which complies with any applicable occupational health and safety standard prescribed by the Secretary of Labor; and

(iii) which, in the production of commodities and in the provision of services during any fiscal year in which it receives financial assistance under this subsection, employs handicapped individuals for not less than 75 per centum of the man-hours required for the production or provision of the commodities or services; or

(B) to assist any handicapped individual in establishing, acquiring, or operating a small business concern.

(2) The Administration's share of any loan made under this subsection shall not exceed \$350,000, nor may any such loan be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by section 4(c)(1)(B) of this Act would exceed \$350,000. In agreements to participate in loans on a deferred basis under this subsection, the Administration's participation may total 100 per centum of the balance of the loan at the time of disbursement. The Administration's share of any loan made under this subsection shall bear interest at the rate of 3 per centum per annum. The maximum term of any such loan, including extensions and renewals thereof, may not exceed fifteen years. All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment: *Provided, however,* That any reasonable doubt shall be resolved in favor of the applicant.

(3) For purposes of this subsection, the term "handicapped individual" means a person who has a physical, mental, or emotional impairment, defect, ailment, disease, or disability of a permanent nature which in any way limits the selection of any type of employment for which the person would otherwise be qualified or qualifiable.

(i)(1) The Administration also is empowered to make, participate (on an immediate basis) in, or guarantee loans, repayable in not more than fifteen years, to any small business concern, or to any qualified person seeking to establish such a concern, when it determines that such loans will further the policies established in sec-

tion 2(b) of this Act, with particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals, or owned by low-income individuals: *Provided, however,* That no such loans shall be made, participated in, or guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed \$100,000. The Administration may defer payments on the principal of such loans for a grace period and use such other methods as it deems necessary and appropriate to assure the successful establishment and operation of such concern. The Administration may, in its discretion, as a condition of such financial assistance, require that the borrower take steps to improve his management skills by participating in a management training program approved by the Administration: *Provided, however,* That any management training program so approved must be of sufficient scope and duration to provide reasonable opportunity for the individuals served to develop entrepreneurial and managerial self-sufficiency.

(2) The Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns, and shall seek to stimulate new private lending activities to such concerns through the use of the loan guarantees, participations in loans, and pooling arrangements authorized by this subsection.

(3) To insure an equitable distribution between urban and rural areas for loans between \$3,500 and \$100,000 made under this subsection, the Administration is authorized to use the agencies and agreements and delegations developed under title III of the Economic Opportunity Act of 1964, as amended, as it shall determine necessary.

(4) The Administration shall provide for the continuing evaluation of programs under this subsection, including full information on the location, income characteristics, and types of businesses and individuals assisted, and on new private lending activity stimulated, and the results of such evaluation together with recommendations shall be included in the report required by section 10(a) of this Act.

(5) Loans made pursuant to this subsection (including immediate participation in and guarantees of such loans) shall have such terms and conditions as the Administration shall determine, subject to the following limitations—

(A) there is reasonable assurance of repayment of the loan;

(B) the financial assistance is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(C) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(D) the loan bears interest at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (ii) such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes: *Provided, however,* That the rate of interest charged

on loans made in redevelopment areas designated under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3108 et seq.) shall not exceed the rate currently applicable to new loans made under section 201 of that Act (42 U.S.C. 3142); and

(E) fees not in excess of amounts necessary to cover administrative expenses and probable losses may be required on loan guarantees.

(6) The Administration shall take such steps as may be necessary to insure that, in any fiscal year, at least 50 per centum of the amounts loaned or guaranteed pursuant to this subsection are allotted to small business concerns located in urban areas identified by the Administration as having high concentrations of unemployed or low-income individuals or to small business concerns owned by low-income individuals. The Administration shall define the meaning of low income as it applies to owners of small business concerns eligible to be assisted under this subsection.

(7) No financial assistance shall be extended pursuant to this subsection when the Administration determines that the assistance will be used in relocating establishments from one area to another if such relocation would result in an increase in unemployment in the area of original location.

(j)(1) the Administration shall provide financial assistance to public or private organizations to pay all or part of the cost of projects designated to provide technical or management assistance to individuals or enterprises eligible for assistance under sections 7(i), 7(j)(10), and 8(a) of this Act, with special attention to small businesses located in areas of high concentration of unemployed or low-income individuals, to small businesses eligible to receive contracts pursuant to section 8(a) of this Act.

(2) Financial assistance under this subsection may be provided for projects, including, but not limited to—

(A) planning and research, including feasibility studies and market research;

(B) the identification and development of new business opportunities;

(C) the furnishing of centralized services with regard to public services and Federal Government programs including programs authorized under sections 7(i), 7(j)(10), and 8(a) of this Act;

(D) the establishment and strengthening of business service agencies, including trade associations and cooperative; and

(E) the furnishing of business counseling, management training, and legal and other related services, with special emphasis on the development of management training programs using the resources of the business community, including the development of management training opportunities in existing business, and with emphasis in all cases upon providing management training of sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served.

(3) The Administration shall encourage the placement of subcontracts by businesses with small business concerns located in area of high concentration of unemployed or low-income individuals, with small businesses owned by low-income individuals, and

with small businesses eligible to receive contracts pursuant to section 8(a) of this Act. The Administration may provide incentives and assistance to such businesses that will aid in the training and upgrading of potential subcontractors or other small business concerns eligible for assistance under section 7(i), 7(j), and 8(a), of this Act.

(4) The Administration shall give preference to projects which promote the ownership, participation in ownership, or management of small businesses owned by low-income individuals and small businesses eligible to receive contracts pursuant to section 8(a) of this Act.

(5) The financial assistance authorized for projects under this subsection includes assistance advanced by grant, agreement, or contract.

(6) The Administration is authorized to make payments under grants and contracts entered into under this subsection in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants, with necessary adjustments on account of overpayments or underpayments.

(7) To the extent feasible, services under this subsection shall be provided in a location which is easily accessible to the individuals and small business concerns served.

(9) The Administration shall take such steps as may be necessary and appropriate, in coordination and cooperation with the heads of other Federal departments and agencies, to insure that contracts, subcontracts, and deposits made by the Federal Government or with programs aided with Federal funds are placed in such way as to further the purposes of sections 7(i), 7(j), and 8(a) of this Act.

(10) There is established with the Administration a small business and capital ownership development program (hereinafter referred to as the "Program") which shall provide assistance exclusively for small business concerns eligible to receive contracts pursuant to section 8(a) of this Act. The program, and all other services and activities authorized under section 7(j) and 8(a) of this Act, shall be managed by the Associate Administrator for Minority Small Business and Capital Ownership Development under the supervision of, and responsible to, the Administrator.

(A) The Program shall—

(i) assist small business concerns participating in the Program (either through public or private organizations) to develop and maintain comprehensive business plans which set forth the Program Participant's specific business targets, objectives, and goals developed and maintained in conformity with subparagraph (D).

(ii) provide for such other nonfinancial services as deemed necessary for the establishment, preservation, and growth of small business concerns participating in the Program, including but not limited to (I) loan packaging, (II) financing counseling, (III) accounting and bookkeeping assistance, (IV) marketing assistance, and (V) management assistance;

(iii) assist small business concerns participating in the Program to obtain equity and debt financing;

(iv) establish regular performance monitoring and reporting systems for small business concerns participating

in the Program to assure compliance with their business plans;

(v) analyze and report the causes of success and failure of small business concerns participating in the Program; and

(vi) provide assistance necessary to help small business concerns participating in the Program to procure surety bonds, with such assistance including, but not limited to, (I) the preparation of application forms required to receive a surety bond, (II) special management and technical assistance designed to meet the specific needs of small business concerns participating in the Program and which have received or are applying to receive a surety bond, and (III) guarantee from the Administration pursuant to title IV, part B of the Small Business Investment Act of 1958.

(B) Small business concerns eligible to receive contracts pursuant to section 8(a) of this Act shall participate in the Program.

(C)(i) A small business concern participating in any program or activity conducted under the authority of this paragraph or eligible for the award of contracts pursuant to section 8(a) on September 1, 1988, shall be permitted continued participation and eligibility in such program or activity for a period of time which is the greater of—

(I) 9 years less the number of years since the award of its first contract pursuant to section 8(a); or

(II) its original fixed program participation term (plus any extension thereof) assigned prior to the effective date of this paragraph plus eighteen months.

(ii) Nothing contained in this subparagraph shall be deemed to prevent the Administration from instituting a termination or graduation pursuant to subparagraph (F) or (H) for issues unrelated to the expiration of any time period limitation.

(D)(i) Promptly after certification under paragraph (11) a Program Participant shall submit a business plan (hereinafter referred to as the plan”) as described in clause (ii) of this subparagraph for review by the Business Opportunity Specialist assigned to assist such Program Participant. The plan may be a revision of a preliminary business plan submitted by the Program Participant or required by the Administration as a part of the application for certification under this section and shall be designed to result in the Program Participant eliminating the conditions or circumstances upon which the Administration determined eligibility pursuant to section 8(a)(6). Such plan, and subsequent modifications submitted under clause (iii) of this subparagraph, shall be approved by the business opportunity specialist prior to the Program Participant being eligible for award of a contract pursuant to section 8(a).

(ii) The plans submitted under this subparagraph shall include the following:

(I) An analysis of market potential, competitive environment, and other business analyses estimating the Program Participant’s prospects for profitable operations during the term of program participation and after graduation.

(II) An analysis of the Program Participant's strengths and weaknesses with particular attention to correcting any financial, managerial, technical, or personnel conditions which are likely to impede the small business concern from receiving contracts other than those awarded under section 8(a).

(III) Specific targets, objectives, and goals, for the business development of the Program Participant during the next and succeeding years utilizing the results of the analyses conducted pursuant to subclauses (I) and (II).

(IV) A transition management plan outlining specific steps to assure profitable business operations after graduation (to be incorporated into the Program Participant's plan during the first year of the transitional stage of Program participation).

(V) Estimates of contract awards pursuant to section 8(a) and from other sources, which the Program Participant will require to meet the specific targets, objectives, and goals for the years covered by its plan. The estimates established shall be consistent with the provisions of subparagraph (I) and section 8(a).

(iii) Each Program Participant shall annually review its currently approved plan with its Business Opportunity Specialist and modify such plan as may be appropriate. Any modified plan shall be submitted to the Administration for approval. The currently approved plan shall be considered valid until such time as a modified plan is approved by the Business Opportunity Specialist. Annual reviews pertaining to years in the transitional stage of program participation shall require, as appropriate, a written verification that such Program Participant has complied with the requirements of subparagraph (I) relating to attaining business activity from sources other than contracts awarded pursuant to section 8(a).

(iv) Each Program Participant shall annually forecast its needs for contract awards under section 8(a) for the next program year and the succeeding program year during the review of its business plan, conducted pursuant to clause (iii). Such forecast shall be known as the section 8(a) contract support level and shall be included in the Program Participant's business plan. Such forecast shall include—

(I) the aggregate dollar value of contract support to be sought on a noncompetitive basis under section 8(a), reflecting compliance with the requirements of subparagraph (I) relating to attaining business activity from sources other than contracts awarded pursuant to section 8(a),

(II) the types of contract opportunities being sought, identified by Standard Industrial Classification (SIC) Code or otherwise,

(III) an estimate of the dollar value of contract support to be sought on a competitive basis, and

(IV) such other information as may be requested by the Business Opportunity Specialist to provide effec-

tive business development assistance to the Program Participant.

(E) A small business concern participating in the program conducted under the authority of this paragraph and eligible for the award of contracts pursuant to section 8(a) shall be denied all such assistance if such concern—

- (i) voluntarily elects not to continue participation;
- (ii) completes the period of Program participation as prescribed by paragraph (15);
- (iii) is terminated pursuant to a termination proceeding conducted in accordance with section 8(a)(9); or
- (iv) is graduated pursuant to a graduation proceeding conducted in accordance with section 8(a)(9).

(F) For the purposes of section and 8(a), the terms “terminated” or “termination” means the total denial or suspension of assistance under this paragraph or under section 8(a) prior to the graduation of the participating small business concern or prior to the expiration of the maximum program participation in term. An action for termination shall be based upon good cause, including—

- (i) the failure by such concern to maintain its eligibility for Program participation;
- (ii) the failure of the concern to engage in business practices that will promote its competitiveness within a reasonable period of time as evidenced by, among other indicators, a pattern of unjustified delinquent performance or terminations for default with respect to contracts awarded under the authority of section 8(a);
- (iii) a demonstrated pattern of failing to make required submissions or responses to the Administration in a timely manner;
- (iv) the willful violation of any rule or regulation of the Administration pertaining to material issues;
- (v) the debarment of the concern or its disadvantaged owners by any agency pursuant to subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation); or

(vi) the conviction of the disadvantaged owner or an officer of the concern for any offense indicating a lack of business integrity including any conviction for embezzlement, theft, forgery, bribery, falsification or violation of section 16. For purposes of this clause, no termination action shall be taken with respect to a disadvantaged owner solely because of the conviction of an officer of the concern (who is other than a disadvantaged owner) unless such owner conspired with, abetted, or otherwise knowingly acquiesced in the activity or omission that was the basis of such officer’s conviction.

(G) The Director of the Division may initiate a termination proceeding by recommending such action to the Associate Administrator for Minority Small Business and Capital Ownership Development. Whenever the Associate Administrator, or a designee of such officer, determines such termination is appropriate, within 15 days after making such a determination the Program Participant shall be provided a written notice of in-

tent to terminate, specifying the reasons for such action. No Program Participant shall be terminated from the Program pursuant to subparagraph (F) without first being afforded an opportunity for a hearing in accordance with section 8(a)(9).

(H) For the purposes of sections 7(j) and 8(a) the term “graduated” or “graduation” means that the Program Participant is recognized as successfully completing the program by substantially achieving the targets, objectives, and goals contained in the concern’s business plan thereby demonstrating its ability to compete in the marketplace without assistance under this section or section 8(a).

(I)(i) During the developmental stage of its participation in the Program, a Program Participant shall take all reasonable efforts within its control to attain the targets contained in its business plan for contracts awarded other than pursuant to section 8(a) (hereinafter referred to as “business activity targets.”). Such efforts shall be made a part of the business plan and shall be sufficient in scope and duration to satisfy the Administration that the Program Participant will engage a reasonable marketing strategy that will maximize its potential to achieve its business activity targets.

(ii) During the transitional stage of the Program a Program Participant shall be subject to regulations regarding business activity targets that are promulgated by the Administration pursuant to clause (iii);

(iii) The regulations referred to in clause (ii) shall:

(I) establish business activity targets applicable to Program Participants during the fifth year and each succeeding year of Program Participation; such targets, for such period of time, shall reflect a reasonably consistent increase in contracts awarded other than pursuant to section 8(a), expressed as a percentage of total sales; when promulgating business activity targets the Administration may establish modified targets for Program Participants that have participated in the Program for a period of longer than four years on the effective date of this subparagraph;

(II) require a Program Participant to attain its business activity targets;

(III) provide that, before the receipt of any contract to be awarded pursuant to section 8(a), the Program Participant (if it is in the transitional stage) must certify that it has complied with the regulations promulgated pursuant to subclause (II), or that it is in compliance with such remedial measures as may have been ordered pursuant to regulations issued under subclause (V);

(IV) require the Administration to review each Program Participant’s performance regarding attainment of business activity targets during periodic reviews of such Participant’s business plan; and

(V) authorize the Administration to take appropriate remedial measures with respect to a Program Participant that has failed to attain a required business activity target for the purpose of reducing such Participant’s dependence on contracts awarded pursuant to section 8(a); such reme-

dial actions may include, but are not limited to assisting the Program Participant to expand the dollar volume of its competitive business activity or limiting the dollar volume of contracts awarded to the Program Participant pursuant to section 8(a); except for actions that would constitute a termination, remedial measures taken pursuant to this subclause shall not be reviewable pursuant to section 8(a)(9).

(J)(i) The Administration shall conduct an evaluation of a Program Participant's eligibility for continued participation in the Program whenever it receives specific and credible information alleging that such Program Participant no longer meets the requirements for Program eligibility. Upon making a finding that a Program Participant is no longer eligible, the Administration shall initiate a termination proceeding in accordance with subparagraph (F). A Program Participant's eligibility for award of any contract under the authority of section 8(a) may be suspended pursuant to subpart 9.4 of title 48, Code of Federal Regulations (or any successor regulation).

(ii)(I) Except as authorized by subclauses (II) or (III), no award shall be made pursuant to section 8(a) to a concern other than a small business concern.

(II) In determining the size of a small business concern owned by a socially and economically disadvantaged Indian tribe (or a wholly owned business entity of such tribe), each firm's size shall be independently determined without regard to its affiliation with the tribe, any entity of the tribal government, or any other business enterprise owned by the tribe, unless the Administrator determines that one or more such tribally owned business concerns have obtained, or are likely to obtain, a substantial unfair competitive advantage within an industry category.

(III) Any joint venture established under the authority of section 602(b) of Public Law 100-656, the "Business Opportunity Development Reform Act of 1988", shall be eligible for award of a contract pursuant to section 8(a).

(11)(A) The Associate Administrator for Minority Small Business and Capital Ownership Development shall be responsible for coordinating and formulating policies relating to Federal assistance to small business concerns eligible for assistance under section 7(i) of this Act and small business concerns eligible to receive contracts pursuant to section 8(a) of this Act.

(B)(i) Except as provided in clause (iii), no individual who was determined pursuant to section 8(a) to be socially and economically disadvantaged before the effective date of this subparagraph shall be permitted to assert such disadvantage with respect to any other concern making application for certification after such effective date.

(ii) Except as provided in clause (iii), any individual upon whom eligibility is based pursuant to section 8(a)(4) shall be permitted to assert such eligibility for only one small business concern.

(iii) A socially and economically disadvantaged Indian tribe may own more than one small business concern eligi-

ble for assistance pursuant to section 7(j)(10) and section 8(a) if—

(I) the Indian tribe does not own another firm in the same industry which has been determined to be eligible to receive contracts under this program, and

(II) the individuals responsible for the management and daily operations of the concern do not manage more than two Program Participants.

(C) No concern, previously eligible for the award of contracts pursuant to section 8(a), shall be subsequently recertified for program participation if its prior participation in the program was concluded for any of the reasons described in paragraph (10)(E).

(D) A concern eligible for the award of contracts pursuant to this subsection shall remain eligible for such contracts if there is a transfer of ownership and control (as defined pursuant to section 8(a)(4)) to individuals who are determined to be socially and economically disadvantaged pursuant to section 8(a). In the event of such a transfer, the concern, if not terminated or graduated, shall be eligible for a period of continued participation in the program not to exceed the time limitations prescribed in paragraph (15).

(E) There is established a Division of Program Certification and Eligibility (hereinafter referred to in this paragraph as the Division") that shall be made part of the Office of Minority Small Business and Capital Ownership Development. The Division shall be headed by a Director who shall report directly to the Associate Administrator for Minority Small Business and Capital Ownership Development. The Division shall establish field offices within such regional offices of the Administration as may be necessary to perform efficiently its functions and responsibilities.

(F) Subject to the provisions of section 8(a)(9), the functions and responsibility of the Division are to—

(i) receive, review and evaluate applications for certification pursuant to paragraphs (4), (5), (6) and (7) of section 8(a);

(ii) advise each program applicant within 15 days after the receipt of an application as to whether such application is complete and suitable for evaluation and, if not, what matters must be rectified;

(iii) render recommendations on such applications to the Associate Administrator for Minority Small Business and Capital Ownership Development;

(iv) review and evaluate financial statements and other submissions from concerns participating in the program established by paragraph (10) to ascertain continued eligibility to receive subcontracts pursuant to section 8(a);

(v) make a request for the initiation of termination or graduation proceedings, as appropriate, to the Associate Administrator for Minority Small Business and Capital Ownership Development;

(vi) make recommendations to the Associate Administrator for Minority Small Business and Capital Ownership Development concerning protests from applicants that have been denied program admission;

(vii) decide protests regarding the status of a concern as a disadvantaged concern for purposes of any program or activity conducted under the authority of subsection (d) of section 8, or

any other provision of Federal law that references such subsection for a definition of program eligibility; and

(vii) implement such policy directives as may be issued by the Associate Administrator for Minority Small Business and Capital Ownership Development pursuant to subparagraph (I) regarding, among other things, the geographic distribution of concerns to be admitted to the program and the industrial make-up of such concerns.

(G) An applicant shall not be denied admission into the program established by paragraph (10) due solely to a determination by the Division that specific contract opportunities are unavailable to assist in the development of such concern unless—

(i) the Government has not previously procured and is unlikely to procure the types of products or services offered by the concern; or

(ii) the purchases of such products or services by the Federal Government will not be in quantities sufficient to support the developmental needs of the applicant and other Program Participants providing the same or similar items or services.

(H) Not later than 90 days after receipt of a completed application for Program certification, the Associate Administrator for Minority Small Business and Capital Ownership Development shall certify a small business concern as a Program Participant or shall deny such application.

(I) Thirty days before the conclusion of each fiscal year, the Director of the Division shall review all concerns that have been admitted into the Program during the preceding 12-month period. The review shall ascertain the number of entrants, their geographic distribution and industrial classification. The Director shall also estimate the expected growth of the Program during the next fiscal year and the number of additional Business Opportunity Specialists, if any, that will be needed to meet the anticipated demand for the Program. The findings and conclusions of the Director shall be reported to the Associate Administrator for Minority Small Business and Capital Ownership Development by September 30 of each year. Based on such report and such additional data as may be relevant, the Associate Administrator shall, by October 31 of each year, issue policy and program directives applicable to such fiscal year that—

(i) establish priorities for the solicitation of program applications from underrepresented regions and industry categories;

(ii) assign staffing levels and allocate other program resources as necessary to meet program needs; and

(iii) establish priorities in the processing and admission of new Program Participants as may be necessary to achieve an equitable geographic distribution of concerns and a distribution of concerns across all industry categories in proportions needed to increase significantly contract awards to small business concerns owned and controlled by socially and economically disadvantaged individuals. When considering such increase the Administration shall give due consideration to those industrial categories where Federal purchases have been substantial but where the participation rate of such concerns has been limited.

(12)(A) The Administration shall segment the Capital Ownership Development Program into two stages: a developmental stage; and a transitional stage.

(B) The developmental stage of program participation shall be designed to assist the concern in its effort to overcome its economic disadvantage by providing such assistance as may be necessary and appropriate to access its markets and to strengthen its financial and managerial skills.

(C) The transitional stage of program participation shall be designed to overcome, insofar as practicable, the remaining elements of economic disadvantage and to prepare such concern for graduation from the program.

(13) A Program Participant, if otherwise eligible, shall be qualified to receive the following assistance during the stages of program participation specified in paragraph 12:

(A) Contract support pursuant to section 8(a).

(B) Financial assistance pursuant to section 7(a)(20).

(C) A maximum of two exemptions from the requirements of section 1(a) of the Act entitled "An Act providing conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes", approved June 30, 1936 (49 Stat. 2036), which exemptions shall apply only to contracts awarded pursuant to section (8)(a) and shall only be used to allow for contingent agreements by a small business concern to acquire the machinery, equipment, facilities, or labor needed to perform such contracts. No exemption shall be made pursuant to this subparagraph if the contract to which it pertains has an anticipated value in excess of \$10,000,000. This subparagraph shall cease to be effective on October 1, 1992.

(D) A maximum of five exemptions from the requirements of the Act entitled "An Act requiring contracts for the construction, alteration and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public works", approved August 24, 1935 (49 Stat. 793), which exemptions shall apply only to contracts awarded pursuant to section 8(a), except that, such exemptions may be granted under this subparagraph only if—

(i) the Administration finds that such concern is unable to obtain the requisite bond or bonds from a surety and that no surety is willing to issue a bond subject to the guarantee provision of title IV of the Small Business Investment Act of 1958 (15 U.S.C. 692 et seq.);

(ii) the Administration and the agency providing the contracting opportunity have provided for the protection of persons furnishing materials or labor to the Program Participant by arranging for the direct disbursement of funds due to such persons by the procuring agency or through any bank the deposits of which are insured by the Federal Deposit Insurance Corporation; and

(iii) the contract to which it pertains does not exceed \$3,000,000 in amount. This subparagraph shall cease to be effective on October 1, 1994.

(E) Financial assistance whereby the Administration may purchase in whole or in part, and on behalf of such concerns, skills training or upgrading for employees or potential employees of such concerns. Such assistance may be made without regard to section 18(a). Assistance may be made by direct payment to the training provider or by reimbursing the Program Participant or the Participant's employee, if such reimbursement is found to be reasonable and appropriate. For purposes of this subparagraph the term "training provider" shall mean an institution of higher education, a community or vocational college, or an institution eligible to provide skills training or upgrading under title I of the Workforce Innovation and Opportunity Act. The Administration shall, in consultation with the Secretary of Labor, promulgate rules and regulations to implement this subparagraph that establish acceptable training and upgrading performance standards and provide for such monitoring or audit requirements as may be necessary to ensure the integrity of the training effort. No financial assistance shall be granted under the subparagraph unless the Administrator determines that—

(i) such concern has documented that it has first explored the use of existing cost-free or cost-subsidized training programs offered by public and private sector agencies working with programs of employment and training and economic development;

(ii) no more than five employees or potential employees of such concern are recipients of any benefits under this subparagraph at any one time;

(iii) no more than \$2,500 shall be made available for any one employee or potential employee;

(iv) the length of training or upgrading financed by this subparagraph shall be no less than one month nor more than six months;

(v) such concern has given adequate assurance it will employ the trainee or upgraded employee for at least six months after the training or upgrading financed by this subparagraph has been completed and each trainee or upgraded employee has provided a similar assurance to remain within the employ of such concern for such period; if such concern, trainee, or upgraded employee breaches this agreement, the Administration shall be entitled to and shall make diligent efforts to obtain from the violating party the repayment of all funds expended on behalf of the violating party, such repayment shall be made to the Administration together with such interest and costs of collection as may be reasonable; the violating party shall be barred from receiving any further assistance under this subparagraph;

(vi) the training to be financed may take place either at such concern's facilities or at those of the training provider; and

(vii) such concern will maintain such records as the Administration deems appropriate to ensure that the provisions of this paragraph and any other applicable law have not been violated.

(F)(i) The transfer of technology or surplus property owned by the United States to such a concern. Activities designed to effect such transfer shall be developed in cooperation with the heads of Federal agencies and shall include the transfer by grant, license, or sale of such technology or property to such a concern. Such property may be transferred to Program Participants on a priority basis. Technology or property transferred under this subparagraph shall be used by the concern during the normal conduct of its business operation and shall not be sold or transferred to any other party (other than the Government) during such concern's term of participation in the Program and for one year thereafter.

(ii)(I) In this clause—

(aa) the term “covered period” means the 2-year period beginning on the date on which the President declared the applicable major disaster; and

(bb) the term “disaster area” means the area for which the President has declared a major disaster, during the covered period.

(II) The Administrator may transfer technology or surplus property under clause (i) on a priority basis to a small business concern located in a disaster area if—

(aa) the small business concern meets the requirements for such a transfer, without regard to whether the small business concern is a Program Participant; and

(bb) for a small business concern that is a Program Participant, on and after the date on which the President declared the applicable major disaster, the small business concern has not received property under this subparagraph on the basis of the status of the small business concern as a Program Participant.

(III) For any transfer of property under this clause to a small business concern, the terms and conditions shall be the same as a transfer to a Program Participant, except that the small business concern shall agree not to sell or transfer the property to any party other than the Federal Government during the covered period.

(IV) A small business concern that receives a transfer of property under this clause may not receive a transfer of property under clause (i) during the covered period.

(V) If a small business concern sells or transfers property in violation of the agreement described in subclause (III), the Administrator may initiate proceedings to prohibit the small business concern from receiving a transfer of property under this clause or clause (i), in addition to any other remedy available to the Administrator.

(G) Training assistance whereby the Administration shall conduct training sessions to assist individuals and enterprises eligible to receive contracts under section 8(a) in the develop-

ment of business principles and strategies to enhance their ability to successfully compete for contracts in the marketplace.

(H) Joint ventures, leader-follower arrangements, and teaming agreements between the Program Participant and other Program Participants and other business concerns with respect to contracting opportunities for the research, development, full-scale engineering or production of major systems. Such activities shall be undertaken on the basis of programs developed by the agency responsible for the procurement of the major system, with the assistance of the Administration.

(I) Transitional management business planning training and technical assistance.

(J) Program Participants in the developmental stage of Program participation shall be eligible for the assistance provided by subparagraphs (A), (B), (C), (D), (E), (F), and (G).

(14) Program Participants in the transitional stage of Program participation shall be eligible for the assistance provided by subparagraphs (A), (B), (F), (G), (H), and (I) of paragraph (13).

(15) Subject to the provisions of paragraph (10)(C), a small business concern may receive developmental assistance under the Program and contracts under section 8(a) for a total period of not longer than nine years, measured from the date of its certification under the authority of such section, of which—

(A) no more than four years may be spent in the developmental stage of Program Participation; and

(B) no more than five years may be spent in the transitional stage of Program Participation.

(16)(A) The Administrator shall develop and implement a process for the systematic collection of data on the operations of the Program established pursuant to paragraph (10).

(B) Not later than April 30 of each year, the Administrator shall submit a report to the Congress on the Program that shall include the following:

(i) The average personal net worth of individuals who own and control concerns that were initially certified for participation in the Program during the immediately preceding fiscal year. The Administrator shall also indicate the dollar distribution of net worths, at \$50,000 increments, of all such individuals found to be socially and economically disadvantaged. For the first report required pursuant to this paragraph the Administrator shall also provide the data specified in the preceding sentence for all eligible individuals in the Program as of the effective date of this paragraph.

(ii) A description and estimate of the benefits and costs that have accrued to the economy and the Government in the immediately preceding fiscal year due to the operations of those business concerns that were performing contracts awarded pursuant to section 8(a).

(iii) A compilation and evaluation of those business concerns that have exited the Program during the immediately preceding three fiscal years. Such compilation and evaluation shall detail the number of concerns actively engaged in business operations, those that have ceased or substantially curtailed such operations, including the reasons for such actions, and those concerns that have been acquired by other firms or

organizations owned and controlled by other than socially and economically disadvantaged individuals. For those businesses that have continued operations after they exited from the Program, the Administrator shall also separately detail the benefits and costs that have accrued to the economy during the immediately preceding fiscal year due to the operations of such concerns.

(iv) A listing of all participants in the Program during the preceding fiscal year identifying, by State and by Region, for each firm: the name of the concern, the race or ethnicity, and gender of the disadvantaged owners, the dollar value of all contracts received in the preceding year, the dollar amount of advance payments received by each concern pursuant to contracts awarded under section 8(a), and a description including (if appropriate) an estimate of the dollar value of all benefits received pursuant to paragraphs (13) and (14) and section 7(a)(20) during such year.

(v) The total dollar value of contracts and options awarded during the preceding fiscal year pursuant to section 8(a) and such amount expressed as a percentage of total sales of (I) all firms participating in the Program during such year; and (II) of firms in each of the nine years of program participation.

(vi) A description of such additional resources or program authorities as may be required to provide the types of services needed over the next two-year period to service the expected portfolio of firms certified pursuant to section 8(a).

(vii) The total dollar value of contracts and options awarded pursuant to section 8(a), at such dollar increments as the Administrator deems appropriate, for each four digit standard industrial classification code under which such contracts and options were classified.

(C) The first report required by subparagraph (B) shall pertain to fiscal year 1990.

(k) In carrying out its functions under subsections 7(i), 7(j), and 8(a) of this Act, the Administration is authorized—

(1) to utilize, with their consent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or political subdivision of a State, accept and utilize the services and facilities of such State or subdivision without reimbursement;

(2) to accept, in the name of the Administration, and employ or dispose of in furtherance of the purposes of this Act, any money or property, real, personal, or mixed, tangible, or intangible, received by gift, device, bequest, or otherwise;

(3) to accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 655(b)); and

(4) to employ experts and consultants or organizations thereof as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), except that no individual may be employed under the authority of this subsection for more than one hundred days in any fiscal year; to compensate individuals so employed at rates not in excess of the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code, including traveltime; and to allow them, while

away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) a authorized by section 5 of such Act (5 U.S.C. 73b-2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually.

(I) SMALL BUSINESS INTERMEDIARY LENDING PILOT PROGRAM.—

(1) DEFINITIONS.—In this subsection—

(A) the term “eligible intermediary”—

(i) means a private, nonprofit entity that—

(I) seeks or has been awarded a loan from the Administrator to make loans to small business concerns under this subsection; and

(II) has not less than 1 year of experience making loans to startup, newly established, or growing small business concerns; and

(ii) includes—

(I) a private, nonprofit community development corporation;

(II) a consortium of private, nonprofit organizations or nonprofit community development corporations; and

(III) an agency of or nonprofit entity established by a Native American Tribal Government; and

(B) the term “Program” means the small business intermediary lending pilot program established under paragraph (2).

(2) ESTABLISHMENT.—There is established a 3-year small business intermediary lending pilot program, under which the Administrator may make direct loans to eligible intermediaries, for the purpose of making loans to startup, newly established, and growing small business concerns.

(3) PURPOSES.—The purposes of the Program are—

(A) to assist small business concerns in areas suffering from a lack of credit due to poor economic conditions or changes in the financial market; and

(B) to establish a loan program under which the Administrator may provide loans to eligible intermediaries to enable the eligible intermediaries to provide loans to startup, newly established, and growing small business concerns for working capital, real estate, or the acquisition of materials, supplies, or equipment.

(4) LOANS TO ELIGIBLE INTERMEDIARIES.—

(A) APPLICATION.—Each eligible intermediary desiring a loan under this subsection shall submit an application to the Administrator that describes—

(i) the type of small business concerns to be assisted;

(ii) the size and range of loans to be made;

(iii) the interest rate and terms of loans to be made;

(iv) the geographic area to be served and the economic, poverty, and unemployment characteristics of the area;

(v) the status of small business concerns in the area to be served and an analysis of the availability of credit; and

(vi) the qualifications of the applicant to carry out this subsection.

(B) LOAN LIMITS.—No loan may be made to an eligible intermediary under this subsection if the total amount outstanding and committed to the eligible intermediary by the Administrator would, as a result of such loan, exceed \$1,000,000 during the participation of the eligible intermediary in the Program.

(C) LOAN DURATION.—Loans made by the Administrator under this subsection shall be for a term of 20 years.

(D) APPLICABLE INTEREST RATES.—Loans made by the Administrator to an eligible intermediary under the Program shall bear an annual interest rate equal to 1.00 percent.

(E) FEES; COLLATERAL.—The Administrator may not charge any fees or require collateral with respect to any loan made to an eligible intermediary under this subsection.

(F) DELAYED PAYMENTS.—The Administrator shall not require the repayment of principal or interest on a loan made to an eligible intermediary under the Program during the 2-year period beginning on the date of the initial disbursement of funds under that loan.

(G) MAXIMUM PARTICIPANTS AND AMOUNTS.—During each of fiscal years 2011, 2012, and 2013, the Administrator may make loans under the Program—

- (i) to not more than 20 eligible intermediaries; and
- (ii) in a total amount of not more than \$20,000,000.

(5) LOANS TO SMALL BUSINESS CONCERNS.—

(A) IN GENERAL.—The Administrator, through an eligible intermediary, shall make loans to startup, newly established, and growing small business concerns for working capital, real estate, and the acquisition of materials, supplies, furniture, fixtures, and equipment.

(B) MAXIMUM LOAN.—An eligible intermediary may not make a loan under this subsection of more than \$200,000 to any 1 small business concern.

(C) APPLICABLE INTEREST RATES.—A loan made by an eligible intermediary to a small business concern under this subsection, may have a fixed or a variable interest rate, and shall bear an interest rate specified by the eligible intermediary in the application of the eligible intermediary for a loan under this subsection.

(D) REVIEW RESTRICTIONS.—The Administrator may not review individual loans made by an eligible intermediary to a small business concern before approval of the loan by the eligible intermediary.

(6) TERMINATION.—The authority of the Administrator to make loans under the Program shall terminate 3 years after the date of enactment of the Small Business Job Creation and Access to Capital Act of 2010.

(m) MICROLOAN PROGRAM.—

(1)(A) PURPOSES.—The purposes of the Microloan Program are—

(i) to assist women, low-income, veteran (within the meaning of such term under section 3(q)), and minority entrepreneurs and business owners and other individuals possessing the capability to operate successful business concerns;

(ii) to assist small business concerns in those areas suffering from a lack of credit due to economic downturns;

(iii) to establish a microloan program to be administered by the Small Business Administration—

(I) to make loans to eligible intermediaries to enable such intermediaries to provide small-scale loans, particularly loans in amounts averaging not more than \$10,000, to startup, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment;

(II) to make grants to eligible intermediaries that, together with non-Federal matching funds, will enable such intermediaries to provide intensive marketing, management, and technical assistance to microloan borrowers;

(III) to make grants to eligible nonprofit entities that, together with non-Federal matching funds, will enable such entities to provide intensive marketing, management, and technical assistance to assist low-income entrepreneurs and other low-income individuals obtain private sector financing for their businesses, with or without loan guarantees; and

(IV) to report to the Committees on Small Business of the Senate and the House of Representatives on the effectiveness of the microloan program and the advisability and feasibility of implementing such a program nationwide; and

(iv) to establish a welfare-to-work microloan initiative, which shall be administered by the Administration, in order to test the feasibility of supplementing the technical assistance grants provided under clauses (ii) and (iii) of subparagraph (B) to individuals who are receiving assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or under any comparable State funded means tested program of assistance for low-income individuals, in order to adequately assist those individuals in—

(I) establishing small businesses; and

(II) eliminating their dependence on that assistance.

(B) ESTABLISHMENT.—There is established a microloan program, under which the Administration may—

(i) make direct loans to eligible intermediaries, as provided under paragraph (3), for the purpose of making short-term, fixed interest rate microloans to startup, newly established, and growing small business concerns under paragraph (6);

(ii) in conjunction with such loans and subject to the requirements of paragraph (4), make grants to such intermediaries for the purpose of providing intensive marketing, management, and technical assistance to small

business concerns that are borrowers under this subsection; and

(iii) subject to the requirements of paragraph (5), make grants to nonprofit entities for the purpose of providing marketing, management, and technical assistance to low-income individuals seeking to start or enlarge their own businesses, if such assistance includes working with the grant recipient to secure loans in amounts not to exceed \$50,000 from private sector lending institutions, with or without a loan guarantee from the nonprofit entity.

(2) ELIGIBILITY FOR PARTICIPATION.—An intermediary shall be eligible to receive loans and grants under subparagraphs (B)(i) and (B)(ii) of paragraph (1) if it—

(A) meets the definition in paragraph (10); and

(B) has at least 1 year of experience making microloans to startup, newly established, or growing small business concerns and providing, as an integral part of its microloan program, intensive marketing, management, and technical assistance to its borrowers.

(3) LOANS TO INTERMEDIARIES.—

(A) INTERMEDIARY APPLICATIONS.—(i) IN GENERAL.—As part of its application for a loan, each intermediary shall submit a description to the Administration of—

(I) the type of businesses to be assisted;

(II) the size and range of loans to be made;

(III) the geographic area to be served and its economic, poverty, and unemployment characteristics;

(IV) the status of small business concerns in the area to be served and an analysis of their credit and technical assistance needs;

(V) any marketing, management, and technical assistance to be provided in connection with a loan made under this subsection;

(VI) the local economic credit markets, including the costs associated with obtaining credit locally;

(VII) the qualifications of the applicant to carry out the purpose of this subsection; and

(VIII) any plan to involve other technical assistance providers (such as counselors from the Service Corps of Retired Executives or small business development centers) or private sector lenders in assisting selected business concerns.

(ii) SELECTION OF INTERMEDIARIES.—In selecting intermediaries to participate in the program established under this subsection, the Administration shall give priority to those applicants that provide loans in amounts averaging not more than \$10,000.

(B) INTERMEDIARY CONTRIBUTION.—As a condition of any loan made to an intermediary under subparagraph (B)(i) of paragraph (1), the Administrator shall require the intermediary to contribute not less than 15 percent of the loan amount in cash from non-Federal sources.

(C) LOAN LIMITS.—Notwithstanding subsection (a)(3), no loan shall be made under this subsection if the total amount outstanding and committed to one intermediary

(excluding outstanding grants) from the business loan and investment fund established by this Act would, as a result of such loan, exceed \$750,000 in the first year of such intermediary's participation in the program, and \$5,000,000 in the remaining years of the intermediary's participation in the program.

(D)(i) IN GENERAL.—The Administrator shall, by regulation, require each intermediary to establish a loan loss reserve fund, and to maintain such reserve fund until all obligations owed to the Administration under this subsection are repaid.

(ii) LEVEL OF LOAN LOSS RESERVE FUND.—

(I) IN GENERAL.—Subject to subclause (III), the Administrator shall require the loan loss reserve fund of an intermediary to be maintained at a level equal to 15 percent of the outstanding balance of the notes receivable owed to the intermediary.

(II) REVIEW OF LOAN LOSS RESERVE.—After the initial 5 years of an intermediary's participation in the program authorized by this subsection, the Administrator shall, at the request of the intermediary, conduct a review of the annual loss rate of the intermediary. Any intermediary in operation under this subsection prior to October 1, 1994, that requests a reduction in its loan loss reserve shall be reviewed based on the most recent 5-year period preceding the request.

(III) REDUCTION OF LOAN LOSS RESERVE.—Subject to the requirements of clause IV, the Administrator may reduce the annual loan loss reserve requirement of an intermediary to reflect the actual average loan loss rate for the intermediary during the preceding 5-year period, except that in no case shall the loan loss reserve be reduced to less than 10 percent of the outstanding balance of the notes receivable owed to the intermediary.

(IV) REQUIREMENTS.—The Administrator may reduce the annual loan loss reserve requirement of an intermediary only if the intermediary demonstrates to the satisfaction of the Administrator that—

(aa) the average annual loss rate for the intermediary during the preceding 5-year period is less than 15 percent; and

(bb) that no other factors exist that may impair the ability of the intermediary to repay all obligations owed to the Administration under this subsection.

(E) UNAVAILABILITY OF COMPARABLE CREDIT.—An intermediary may make a loan under this subsection of more than \$20,000 to a small business concern only if such small business concern demonstrates that it is unable to obtain credit elsewhere at comparable interest rates and that it has good prospects for success. In no case shall an intermediary make a loan under this subsection of more

than \$50,000, or have outstanding or committed to any 1 borrower more than \$50,000.

(F) LOAN DURATION; INTEREST RATES.—

(i) LOAN DURATION.—Loans made by the Administration under this subsection shall be for a term of 10 years.

(ii) APPLICABLE INTEREST RATES.—Except as provided in clause (iii), loans made by the Administration under this subsection to an intermediary shall bear an interest rate equal to 1.25 percentage points below the rate determined by the Secretary of the Treasury for obligations of the United States with a period of maturity of 5 years, adjusted to the nearest one-eighth of 1 percent.

(iii) RATES APPLICABLE TO CERTAIN SMALL LOANS.—Loans made by the Administration to an intermediary that makes loans to small business concerns and entrepreneurs averaging not more than \$7,500, shall bear an interest rate that is 2 percentage points below the rate determined by the Secretary of the Treasury for obligations of the United States with a period of maturity of 5 years, adjusted to the nearest one-eighth of 1 percent.

(iv) RATES APPLICABLE TO MULTIPLE SITES OR OFFICES.—The interest rate prescribed in clause (ii) or (iii) shall apply to each separate loan-making site or office of 1 intermediary only if such site or office meets the requirements of that clause.

(v) RATE BASIS.—The applicable rate of interest under this paragraph shall—

(I) be applied retroactively for the first year of an intermediary's participation in the program, based upon the actual lending practices of the intermediary as determined by the Administration prior to the end of such year; and

(II) be based in the second and subsequent years of an intermediary's participation in the program, upon the actual lending practices of the intermediary during the term of the intermediary's participation in the program.

(vi) COVERED INTERMEDIARIES.—The interest rates prescribed in this subparagraph shall apply to all loans made to intermediaries under this subsection on or after October 28, 1991.

(G) DELAYED PAYMENTS.—The Administration shall not require repayment of interest or principal of a loan made to an intermediary under this subsection during the first year of the loan.

(H) FEES; COLLATERAL.—Except as provided in subparagraphs (B) and (D), the Administration shall not charge any fees or require collateral other than an assignment of the notes receivable of the microloans with respect to any loan made to an intermediary under this subsection.

(4) MARKETING, MANAGEMENT AND TECHNICAL ASSISTANCE GRANTS TO INTERMEDIARIES.—Grants made in accordance with

subparagraph (B)(ii) of paragraph (1) shall be subject to the following requirements:

(A) GRANT AMOUNTS.—Except as otherwise provided in subparagraph (C) and subject to subparagraph (B), each intermediary that receives a loan under subparagraph (B)(i) of paragraph (1) shall be eligible to receive a grant to provide marketing, management, and technical assistance to small business concerns that are borrowers under this subsection. Except as provided in subparagraph (C), each intermediary meeting the requirements of subparagraph (B) may receive a grant of not more than 25 percent of the total outstanding balance of loans made to it under this subsection.

(B) CONTRIBUTION.—As a condition of a grant made under subparagraph (A), the Administrator shall require the intermediary to contribute an amount equal to 25 percent of the amount of the grant, obtained solely from non-Federal sources. In addition to cash or other direct funding, the contribution may include indirect costs or in-kind contributions paid for under non-Federal programs.

(C) ADDITIONAL TECHNICAL ASSISTANCE GRANTS FOR MAKING CERTAIN LOANS.—

(i) IN GENERAL.—In addition to grants made under subparagraph (A), each intermediary shall be eligible to receive a grant equal to 5 percent of the total outstanding balance of loans made to the intermediary under this subsection if—

(I) the intermediary provides not less than 25 percent of its loans to small business concerns located in or owned by one or more residents of an economically distressed area; or

(II) the intermediary has a portfolio of loans made under this subsection that averages not more than \$10,000 during the period of the intermediary's participation in the program.

(ii) PURPOSES.—A grant awarded under clause (i) may be used to provide marketing, management, and technical assistance to small business concerns that are borrowers under this subsection.

(iii) CONTRIBUTION EXCEPTION.—The contribution requirements in subparagraph (B) do not apply to grants made under this subparagraph.

(D) ELIGIBILITY FOR MULTIPLE SITES OR OFFICES.—The eligibility for a grant described in subparagraph (A) or (C) shall be determined separately for each loan-making site or office of 1 intermediary.

(E) ASSISTANCE TO CERTAIN SMALL BUSINESS CONCERNS.—

(i) IN GENERAL.—Each intermediary may expend an amount not to exceed ~~25~~ 50 percent of the grant funds received under paragraph (1)(B)(ii) to provide information and technical assistance to small business concerns that are prospective borrowers under this subsection.

(ii) TECHNICAL ASSISTANCE.—An intermediary may expend not more than **[25]** 50 percent of the funds received under paragraph (1)(B)(ii) to enter into third party contracts for the provision of technical assistance.

(F) SUPPLEMENTAL GRANT.—

(i) IN GENERAL.—The Administration may accept any funds transferred to the Administration from other departments or agencies of the Federal Government to make grants in accordance with this subparagraph and section 202(b) of the Small Business Reauthorization Act of 1997 to participating intermediaries and technical assistance providers under paragraph (5), for use in accordance with clause (iii) to provide additional technical assistance and related services to recipients of assistance under a State program described in paragraph (1)(A)(iv) at the time they initially apply for assistance under this subparagraph.

(ii) ELIGIBLE RECIPIENTS; GRANT AMOUNTS.—In making grants under this subparagraph, the Administration may select, from among participating intermediaries and technical assistance providers described in clause (i), not more than 20 grantees in fiscal year 1998, not more than 25 grantees in fiscal year 1999, and not more than 30 grantees in fiscal year 2000, each of whom may receive a grant under this subparagraph in an amount not to exceed \$200,000 per year.

(iii) USE OF GRANT AMOUNTS.—Grants under this subparagraph—

(I) are in addition to other grants provided under this subsection and shall not require the contribution of matching amounts as a condition of eligibility; and

(II) may be used by a grantee—

(aa) to pay or reimburse a portion of child care and transportation costs of recipients of assistance described in clause (i), to the extent such costs are not otherwise paid by State block grants under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) or under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

(bb) for marketing, management, and technical assistance to recipients of assistance described in clause (i).

(iv) MEMORANDUM OF UNDERSTANDING.—Prior to accepting any transfer of funds under clause (i) from a department or agency of the Federal Government, the Administration shall enter into a Memorandum of Understanding with the department or agency, which shall—

(I) specify the terms and conditions of the grants under this subparagraph; and

(II) provide for appropriate monitoring of expenditures by each grantee under this subparagraph and each recipient of assistance described in clause (i) who receives assistance from a grantee under this subparagraph, in order to ensure compliance with this subparagraph by those grantees and recipients of assistance.

(5) PRIVATE SECTOR BORROWING TECHNICAL ASSISTANCE GRANTS.—Grants made in accordance with subparagraph (B)(iii) of paragraph (1) shall be subject to the following requirements:

(A) GRANT AMOUNTS.—Subject to the requirements of subparagraph (B), the Administration may make not more than 55 grants annually, each in amounts not to exceed \$200,000 for the purposes specified in subparagraph (B)(iii) of paragraph (1).

(B) CONTRIBUTION.—As a condition of any grant made under subparagraph (A), the Administration shall require the grant recipient to contribute an amount equal to 20 percent of the amount of the grant, obtained solely from non-Federal sources. In addition to cash or other direct funding, the contribution may include indirect costs or in-kind contributions paid for under non-Federal programs.

(6) LOANS TO SMALL BUSINESS CONCERNS FROM ELIGIBLE INTERMEDIARIES.—

(A) IN GENERAL.—An eligible intermediary shall make short-term, fixed rate loans to startup, newly established, and growing small business concerns from the funds made available to it under subparagraph (B)(i) of paragraph (1) for working capital and the acquisition of materials, supplies, furniture, fixtures, and equipment.

(B) PORTFOLIO REQUIREMENT.—To the extent practicable, each intermediary that operates a microloan program under this subsection shall maintain a microloan portfolio with an average loan size of not more than \$15,000.

(C) INTEREST LIMIT.—Notwithstanding any provision of the laws of any State or the constitution of any State pertaining to the rate or amount of interest that may be charged, taken, received, or reserved on a loan, the maximum rate of interest to be charged on a microloan funded under this subsection shall not exceed the rate of interest applicable to a loan made to an intermediary by the Administration—

(i) in the case of a loan of more than \$7,500 made by the intermediary to a small business concern or entrepreneur by more than 7.75 percentage points; and

(ii) in the case of a loan of not more than \$7,500 made by the intermediary to a small business concern or entrepreneur by more than 8.5 percentage points.

(D) REVIEW RESTRICTION.—The Administration shall not review individual microloans made by intermediaries prior to approval.

(E) ESTABLISHMENT OF CHILD CARE OR TRANSPORTATION BUSINESSES.—In addition to other eligible small businesses concerns, borrowers under any program under this sub-

section may include individuals who will use the loan proceeds to establish for-profit or nonprofit child care establishments or businesses providing for-profit transportation services.

(7) PROGRAM FUNDING FOR MICROLOANS.—

(A) NUMBER OF PARTICIPANTS.—Under the program authorized by this subsection, the Administration may fund, on a competitive basis, not more than 300 intermediaries.

(B) ALLOCATION.—

(i) MINIMUM ALLOCATION.—Subject to the availability of appropriations, of the total amount of new loan funds made available for award under this subsection in each fiscal year, the Administration shall make available for award in each State (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) an amount equal to the sum of—

(I) the lesser of—

(aa) \$800,000; or

(bb) $\frac{1}{55}$ of the total amount of new loan funds made available for award under this subsection for that fiscal year; and

(II) any additional amount, as determined by the Administration.

(ii) REDISTRIBUTION.—If, at the beginning of the third quarter of a fiscal year, the Administration determines that any portion of the amount made available to carry out this subsection is unlikely to be made available under clause (i) during that fiscal year, the Administration may make that portion available for award in any one or more States (including the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, and American Samoa) without regard to clause (i).

(8) EQUITABLE DISTRIBUTION OF INTERMEDIARIES.—In approving microloan program applicants and providing funding to intermediaries under this subsection, the Administration shall select and provide funding to such intermediaries as will ensure appropriate availability of loans for small businesses in all industries located throughout each State, particularly those located in urban and in rural areas.

(9) GRANTS FOR MANAGEMENT, MARKETING, TECHNICAL ASSISTANCE, AND RELATED SERVICES.—

(A) IN GENERAL.—The Administration may procure technical assistance for intermediaries participating in the Microloan Program to ensure that such intermediaries have the knowledge, skills, and understanding of microlending practices necessary to operate successful microloan programs.

(B) ASSISTANCE AMOUNT.—The Administration shall transfer 7 percent of its annual appropriation for loans and loan guarantees under this subsection to the Administration's Salaries and Expense Account for the specific purpose of providing 1 or more technical assistance grants to experienced microlending organizations and national and

regional nonprofit organizations that have demonstrated experience in providing training support for microenterprise development and financing. to achieve the purpose set forth in subparagraph (A).

(C) WELFARE-TO-WORK MICROLOAN INITIATIVE.—Of amounts made available to carry out the welfare-to-work microloan initiative under paragraph (1)(A)(iv) in any fiscal year, the Administration may use not more than 5 percent to provide technical assistance, either directly or through contractors, to welfare-to-work microloan initiative grantees, to ensure that, as grantees, they have the knowledge, skills, and understanding of microlending and welfare-to-work transition, and other related issues, to operate a successful welfare-to-work microloan initiative.

(10) REPORT TO CONGRESS.—On November 1, 1995, the Administration shall submit to the Committees on Small Business of the Senate and the House of Representatives a report, including the Administration's evaluation of the effectiveness of the first 3½ years of the microloan program and the following:

(A) the numbers and locations of the intermediaries funded to conduct microloan programs;

(B) the amounts of each loan and each grant to intermediaries;

(C) a description of the matching contributions of each intermediary;

(D) the numbers and amounts of microloans made by the intermediaries to small business concern borrowers;

(E) the repayment history of each intermediary;

(F) a description of the loan portfolio of each intermediary including the extent to which it provides microloans to small business concerns in rural areas; and

(G) any recommendations for legislative changes that would improve program operations.

(11) DEFINITIONS.—For purposes of this subsection—

(A) the term “intermediary” means—

(i) a private, nonprofit entity;

(ii) a private, nonprofit community development corporation;

(iii) a consortium of private, nonprofit organizations or nonprofit community development corporations;

(iv) a quasi-governmental economic development entity (such as a planning and development district), other than a State, county, municipal government, or any agency thereof, if—

(I) no application is received from an eligible nonprofit organization; or

(II) the Administration determines that the needs of a region or geographic area are not adequately served by an existing, eligible nonprofit organization that has submitted an application; or

(v) an agency of or nonprofit entity established by a Native American Tribal Government,

that seeks to borrow or has borrowed funds from the Administration to make microloans to small business concerns under this subsection;

(B) the term “microloan” means a short-term, fixed rate loan of not more than \$50,000, made by an intermediary to a startup, newly established, or growing small business concern;

(C) the term “rural area” means any political subdivision or unincorporated area—

(i) in a nonmetropolitan county (as defined by the Secretary of Agriculture) or its equivalent thereof; or

(ii) in a metropolitan county or its equivalent that has a resident population of less than 20,000 if the Small Business Administration has determined such political subdivision or area to be rural; and

(D) the term “economically distressed area”, as used in paragraph (4), means a county or equivalent division of local government of a State in which the small business concern is located, in which, according to the most recent data available from the Bureau of the Census, Department of Commerce, not less than 40 percent of residents have an annual income that is at or below the poverty level.

(12) DEFERRED PARTICIPATION LOAN PILOT.—In lieu of making direct loans to intermediaries as authorized in paragraph (1)(B), during fiscal years 1998 through 2000, the Administration may, on a pilot program basis, participate on a deferred basis of not less than 90 percent and not more than 100 percent on loans made to intermediaries by a for-profit or non-profit entity or by alliances of such entities, subject to the following conditions:

(A) NUMBER OF LOANS.—In carrying out this paragraph, the Administration shall not participate in providing financing on a deferred basis to more than 10 intermediaries in urban areas or more than 10 intermediaries in rural areas.

(B) TERM OF LOANS.—The term of each loan shall be 10 years. During the first year of the loan, the intermediary shall not be required to repay any interest or principal. During the second through fifth years of the loan, the intermediary shall be required to pay interest only. During the sixth through tenth years of the loan, the intermediary shall be required to make interest payments and fully amortize the principal.

(C) INTEREST RATE.—The interest rate on each loan shall be the rate specified by paragraph (3)(F) for direct loans.

(13) EVALUATION OF WELFARE-TO-WORK MICROLOAN INITIATIVE.—On January 31, 1999, and annually thereafter, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on any monies distributed pursuant to paragraph (4)(F).

(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RESERVISTS.—

(1) DEFINITIONS.—In this subsection:

(A) ELIGIBLE RESERVIST.—The term “eligible reservist” means a member of a reserve component of the Armed

Forces ordered to active duty during a period of military conflict.

(B) **ESSENTIAL EMPLOYEE.**—The term “essential employee” means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern.

(C) **PERIOD OF MILITARY CONFLICT.**—The term “period of military conflict” means—

- (i) a period of war declared by the Congress;
- (ii) a period of national emergency declared by the Congress or by the President; or
- (iii) a period of a contingency operation, as defined in section 101(a) of title 10, United States Code.

(D) **QUALIFIED BORROWER.**—The term “qualified borrower” means—

- (i) an individual who is an eligible reservist and who received a direct loan under subsection (a) or (b) before being ordered to active duty; or
- (ii) a small business concern that received a direct loan under subsection (a) or (b) before an eligible reservist, who is an essential employee, was ordered to active duty.

(2) **DEFERRAL OF DIRECT LOANS.**—

(A) **IN GENERAL.**—The Administration shall, upon written request, defer repayment of principal and interest due on a direct loan made under subsection (a) or (b), if such loan was incurred by a qualified borrower.

(B) **PERIOD OF DEFERRAL.**—The period of deferral for repayment under this paragraph shall begin on the date on which the eligible reservist is ordered to active duty and shall terminate on the date that is 180 days after the date such eligible reservist is discharged or released from active duty.

(C) **INTEREST RATE REDUCTION DURING DEFERRAL.**—Notwithstanding any other provision of law, during the period of deferral described in subparagraph (B), the Administration may, in its discretion, reduce the interest rate on any loan qualifying for a deferral under this paragraph.

(3) **DEFERRAL OF LOAN GUARANTEES AND OTHER FINANCINGS.**—The Administration shall—

(A) encourage intermediaries participating in the program under subsection (m) to defer repayment of a loan made with proceeds made available under that subsection, if such loan was incurred by a small business concern that is eligible to apply for assistance under subsection (b)(3); and

(B) not later than 30 days after the date of the enactment of this subsection, establish guidelines to—

- (i) encourage lenders and other intermediaries to defer repayment of, or provide other relief relating to, loan guarantees under subsection (a) and financings under section 504 of the Small Business Investment Act of 1958 that were incurred by small business concerns that are eligible to apply for assistance under

subsection (b)(3), and loan guarantees provided under subsection (m) if the intermediary provides relief to a small business concern under this paragraph; and

(ii) implement a program to provide for the deferral of repayment or other relief to any intermediary providing relief to a small business borrower under this paragraph.

* * * * *

SECTION 633 OF DIVISION E OF THE CONSOLIDATED APPROPRIATIONS ACT, 2017

SEC. 633. (a) For fiscal years 2016 through 2026, the Office of Personnel Management shall provide to each affected individual as defined in subsection (b) complimentary identity protection coverage that—

(1) is not less comprehensive than the complimentary identity protection coverage that the Office provided to affected individuals before the date of enactment of this Act; *and*

[(2) is effective for a period of not less than 10 years; and]

[(3)] (2) includes not less than \$5,000,000 in identity theft insurance.

(b) DEFINITION In this section, the term “affected individual” means any individual whose Social Security Number was compromised during—

(1) the data breach of personnel records of current and former Federal employees, at a network maintained by the Department of the Interior, that was announced by the Office of Personnel Management on June 4, 2015; or

(2) the data breach of systems of the Office of Personnel Management containing information related to the background investigations of current, former, and prospective Federal employees, and of other individuals.

LOCAL BUDGET AUTONOMY AMENDMENT ACT OF 2012

An Act To amend the District of Columbia Home Rule Act to provide for local budget autonomy.

Be It Enacted by the Council of the District of Columbia, [That this act may be cited as the “Local Budget Autonomy Amendment Act of 2012”].

[SEC. 2. The District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 777; D.C. Official Code § 1–201.01 *et seq.*), is amended as follows:

[(a) The table of contents is amended by striking the phrase “Sec. 446. Enactment of Appropriations by Congress” and inserting the phrase “Sec. 446. Enactment of local budget by Council” in its place.

[(b). Section 404(f) (D.C. Official Code § 1–204.04(f) is amended by striking the phrase “transmitted by the Chairman to the President of the United States” both times it appears and inserting the phrase “incorporated in the budget act and become law subject to the provisions of section 602(c)” in its place.

[(c) Section 412 (D.C. Official Code § 1-204.12) is amended by striking the phrase 14. “(other than an act to which section 446 applies)”.

[(d) Section 441(a) (D.C. Official Code § 1-204.41(a)) is amended—by striking the phrase “budget and accounting year.” and inserting the phrase “budget and accounting year. The District may change the fiscal year of the District by an act of the Council. If a change occurs, such fiscal year shall also constitute the budget and accounting year.” in its place.

[(e) Section 446 (D.C. Official Code § 1-204.46) is amended to read as follows:

["ENACTMENT OF LOCAL BUDGET BY COUNCIL.

["SEC. 446. (a) ADOPTION OF BUDGETS AND SUPPLEMENTS.—The Council, within 70 calendar days, or as otherwise provided by law, after receipt of the budget proposal from the Mayor, and after public hearing, and by a vote of a majority of the members present and voting, shall by act adopt the annual budget for the District of Columbia government. The federal portion of the annual budget shall be submitted by the Mayor to the President for transmission to Congress. The local portion of the annual budget shall be submitted by the Chairman of the Council to the Speaker of the House of Representatives pursuant to the procedure set forth in section 602(c). Any supplements to the annual budget shall also be adopted by act of the Council, after public hearing, by a vote of a majority of the members present and voting.

["(b) TRANSMISSION TO PRESIDENT DURING CONTROL YEARS.—In the case of a budget for a fiscal year which is a control year, the budget so adopted shall be submitted by the Mayor to the President for transmission by the President to the Congress; except, that the Mayor shall not transmit any such budget, or amendments or supplements to the budget, to the President until the completion of the budget procedures contained in this Act and the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

[(c) PROHIBITING OBLIGATIONS AND EXPENDITURES NOT AUTHORIZED UNDER BUDGET.—Except as provided in section 445A(b), section 446B, section 467(d), section 471(c), section 472(d)(2), section 475(e)(2), section 483(d), and subsections (f), (g), (h)(3), and (i)(3) of section 490, no amount may be obligated or expended by any officer or employee of the District of Columbia government unless—

["(1) such amount has been approved by an act of the Council (and then only in accordance with such authorization) and such act has been transmitted by the Chairman to the Congress and has completed the review process under section 602(c)(3); or

["(2) in the case of an amount obligated or expended during a control year, such amount has been approved by an Act of Congress (and then only in accordance with such authorization).

["(d) RESTRICTIONS ON REPROGRAMMING OF AMOUNTS.—After the adoption of the annual budget or a fiscal year (beginning with the annual budget for fiscal year 1995), no reprogramming of amounts in the budget may occur unless the Mayor submits to the Council a request for such reprogramming and the Council approves the request, but and only if any additional expenditures provided under

such request for an activity are offset by reductions in expenditures for another activity.

[(e) DEFINITION.—In this part, the term “control year” has the meaning given such term in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.”]

[(f) Section 446B(a) (D.C., Official Code § 1–204.46b(a)) is amended as follows:

[(1) Strike the phrase “the fourth sentence of section 446” and insert the phrase “section 446(c)” in its place.

[(2) Strike the phrase “approved by Act of Congress”.

[(g) Section 447 (D.C. Official Code § 1–204.47) is amended as follows:

[(1) Strike the phrase. “Act of Congress” each time it appears and insert the phrase “act of the Council (or Act of Congress, in the case of a year which is a control year)” in its place.

[(2) Strike the phrase “Acts of Congress” each time it appears and insert the phrase “acts of the Council (or Acts of Congress, in the case of a year which is a control year)” in its place.

[(h) Sections 467(d), 471(c), 472(d)(2), 475(e)(2), and 483(d), and 490(f), (g)(3), (h)(3), and (i)(3) are amended by striking the phrase “The fourth sentence of section 446” and inserting the phrase “Section 446(c)” in its place.

[SEC. 3. Applicability.

[Section 2 shall apply as of January 1, 2014.

[SEC. 4. Fiscal impact statement.

[The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1–206.02(c)(3)).

[SEC. 5. Effective date.

[This act shall take effect as provided in section 303 of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 784; D.C. Official Code § 1–203.03).]

DISTRICT OF COLUMBIA HOME RULE ACT

* * * * *

TITLE IV—THE DISTRICT CHARTER

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PART D—DISTRICT BUDGET AND FINANCIAL MANAGEMENT

Subpart 1—Budget and Financial Management

* * * * *

GENERAL AND SPECIAL FUNDS

SEC. 450. [The General Fund] (a) *IN GENERAL.*—*The General Fund* of the District shall be composed of those District revenues which on the effective date of this title are paid into the Treasury of the United States and credited either to the General Fund of the

District or its miscellaneous receipts, but shall not include any revenues which are applied by law to any special fund existing on the date of enactment of this title. The Council may from time to time establish such additional special funds as may be necessary for the efficient operation of the government of the District. All money received by any agency, officer, or employee of the District in its or his official capacity shall belong to the District government and shall be paid promptly to the Mayor for deposit in the appropriate fund, except that all money received by the District of Columbia Courts shall be deposited in the Treasury of the United States or the Crime Victims Fund.

(b) *APPLICATION OF FEDERAL APPROPRIATIONS PROCESS.*—*Nothing in this Act shall be construed as creating a continuing appropriation of the General Fund described in subsection (a). All funds provided for the District of Columbia shall be appropriated on an annual fiscal year basis through the Federal appropriations process. For each fiscal year, the District shall be subject to all applicable requirements of subchapter III of chapter 13 and subchapter II of chapter 15 of title 31, United States Code (commonly known as the “Anti-Deficiency Act”), the Budget and Accounting Act of 1921, and all other requirements and restrictions applicable to appropriations for such fiscal year.*

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TITLE VI—RESERVATION OF CONGRESSIONAL AUTHORITY

* * * * *

BUDGET PROCESS; LIMITATIONS ON BORROWING AND SPENDING

SEC. 603. (a) Nothing in this Act shall be construed as making any change in **[existing]** law, regulation, or basic procedure and practice relating to the respective roles of the Congress, the President, the Federal Office of Management and Budget, and the Comptroller General of the United States in the preparation, review, submission, examination, authorization, and appropriation of the total budget of the District of Columbia government**[.]**, or as *authorizing the District of Columbia to make any such change.*

(b)(1) No general obligation bonds (other than bonds to refund outstanding indebtedness) or Treasury capital project loans shall be issued during any fiscal year in an amount which would cause the amount of principal and interest required to be paid both serially and into a sinking fund in any fiscal year on the aggregate amounts of all outstanding general obligation bonds and such Treasury loans, to exceed 17 percent of the District revenues (less any fees or revenues directed to servicing revenue bonds, any revenues, charges, or fees dedicated for the purposes of water and sewer facilities described in section 490(a) (including fees or revenues directed to servicing or securing revenue bonds issued for such purposes), retirement contributions, revenues from retirement systems, and revenues derived from such Treasury loans and the sale or general obligation or revenue bonds) which the Mayor estimates, and the District of Columbia Auditor certifies, will be credited to the District during the fiscal year in which the bonds will be issued. Treasury capital project loans include all borrowing from the United States Treasury, except those funds advanced to the

District by the Secretary of the Treasury under the provisions of title VI of the District of Columbia Revenue Act of 1939.

(2) Obligations incurred pursuant to the authority contained in the District of Columbia Stadium Act of 1957 (71 Stat. 619; D.C. Code title 2, chapter 17, subchapter II), obligations incurred by the agencies transferred or established by sections 201 and 202, whether incurred before or after such transfer or establishment, and obligations incurred pursuant to general obligation bonds of the District of Columbia issued prior to October 1, 1996, for the financing of Department of Public Works, Water and Sewer Utility Administration capital projects, shall not be included in determining the aggregate amount of all outstanding obligations subject to the limitation specified in the preceding subsection.

(3) The 17 percent limitation specified in paragraph (1) shall be calculated in the following manner:

(A) Determine the dollar amount equivalent to 14 percent of the District revenues (less any fees or revenues directed to servicing revenue bonds, any revenues, charges, or fees dedicated for the purposes of water and sewer facilities described in section 490(a) (including fees or revenues directed to servicing or securing revenue bonds issued for such purposes), retirement, contributions, revenues from retirement systems, and revenues derived from such Treasury loans and the sale of general obligation or revenue bonds) which the Mayor estimates, and the District of Columbia Auditor certifies, will be credited to the District during the fiscal year for which the bonds will be issued.

(B) Determine the actual total amount of principal and interest to be paid in each fiscal year for all outstanding general obligation bonds (less the allocable portion of principal and interest to be paid during the year on general obligation bonds of the District of Columbia issued prior to October 1, 1996, for the financing of Department of Public Works, Water and Sewer Utility Administration capital projects) and such Treasury loans.

(C) Determine the amount of principal and interest to be paid during each fiscal year over the term of the proposed general obligation bond or such Treasury loan to be issued.

(D) If in any one fiscal year the sum arrived at by adding subparagraphs (B) and (C) exceeds the amount determined under subparagraph (A), then the proposed general obligation bond or such Treasury loan in subparagraph (C) cannot be issued.

(c) Except as provided in subsection (f), the Council shall not approve any budget which would result in expenditures being made by the District Government, during any fiscal year, in excess of all resources which the Mayor estimates will be available from all funds available to the District for such fiscal year. The budget shall identify any tax increases which shall be required in order to balance the budget as submitted. The Council shall be required to adopt such tax increases to the extent its budget is approved.

(d) Except as provided in subsection (f), the Mayor shall not forward to the President for submission to Congress a budget which is not balanced according to the provision of subsection 603(c).

(e) Nothing in this Act shall be construed as affecting the applicability to the District government of the provisions of section 3679 of the Revised Statutes of the United States (31 U.S.C. 665), the so-called Anti-Deficiency Act.

(f) In the case of a fiscal year which is a control year (as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), the Council may not approve, and the Mayor may not forward to the President, any budget which is not consistent with the financial plan and budget established for the fiscal year under subtitle A of title II of such Act.

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FINANCIAL STABILITY ACT OF 2010

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TITLE I—FINANCIAL STABILITY

* * * * *

SEC. 102. DEFINITIONS.

(a) IN GENERAL.—For purposes of this title, unless the context otherwise requires, the following definitions shall apply:

(1) BANK HOLDING COMPANY.—The term “bank holding company” has the same meaning as in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841). A foreign bank or company that is treated as a bank holding company for purposes of the Bank Holding Company Act of 1956, pursuant to section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)), shall be treated as a bank holding company for purposes of this title.

(2) CHAIRPERSON.—The term “Chairperson” means the Chairperson of the Council.

(3) MEMBER AGENCY.—The term “member agency” means an agency represented by a voting member of the Council.

(4) NONBANK FINANCIAL COMPANY DEFINITIONS.—

(A) FOREIGN NONBANK FINANCIAL COMPANY.—The term “foreign nonbank financial company” means a company (other than a company that is, or is treated in the United States as, a bank holding company) that is—

(i) incorporated or organized in a country other than the United States; and

(ii) predominantly engaged in, including through a branch in the United States, financial activities, as defined in paragraph (6).

(B) U.S. NONBANK FINANCIAL COMPANY.—The term “U.S. nonbank financial company” means a company (other than a bank holding company, a Farm Credit System institution chartered and subject to the provisions of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.), or a national securities exchange (or parent thereof), clearing agency (or parent thereof, unless the parent is a bank holding company), security-based swap execution facility, or security-based

swap data repository registered with the Commission, or a board of trade designated as a contract market (or parent thereof), or a derivatives clearing organization (or parent thereof, unless the parent is a bank holding company), swap execution facility or a swap data repository registered with the Commodity Futures Trading Commission), that is—

(i) incorporated or organized under the laws of the United States or any State; and

(ii) predominantly engaged in financial activities, as defined in paragraph (6).

(C) NONBANK FINANCIAL COMPANY.—The term “nonbank financial company” means a U.S. nonbank financial company and a foreign nonbank financial company.

(D) NONBANK FINANCIAL COMPANY SUPERVISED BY THE BOARD OF GOVERNORS.—The term “nonbank financial company supervised by the Board of Governors” means a nonbank financial company that the Council has determined under section 113 shall be supervised by the Board of Governors.

[(5) OFFICE OF FINANCIAL RESEARCH.—The term “Office of Financial Research” means the office established under section 152.]

(6) PREDOMINANTLY ENGAGED.—A company is “predominantly engaged in financial activities” if—

(A) the annual gross revenues derived by the company and all of its subsidiaries from activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, from the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated annual gross revenues of the company; or

(B) the consolidated assets of the company and all of its subsidiaries related to activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, related to the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated assets of the company.

(7) SIGNIFICANT INSTITUTIONS.—The terms “significant nonbank financial company” and “significant bank holding company” have the meanings given those terms by rule of the Board of Governors, but in no instance shall the term “significant nonbank financial company” include those entities that are excluded under paragraph (4)(B).

(b) DEFINITIONAL CRITERIA.—The Board of Governors shall establish, by regulation, the requirements for determining if a company is predominantly engaged in financial activities, as defined in subsection (a)(6).

(c) FOREIGN NONBANK FINANCIAL COMPANIES.—For purposes of the application of subtitles A and C (other than section 113(b)) with respect to a foreign nonbank financial company, references in this title to “company” or “subsidiary” include only the United States activities and subsidiaries of such foreign company, except as otherwise provided.

Subtitle A—Financial Stability Oversight Council

SEC. 111. FINANCIAL STABILITY OVERSIGHT COUNCIL ESTABLISHED.

(a) ESTABLISHMENT.—Effective on the date of enactment of this Act, there is established the Financial Stability Oversight Council.

(b) MEMBERSHIP.—The Council shall consist of the following members:

(1) VOTING MEMBERS.—The voting members, **[who shall each]** *who shall, except as provided below, each* have 1 vote on the Council shall be—

(A) the Secretary of the Treasury, who shall serve as Chairperson of the Council;

[(B) the Chairman of the Board of Governors;

[(C) the Comptroller of the Currency;

[(D) the Director of the Bureau;

[(E) the Chairman of the Commission;

[(F) the Chairperson of the Corporation;

[(G) the Chairperson of the Commodity Futures Trading Commission;

[(H) the Director of the Federal Housing Finance Agency;

[(I) the Chairman of the National Credit Union Administration Board; and**]**

(B) each member of the Board of Governors, who shall collectively have 1 vote on the Council;

(C) the Comptroller of the Currency;

(D) the Director of the Bureau;

(E) each member of the Commission, who shall collectively have 1 vote on the Council;

(F) each member of the Corporation, who shall collectively have 1 vote on the Council;

(G) each member of the Commodity Futures Trading Commission, who shall collectively have 1 vote on the Council;

(H) the Director of the Federal Housing Finance Agency;

(I) each member of the National Credit Union Administration Board, who shall collectively have 1 vote on the Council; and

(J) an independent member appointed by the President, by and with the advice and consent of the Senate, having insurance expertise.

(2) NONVOTING MEMBERS.—The nonvoting members, who shall serve in an advisory capacity as a nonvoting member of the Council, shall be—

[(A) the Director of the Office of Financial Research;**]**

[(B) **(A)** the Director of the Federal Insurance Office;

[(C) **(B)** a State insurance commissioner, to be designated by a selection process determined by the State insurance commissioners;

[(D) **(C)** a State banking supervisor, to be designated by a selection process determined by the State banking supervisors; and

[(E)] (D) a State securities commissioner (or an officer performing like functions), to be designated by a selection process determined by such State securities commissioners.

(3) NONVOTING MEMBER PARTICIPATION.—The nonvoting members of the Council shall not be excluded from any of the proceedings, meetings, discussions, or deliberations of the Council, except that the Chairperson may, upon an affirmative vote of the member agencies, exclude the nonvoting members from any of the proceedings, meetings, discussions, or deliberations of the Council when necessary to safeguard and promote the free exchange of confidential supervisory information.

(4) VOTING BY MULTI-PERSON ENTITY.—

(A) VOTING WITHIN THE ENTITY.—*An entity described under subparagraph (B), (E), (F), (G), or (I) of paragraph (1) shall determine the entity's Council vote by using the voting process normally applicable to votes by the entity's members.*

(B) CASTING OF ENTITY VOTE.—*The 1 collective Council vote of an entity described under subparagraph (A) shall be cast by the head of such agency or, in the event such head is unable to cast such vote, the next most senior member of the entity available.*

(c) TERMS; VACANCY.—

(1) TERMS.—[The independent member of the Council shall serve for a term of 6 years, and each nonvoting member described in subparagraphs (C), (D), and (E) of] *Each nonvoting members described under subsection (b)(2) shall serve for a term of 2 years.*

(2) VACANCY.—Any vacancy on the Council shall be filled in the manner in which the original appointment was made.

(3) ACTING OFFICIALS MAY SERVE.—In the event of a vacancy in the office of the head of a member agency or department, and pending the appointment of a successor, or during the absence or disability of the head of a member agency or department, the acting head of the member agency or department shall serve as a member of the Council in the place of that agency or department head.

(d) TECHNICAL AND PROFESSIONAL ADVISORY COMMITTEES.—The Council may appoint such special advisory, technical, or professional committees as may be useful in carrying out the functions of the Council, including an advisory committee consisting of State regulators, and the members of such committees may be members of the Council, or other persons, or both.

(e) MEETINGS.—

(1) TIMING.—The Council shall meet at the call of the Chairperson or a majority of the members then serving, but not less frequently than quarterly.

(2) RULES FOR CONDUCTING BUSINESS.—The Council shall adopt such rules as may be necessary for the conduct of the business of the Council. Such rules shall be rules of agency organization, procedure, or practice for purposes of section 553 of title 5, United States Code.

(3) STAFF ACCESS.—*Any member of the Council may select to have one or more individuals on the member's staff attend a*

meeting of the Council, including any meeting of representatives of the member agencies other than the members themselves.

(4) *CONGRESSIONAL OVERSIGHT.—All public meetings of the Council shall be open to the attendance by members of the authorization and oversight committees of the House of Representatives and the Senate.*

(5) *TRANSCRIPTION REQUIREMENT FOR NON-PUBLIC MEETINGS.—The Council shall create and preserve transcripts for all non-public meetings of the Council.*

(6) *MEMBER AGENCY MEETINGS.—Any meeting of representatives of the member agencies other than the members themselves shall be open to attendance by staff of the authorization and oversight committees of the House of Representatives and the Senate.*

(f) *VOTING.—Unless otherwise specified, the Council shall make all decisions that it is authorized or required to make by a majority vote of the voting members then serving.*

[(g) *NONAPPLICABILITY OF FACAs.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Council, or to any special advisory, technical, or professional committee appointed by the Council, except that, if an advisory, technical, or professional committee has one or more members who are not employees of or affiliated with the United States Government, the Council shall publish a list of the names of the members of such committee.*]

(g) *OPEN MEETING REQUIREMENT.—The Council shall be an agency for purposes of section 552b of title 5, United States Code (commonly referred to as the “Government in the Sunshine Act”).*

(h) *CONFIDENTIAL CONGRESSIONAL BRIEFINGS.—The Chairperson shall at regular times but not less than annually provide confidential briefings to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, which may in the discretion of the Chairman of the respective committee be attended by any combination of the committee’s members or staff.*

[(h)] (i) *ASSISTANCE FROM FEDERAL AGENCIES.—Any department or agency of the United States may provide to the Council and any special advisory, technical, or professional committee appointed by the Council, such services, funds, facilities, staff, and other support services as the Council may determine advisable.*

[(i)] (j) *COMPENSATION OF MEMBERS.—*

(1) *FEDERAL EMPLOYEE MEMBERS.—All members of the Council who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.*

(2) *COMPENSATION FOR NON-FEDERAL MEMBER.—Section 5314 of title 5, United States Code, is amended by adding at the end the following: “Independent Member of the Financial Stability Oversight Council (1).”*

[(j)] (k) *DETAIL OF GOVERNMENT EMPLOYEES.—Any employee of the Federal Government may be detailed to the Council without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege. An employee of the Federal Government detailed to the Council shall report to and be subject to oversight by the Council during the assignment to the Council, and*

shall be compensated by the department or agency from which the employee was detailed.

SEC. 112. COUNCIL AUTHORITY.

(a) **PURPOSES AND DUTIES OF THE COUNCIL.—**

(1) **IN GENERAL.—**The purposes of the Council are—

(A) to identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace;

(B) to promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and

(C) to respond to emerging threats to the stability of the United States financial system.

(2) **DUTIES.—**The Council shall, in accordance with this title—

(A) collect information from member agencies, other Federal and State financial regulatory agencies, the Federal Insurance Office and, if necessary to assess risks to the United States financial system, [direct the Office of Financial Research to] collect information from bank holding companies and nonbank financial companies;

[(B) provide direction to, and request data and analyses from, the Office of Financial Research to support the work of the Council;]

[(C)] (B) monitor the financial services marketplace in order to identify potential threats to the financial stability of the United States;

[(D)] (C) to monitor domestic and international financial regulatory proposals and developments, including insurance and accounting issues, and to advise Congress and make recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets;

[(E)] (D) facilitate information sharing and coordination among the member agencies and other Federal and State agencies regarding domestic financial services policy development, rulemaking, examinations, reporting requirements, and enforcement actions;

[(F)] (E) recommend to the member agencies general supervisory priorities and principles reflecting the outcome of discussions among the member agencies;

[(G)] (F) identify gaps in regulation that could pose risks to the financial stability of the United States;

[(H) require supervision by the Board of Governors for nonbank financial companies that may pose risks to the financial stability of the United States in the event of their material financial distress or failure, or because of their activities pursuant to section 113;

[(I) make recommendations to the Board of Governors concerning the establishment of heightened prudential standards for risk-based capital, leverage, liquidity, contin-

gent capital, resolution plans and credit exposure reports, concentration limits, enhanced public disclosures, and overall risk management for nonbank financial companies and large, interconnected bank holding companies supervised by the Board of Governors;】

【(J)】 *(G)* identify systemically important financial market utilities and payment, clearing, and settlement activities (as that term is defined in title VIII);

【(K)】 *(H)* make recommendations to primary financial regulatory agencies to apply new or heightened standards and safeguards for financial activities or practices that could create or increase risks of significant liquidity, credit, or other problems spreading among bank holding companies, nonbank financial companies, and United States financial markets;

【(L)】 *(I)* review and, as appropriate, may submit comments to the Commission and any standard-setting body with respect to an existing or proposed accounting principle, standard, or procedure;

【(M)】 *(J)* provide a forum for—

- (i) discussion and analysis of emerging market developments and financial regulatory issues; and
- (ii) resolution of jurisdictional disputes among the members of the Council; and

【(N)】 *(K)* annually report to and testify before Congress on—

- (i) the activities of the Council;
- (ii) significant financial market and regulatory developments, including insurance and accounting regulations and standards, along with an assessment of those developments on the stability of the financial system;
- (iii) potential emerging threats to the financial stability of the United States; *and*
- 【(iv) all determinations made under section 113 or title VIII, and the basis for such determinations;
- 【(v) all recommendations made under section 119 and the result of such recommendations; and】
- 【(vi)】 *(iv)* recommendations—

(I) to enhance the integrity, efficiency, competitiveness, and stability of United States financial markets;

(II) to promote market discipline; and

(III) to maintain investor confidence.

(b) STATEMENTS BY VOTING MEMBERS OF THE COUNCIL.—At the time at which each report is submitted under subsection (a), each voting member of the Council shall—

(1) if such member believes that the Council, the Government, and the private sector are taking all reasonable steps to ensure financial stability and to mitigate systemic risk that would negatively affect the economy, submit a signed statement to Congress stating such belief; or

(2) if such member does not believe that all reasonable steps described under paragraph (1) are being taken, submit a

signed statement to Congress stating what actions such member believes need to be taken in order to ensure that all reasonable steps described under paragraph (1) are taken.

(c) TESTIMONY BY THE CHAIRPERSON.—The Chairperson shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at an annual hearing, after the report is submitted under subsection (a)—

(1) to discuss the efforts, activities, objectives, and plans of the Council; and

(2) to discuss and answer questions concerning such report.

(d) AUTHORITY TO OBTAIN INFORMATION.—

(1) IN GENERAL.—The Council may receive, and may request the submission of, any data or information from [the Office of Financial Research, member agencies,] *member agencies* and the Federal Insurance Office, as necessary—

(A) to monitor the financial services marketplace to identify potential risks to the financial stability of the United States; or

(B) to otherwise carry out any of the provisions of this title.

(2) SUBMISSIONS BY THE OFFICE AND MEMBER AGENCIES.—Notwithstanding any other provision of law, [the Office of Financial Research, any member agency,] *member agencies* and the Federal Insurance Office, are authorized to submit information to the Council.

(3) FINANCIAL DATA COLLECTION.—

(A) IN GENERAL.—The Council[, acting through the Office of Financial Research,] may require the submission of periodic and other reports from any nonbank financial company or bank holding company for the purpose of assessing the extent to which a financial activity or financial market in which the nonbank financial company or bank holding company participates, or the nonbank financial company or bank holding company itself, poses a threat to the financial stability of the United States.

(B) MITIGATION OF REPORT BURDEN.—Before requiring the submission of reports from any nonbank financial company or bank holding company that is regulated by a member agency or any primary financial regulatory agency, the Council[, acting through the Office of Financial Research,] shall coordinate with such agencies and shall, whenever possible, rely on information available from [the Office of Financial Research or] such agencies.

(C) MITIGATION IN CASE OF FOREIGN FINANCIAL COMPANIES.—Before requiring the submission of reports from a company that is a foreign nonbank financial company or foreign-based bank holding company, the Council shall[, acting through the Office of Financial Research,] to the extent appropriate, consult with the appropriate foreign regulator of such company and, whenever possible, rely on information already being collected by such foreign regulator, with English translation.

(4) BACK-UP EXAMINATION BY THE BOARD OF GOVERNORS.—If the Council is unable to determine whether the financial activi-

ties of a U.S. nonbank financial company pose a threat to the financial stability of the United States, based on information or reports obtained under paragraphs (1) and (3), discussions with management, and publicly available information, the Council may request the Board of Governors, and the Board of Governors is authorized, to conduct an examination of the U.S. nonbank financial company for the sole purpose of determining whether the nonbank financial company should be supervised by the Board of Governors for purposes of this title.

(5) CONFIDENTIALITY.—

(A) IN GENERAL.—The Council, the Office of Financial Research, and the other member agencies shall maintain the confidentiality of any data, information, and reports submitted under this title.

(B) RETENTION OF PRIVILEGE.—The submission of any nonpublicly available data or information under this subsection and subtitle B shall not constitute a waiver of, or otherwise affect, any privilege arising under Federal or State law (including the rules of any Federal or State court) to which the data or information is otherwise subject.

(C) FREEDOM OF INFORMATION ACT.—Section 552 of title 5, United States Code, including the exceptions thereunder, shall apply to any data or information submitted under this subsection and subtitle B.

[SEC. 113. AUTHORITY TO REQUIRE SUPERVISION AND REGULATION OF CERTAIN NONBANK FINANCIAL COMPANIES.

[(a) U.S. NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS.—

[(1) DETERMINATION.—The Council, on a nondelegable basis and by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson, may determine that a U.S. nonbank financial company shall be supervised by the Board of Governors and shall be subject to prudential standards, in accordance with this title, if the Council determines that material financial distress at the U.S. nonbank financial company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the U.S. nonbank financial company, could pose a threat to the financial stability of the United States.

[(2) CONSIDERATIONS.—In making a determination under paragraph (1), the Council shall consider—

[(A) the extent of the leverage of the company;

[(B) the extent and nature of the off-balance-sheet exposures of the company;

[(C) the extent and nature of the transactions and relationships of the company with other significant nonbank financial companies and significant bank holding companies;

[(D) the importance of the company as a source of credit for households, businesses, and State and local governments and as a source of liquidity for the United States financial system;

[(E) the importance of the company as a source of credit for low-income, minority, or underserved communities, and

the impact that the failure of such company would have on the availability of credit in such communities;

[(F) the extent to which assets are managed rather than owned by the company, and the extent to which ownership of assets under management is diffuse;

[(G) the nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company;

[(H) the degree to which the company is already regulated by 1 or more primary financial regulatory agencies;

[(I) the amount and nature of the financial assets of the company;

[(J) the amount and types of the liabilities of the company, including the degree of reliance on short-term funding; and

[(K) any other risk-related factors that the Council deems appropriate.

[(b) FOREIGN NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS.—

[(1) DETERMINATION.—The Council, on a nondelegable basis and by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson, may determine that a foreign nonbank financial company shall be supervised by the Board of Governors and shall be subject to prudential standards, in accordance with this title, if the Council determines that material financial distress at the foreign nonbank financial company, or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the foreign nonbank financial company, could pose a threat to the financial stability of the United States.

[(2) CONSIDERATIONS.—In making a determination under paragraph (1), the Council shall consider—

[(A) the extent of the leverage of the company;

[(B) the extent and nature of the United States related off-balance-sheet exposures of the company;

[(C) the extent and nature of the transactions and relationships of the company with other significant nonbank financial companies and significant bank holding companies;

[(D) the importance of the company as a source of credit for United States households, businesses, and State and local governments and as a source of liquidity for the United States financial system;

[(E) the importance of the company as a source of credit for low-income, minority, or underserved communities in the United States, and the impact that the failure of such company would have on the availability of credit in such communities;

[(F) the extent to which assets are managed rather than owned by the company and the extent to which ownership of assets under management is diffuse;

[(G) the nature, scope, size, scale, concentration, interconnectedness, and mix of the activities of the company;

[(H) the extent to which the company is subject to prudential standards on a consolidated basis in its home country that are administered and enforced by a comparable foreign supervisory authority;

[(I) the amount and nature of the United States financial assets of the company;

[(J) the amount and nature of the liabilities of the company used to fund activities and operations in the United States, including the degree of reliance on short-term funding; and

[(K) any other risk-related factors that the Council deems appropriate.

[(c) ANTIEVASION.—

[(1) DETERMINATIONS.—In order to avoid evasion of this title, the Council, on its own initiative or at the request of the Board of Governors, may determine, on a nondelegable basis and by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson, that—

[(A) material financial distress related to, or the nature, scope, size, scale, concentration, interconnectedness, or mix of, the financial activities conducted directly or indirectly by a company incorporated or organized under the laws of the United States or any State or the financial activities in the United States of a company incorporated or organized in a country other than the United States would pose a threat to the financial stability of the United States, based on consideration of the factors in subsection (a)(2) or (b)(2), as applicable;

[(B) the company is organized or operates in such a manner as to evade the application of this title; and

[(C) such financial activities of the company shall be supervised by the Board of Governors and subject to prudential standards in accordance with this title, consistent with paragraph (3).

[(2) REPORT.—Upon making a determination under paragraph (1), the Council shall submit a report to the appropriate committees of Congress detailing the reasons for making such determination.

[(3) CONSOLIDATED SUPERVISION OF ONLY FINANCIAL ACTIVITIES; ESTABLISHMENT OF AN INTERMEDIATE HOLDING COMPANY.—

[(A) ESTABLISHMENT OF AN INTERMEDIATE HOLDING COMPANY.—Upon a determination under paragraph (1), the company that is the subject of the determination may establish an intermediate holding company in which the financial activities of such company and its subsidiaries shall be conducted (other than the activities described in section 167(b)(2)) in compliance with any regulations or guidance provided by the Board of Governors. Such intermediate holding company shall be subject to the supervision of the Board of Governors and to prudential standards under this title as if the intermediate holding company were a nonbank financial company supervised by the Board of Governors.

[(B) ACTION OF THE BOARD OF GOVERNORS.—To facilitate the supervision of the financial activities subject to the determination in paragraph (1), the Board of Governors may require a company to establish an intermediate holding

company, as provided for in section 167, which would be subject to the supervision of the Board of Governors and to prudential standards under this title, as if the intermediate holding company were a nonbank financial company supervised by the Board of Governors.

[(4) NOTICE AND OPPORTUNITY FOR HEARING AND FINAL DETERMINATION; JUDICIAL REVIEW.—Subsections (d) through (h) shall apply to determinations made by the Council pursuant to paragraph (1) in the same manner as such subsections apply to nonbank financial companies.

[(5) COVERED FINANCIAL ACTIVITIES.—For purposes of this subsection, the term “financial activities”—

[(A) means activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956);

[(B) includes the ownership or control of one or more insured depository institutions; and

[(C) does not include internal financial activities conducted for the company or any affiliate thereof, including internal treasury, investment, and employee benefit functions.

[(6) ONLY FINANCIAL ACTIVITIES SUBJECT TO PRUDENTIAL SUPERVISION.—Nonfinancial activities of the company shall not be subject to supervision by the Board of Governors and prudential standards of the Board. For purposes of this Act, the financial activities that are the subject of the determination in paragraph (1) shall be subject to the same requirements as a nonbank financial company supervised by the Board of Governors. Nothing in this paragraph shall prohibit or limit the authority of the Board of Governors to apply prudential standards under this title to the financial activities that are subject to the determination in paragraph (1).

[(d) REEVALUATION AND RESCISSION.—The Council shall—

[(1) not less frequently than annually, reevaluate each determination made under subsections (a) and (b) with respect to such nonbank financial company supervised by the Board of Governors; and

[(2) rescind any such determination, if the Council, by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson, determines that the nonbank financial company no longer meets the standards under subsection (a) or (b), as applicable.

[(e) NOTICE AND OPPORTUNITY FOR HEARING AND FINAL DETERMINATION.—

[(1) IN GENERAL.—The Council shall provide to a nonbank financial company written notice of a proposed determination of the Council, including an explanation of the basis of the proposed determination of the Council, that a nonbank financial company shall be supervised by the Board of Governors and shall be subject to prudential standards in accordance with this title.

[(2) HEARING.—Not later than 30 days after the date of receipt of any notice of a proposed determination under paragraph (1), the nonbank financial company may request, in writing, an opportunity for a written or oral hearing before the

Council to contest the proposed determination. Upon receipt of a timely request, the Council shall fix a time (not later than 30 days after the date of receipt of the request) and place at which such company may appear, personally or through counsel, to submit written materials (or, at the sole discretion of the Council, oral testimony and oral argument).

[(3) FINAL DETERMINATION.—Not later than 60 days after the date of a hearing under paragraph (2), the Council shall notify the nonbank financial company of the final determination of the Council, which shall contain a statement of the basis for the decision of the Council.

[(4) NO HEARING REQUESTED.—If a nonbank financial company does not make a timely request for a hearing, the Council shall notify the nonbank financial company, in writing, of the final determination of the Council under subsection (a) or (b), as applicable, not later than 10 days after the date by which the company may request a hearing under paragraph (2).

[(f) EMERGENCY EXCEPTION.—

[(1) IN GENERAL.—The Council may waive or modify the requirements of subsection (e) with respect to a nonbank financial company, if the Council determines, by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson, that such waiver or modification is necessary or appropriate to prevent or mitigate threats posed by the nonbank financial company to the financial stability of the United States.

[(2) NOTICE.—The Council shall provide notice of a waiver or modification under this subsection to the nonbank financial company concerned as soon as practicable, but not later than 24 hours after the waiver or modification is granted.

[(3) INTERNATIONAL COORDINATION.—In making a determination under paragraph (1), the Council shall consult with the appropriate home country supervisor, if any, of the foreign nonbank financial company that is being considered for such a determination.

[(4) OPPORTUNITY FOR HEARING.—The Council shall allow a nonbank financial company to request, in writing, an opportunity for a written or oral hearing before the Council to contest a waiver or modification under this subsection, not later than 10 days after the date of receipt of notice of the waiver or modification by the company. Upon receipt of a timely request, the Council shall fix a time (not later than 15 days after the date of receipt of the request) and place at which the nonbank financial company may appear, personally or through counsel, to submit written materials (or, at the sole discretion of the Council, oral testimony and oral argument).

[(5) NOTICE OF FINAL DETERMINATION.—Not later than 30 days after the date of any hearing under paragraph (4), the Council shall notify the subject nonbank financial company of the final determination of the Council under this subsection, which shall contain a statement of the basis for the decision of the Council.

[(g) CONSULTATION.—The Council shall consult with the primary financial regulatory agency, if any, for each nonbank financial company or subsidiary of a nonbank financial company that is being

considered for supervision by the Board of Governors under this section before the Council makes any final determination with respect to such nonbank financial company under subsection (a), (b), or (c).

[(h) JUDICIAL REVIEW.—If the Council makes a final determination under this section with respect to a nonbank financial company, such nonbank financial company may, not later than 30 days after the date of receipt of the notice of final determination under subsection (d)(2), (e)(3), or (f)(5), bring an action in the United States district court for the judicial district in which the home office of such nonbank financial company is located, or in the United States District Court for the District of Columbia, for an order requiring that the final determination be rescinded, and the court shall, upon review, dismiss such action or direct the final determination to be rescinded. Review of such an action shall be limited to whether the final determination made under this section was arbitrary and capricious.

[(i) INTERNATIONAL COORDINATION.—In exercising its duties under this title with respect to foreign nonbank financial companies, foreign-based bank holding companies, and cross-border activities and markets, the Council shall consult with appropriate foreign regulatory authorities, to the extent appropriate.

[SEC. 114. REGISTRATION OF NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS.

[Not later than 180 days after the date of a final Council determination under section 113 that a nonbank financial company is to be supervised by the Board of Governors, such company shall register with the Board of Governors, on forms prescribed by the Board of Governors, which shall include such information as the Board of Governors, in consultation with the Council, may deem necessary or appropriate to carry out this title.

[SEC. 115. ENHANCED SUPERVISION AND PRUDENTIAL STANDARDS FOR NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS AND CERTAIN BANK HOLDING COMPANIES.

[(a) IN GENERAL.—

[(1) PURPOSE.—In order to prevent or mitigate risks to the financial stability of the United States that could arise from the material financial distress, failure, or ongoing activities of large, interconnected financial institutions, the Council may make recommendations to the Board of Governors concerning the establishment and refinement of prudential standards and reporting and disclosure requirements applicable to nonbank financial companies supervised by the Board of Governors and large, interconnected bank holding companies, that—

[(A) are more stringent than those applicable to other nonbank financial companies and bank holding companies that do not present similar risks to the financial stability of the United States; and

[(B) increase in stringency, based on the considerations identified in subsection (b)(3).

[(2) RECOMMENDED APPLICATION OF REQUIRED STANDARDS.—In making recommendations under this section, the Council may—

[(A) differentiate among companies that are subject to heightened standards on an individual basis or by category, taking into consideration their capital structure, riskiness, complexity, financial activities (including the financial activities of their subsidiaries), size, and any other risk-related factors that the Council deems appropriate; or
 [(B) recommend an asset threshold that is higher than \$50,000,000,000 for the application of any standard described in subsections (c) through (g).

[(b) DEVELOPMENT OF PRUDENTIAL STANDARDS.—

[(1) IN GENERAL.—The recommendations of the Council under subsection (a) may include—

- [(A) risk-based capital requirements;
- [(B) leverage limits;
- [(C) liquidity requirements;
- [(D) resolution plan and credit exposure report requirements;
- [(E) concentration limits;
- [(F) a contingent capital requirement;
- [(G) enhanced public disclosures;
- [(H) short-term debt limits; and
- [(I) overall risk management requirements.

[(2) PRUDENTIAL STANDARDS FOR FOREIGN FINANCIAL COMPANIES.—In making recommendations concerning the standards set forth in paragraph (1) that would apply to foreign nonbank financial companies supervised by the Board of Governors or foreign-based bank holding companies, the Council shall—

[(A) give due regard to the principle of national treatment and equality of competitive opportunity; and

[(B) take into account the extent to which the foreign nonbank financial company or foreign-based bank holding company is subject on a consolidated basis to home country standards that are comparable to those applied to financial companies in the United States.

[(3) CONSIDERATIONS.—In making recommendations concerning prudential standards under paragraph (1), the Council shall—

[(A) take into account differences among nonbank financial companies supervised by the Board of Governors and bank holding companies described in subsection (a), based on—

[(i) the factors described in subsections (a) and (b) of section 113;

[(ii) whether the company owns an insured depository institution;

[(iii) nonfinancial activities and affiliations of the company; and

[(iv) any other factors that the Council determines appropriate;

[(B) to the extent possible, ensure that small changes in the factors listed in subsections (a) and (b) of section 113 would not result in sharp, discontinuous changes in the prudential standards established under section 165; and

[(C) adapt its recommendations as appropriate in light of any predominant line of business of such company, in-

cluding assets under management or other activities for which particular standards may not be appropriate.

[(c) CONTINGENT CAPITAL.—

[(1) STUDY REQUIRED.—The Council shall conduct a study of the feasibility, benefits, costs, and structure of a contingent capital requirement for nonbank financial companies supervised by the Board of Governors and bank holding companies described in subsection (a), which study shall include—

[(A) an evaluation of the degree to which such requirement would enhance the safety and soundness of companies subject to the requirement, promote the financial stability of the United States, and reduce risks to United States taxpayers;

[(B) an evaluation of the characteristics and amounts of contingent capital that should be required;

[(C) an analysis of potential prudential standards that should be used to determine whether the contingent capital of a company would be converted to equity in times of financial stress;

[(D) an evaluation of the costs to companies, the effects on the structure and operation of credit and other financial markets, and other economic effects of requiring contingent capital;

[(E) an evaluation of the effects of such requirement on the international competitiveness of companies subject to the requirement and the prospects for international coordination in establishing such requirement; and

[(F) recommendations for implementing regulations.

[(2) REPORT.—The Council shall submit a report to Congress regarding the study required by paragraph (1) not later than 2 years after the date of enactment of this Act.

[(3) RECOMMENDATIONS.—

[(A) IN GENERAL.—Subsequent to submitting a report to Congress under paragraph (2), the Council may make recommendations to the Board of Governors to require any nonbank financial company supervised by the Board of Governors and any bank holding company described in subsection (a) to maintain a minimum amount of contingent capital that is convertible to equity in times of financial stress.

[(B) FACTORS TO CONSIDER.—In making recommendations under this subsection, the Council shall consider—

[(i) an appropriate transition period for implementation of a conversion under this subsection;

[(ii) the factors described in subsection (b)(3);

[(iii) capital requirements applicable to a nonbank financial company supervised by the Board of Governors or a bank holding company described in subsection (a), and subsidiaries thereof;

[(iv) results of the study required by paragraph (1); and

[(v) any other factor that the Council deems appropriate.

[(d) RESOLUTION PLAN AND CREDIT EXPOSURE REPORTS.—

[(1) RESOLUTION PLAN.—The Council may make recommendations to the Board of Governors concerning the requirement that each nonbank financial company supervised by the Board of Governors and each bank holding company described in subsection (a) report periodically to the Council, the Board of Governors, and the Corporation, the plan of such company for rapid and orderly resolution in the event of material financial distress or failure.

[(2) CREDIT EXPOSURE REPORT.—The Council may make recommendations to the Board of Governors concerning the advisability of requiring each nonbank financial company supervised by the Board of Governors and bank holding company described in subsection (a) to report periodically to the Council, the Board of Governors, and the Corporation on—

[(A) the nature and extent to which the company has credit exposure to other significant nonbank financial companies and significant bank holding companies; and

[(B) the nature and extent to which other such significant nonbank financial companies and significant bank holding companies have credit exposure to that company.

[(e) CONCENTRATION LIMITS.—In order to limit the risks that the failure of any individual company could pose to nonbank financial companies supervised by the Board of Governors or bank holding companies described in subsection (a), the Council may make recommendations to the Board of Governors to prescribe standards to limit such risks, as set forth in section 165.

[(f) ENHANCED PUBLIC DISCLOSURES.—The Council may make recommendations to the Board of Governors to require periodic public disclosures by bank holding companies described in subsection (a) and by nonbank financial companies supervised by the Board of Governors, in order to support market evaluation of the risk profile, capital adequacy, and risk management capabilities thereof.

[(g) SHORT-TERM DEBT LIMITS.—The Council may make recommendations to the Board of Governors to require short-term debt limits to mitigate the risks that an over-accumulation of such debt could pose to bank holding companies described in subsection (a), nonbank financial companies supervised by the Board of Governors, or the financial system.

[SEC. 116. REPORTS.

[(a) IN GENERAL.—Subject to subsection (b), the Council, acting through the Office of Financial Research, may require a bank holding company with total consolidated assets of \$50,000,000,000 or greater or a nonbank financial company supervised by the Board of Governors, and any subsidiary thereof, to submit certified reports to keep the Council informed as to—

[(1) the financial condition of the company;

[(2) systems for monitoring and controlling financial, operating, and other risks;

[(3) transactions with any subsidiary that is a depository institution; and

[(4) the extent to which the activities and operations of the company and any subsidiary thereof, could, under adverse circumstances, have the potential to disrupt financial markets or affect the overall financial stability of the United States.

[(b) USE OF EXISTING REPORTS.—

[(1) IN GENERAL.—For purposes of compliance with subsection (a), the Council, acting through the Office of Financial Research, shall, to the fullest extent possible, use—

[(A) reports that a bank holding company, nonbank financial company supervised by the Board of Governors, or any functionally regulated subsidiary of such company has been required to provide to other Federal or State regulatory agencies or to a relevant foreign supervisory authority;

[(B) information that is otherwise required to be reported publicly; and

[(C) externally audited financial statements.

[(2) AVAILABILITY.—Each bank holding company described in subsection (a) and nonbank financial company supervised by the Board of Governors, and any subsidiary thereof, shall provide to the Council, at the request of the Council, copies of all reports referred to in paragraph (1).

[(3) CONFIDENTIALITY.—The Council shall maintain the confidentiality of the reports obtained under subsection (a) and paragraph (1)(A) of this subsection.

[SEC. 117. TREATMENT OF CERTAIN COMPANIES THAT CEASE TO BE BANK HOLDING COMPANIES.

[(a) APPLICABILITY.—This section shall apply to—

[(1) any entity that—

[(A) was a bank holding company having total consolidated assets equal to or greater than \$50,000,000,000 as of January 1, 2010; and

[(B) received financial assistance under or participated in the Capital Purchase Program established under the Troubled Asset Relief Program authorized by the Emergency Economic Stabilization Act of 2008; and

[(2) any successor entity (as defined by the Board of Governors, in consultation with the Council) to an entity described in paragraph (1).

[(b) TREATMENT.—If an entity described in subsection (a) ceases to be a bank holding company at any time after January 1, 2010, then such entity shall be treated as a nonbank financial company supervised by the Board of Governors, as if the Council had made a determination under section 113 with respect to that entity.

[(c) APPEAL.—

[(1) REQUEST FOR HEARING.—An entity may request, in writing, an opportunity for a written or oral hearing before the Council to appeal its treatment as a nonbank financial company supervised by the Board of Governors in accordance with this section. Upon receipt of the request, the Council shall fix a time (not later than 30 days after the date of receipt of the request) and place at which such entity may appear, personally or through counsel, to submit written materials (or, at the sole discretion of the Council, oral testimony and oral argument).

[(2) DECISION.—

[(A) PROPOSED DECISION.—A Council decision to grant an appeal under this subsection shall be made by a vote of not fewer than $\frac{2}{3}$ of the voting members then serving, including an affirmative vote by the Chairperson. Not later

than 60 days after the date of a hearing under paragraph (1), the Council shall submit a report to, and may testify before, the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on the proposed decision of the Council regarding an appeal under paragraph (1), which report shall include a statement of the basis for the proposed decision of the Council.

[(B) NOTICE OF FINAL DECISION.—The Council shall notify the subject entity of the final decision of the Council regarding an appeal under paragraph (1), which notice shall contain a statement of the basis for the final decision of the Council, not later than 60 days after the later of—

[(i) the date of the submission of the report under subparagraph (A); or

[(ii) if, not later than 1 year after the date of submission of the report under subparagraph (A), the Committee on Banking, Housing, and Urban Affairs of the Senate or the Committee on Financial Services of the House of Representatives holds one or more hearings regarding such report, the date of the last such hearing.

[(C) CONSIDERATIONS.—In making a decision regarding an appeal under paragraph (1), the Council shall consider whether the company meets the standards under section 113(a) or 113(b), as applicable, and the definition of the term “nonbank financial company” under section 102. The decision of the Council shall be final, subject to the review under paragraph (3).

[(3) REVIEW.—If the Council denies an appeal under this subsection, the Council shall, not less frequently than annually, review and reevaluate the decision.

[SEC. 118. COUNCIL FUNDING.

[(Any expenses of the Council shall be treated as expenses of, and paid by, the Office of Financial Research.

[SEC. 119. RESOLUTION OF SUPERVISORY JURISDICTIONAL DISPUTES AMONG MEMBER AGENCIES.

[(a) REQUEST FOR COUNCIL RECOMMENDATION.—The Council shall seek to resolve a dispute among 2 or more member agencies, if—

[(1) a member agency has a dispute with another member agency about the respective jurisdiction over a particular bank holding company, nonbank financial company, or financial activity or product (excluding matters for which another dispute mechanism specifically has been provided under title X);

[(2) the Council determines that the disputing agencies cannot, after a demonstrated good faith effort, resolve the dispute without the intervention of the Council; and

[(3) any of the member agencies involved in the dispute—

[(A) provides all other disputants prior notice of the intent to request dispute resolution by the Council; and

[(B) requests in writing, not earlier than 14 days after providing the notice described in subparagraph (A), that the Council seek to resolve the dispute.

[(b) COUNCIL RECOMMENDATION.—The Council shall seek to resolve each dispute described in subsection (a)—

[(1) within a reasonable time after receiving the dispute resolution request;

[(2) after consideration of relevant information provided by each agency party to the dispute; and

[(3) by agreeing with 1 of the disputants regarding the entirety of the matter, or by determining a compromise position.

[(c) FORM OF RECOMMENDATION.—Any Council recommendation under this section shall—

[(1) be in writing;

[(2) include an explanation of the reasons therefor; and

[(3) be approved by the affirmative vote of $\frac{2}{3}$ of the voting members of the Council then serving.

[(d) NONBINDING EFFECT.—Any recommendation made by the Council under subsection (c) shall not be binding on the Federal agencies that are parties to the dispute.

[SEC. 120. ADDITIONAL STANDARDS APPLICABLE TO ACTIVITIES OR PRACTICES FOR FINANCIAL STABILITY PURPOSES.

[(a) IN GENERAL.—The Council may provide for more stringent regulation of a financial activity by issuing recommendations to the primary financial regulatory agencies to apply new or heightened standards and safeguards, including standards enumerated in section 115, for a financial activity or practice conducted by bank holding companies or nonbank financial companies under their respective jurisdictions, if the Council determines that the conduct, scope, nature, size, scale, concentration, or interconnectedness of such activity or practice could create or increase the risk of significant liquidity, credit, or other problems spreading among bank holding companies and nonbank financial companies, financial markets of the United States, or low-income, minority, or underserved communities.

[(b) PROCEDURE FOR RECOMMENDATIONS TO REGULATORS.—

[(1) NOTICE AND OPPORTUNITY FOR COMMENT.—The Council shall consult with the primary financial regulatory agencies and provide notice to the public and opportunity for comment for any proposed recommendation that the primary financial regulatory agencies apply new or heightened standards and safeguards for a financial activity or practice.

[(2) CRITERIA.—The new or heightened standards and safeguards for a financial activity or practice recommended under paragraph (1)—

[(A) shall take costs to long-term economic growth into account; and

[(B) may include prescribing the conduct of the activity or practice in specific ways (such as by limiting its scope, or applying particular capital or risk management requirements to the conduct of the activity) or prohibiting the activity or practice.

[(c) IMPLEMENTATION OF RECOMMENDED STANDARDS.—

[(1) ROLE OF PRIMARY FINANCIAL REGULATORY AGENCY.—

[(A) IN GENERAL.—Each primary financial regulatory agency may impose, require reports regarding, examine for compliance with, and enforce standards in accordance with

this section with respect to those entities for which it is the primary financial regulatory agency.

[(B) RULE OF CONSTRUCTION.—The authority under this paragraph is in addition to, and does not limit, any other authority of a primary financial regulatory agency. Compliance by an entity with actions taken by a primary financial regulatory agency under this section shall be enforceable in accordance with the statutes governing the respective jurisdiction of the primary financial regulatory agency over the entity, as if the agency action were taken under those statutes.

[(2) IMPOSITION OF STANDARDS.—The primary financial regulatory agency shall impose the standards recommended by the Council in accordance with subsection (a), or similar standards that the Council deems acceptable, or shall explain in writing to the Council, not later than 90 days after the date on which the Council issues the recommendation, why the agency has determined not to follow the recommendation of the Council.

[(d) REPORT TO CONGRESS.—The Council shall report to Congress on—

[(1) any recommendations issued by the Council under this section;

[(2) the implementation of, or failure to implement, such recommendation on the part of a primary financial regulatory agency; and

[(3) in any case in which no primary financial regulatory agency exists for the nonbank financial company conducting financial activities or practices referred to in subsection (a), recommendations for legislation that would prevent such activities or practices from threatening the stability of the financial system of the United States.

[(e) EFFECT OF RESCISSION OF IDENTIFICATION.—

[(1) NOTICE.—The Council may recommend to the relevant primary financial regulatory agency that a financial activity or practice no longer requires any standards or safeguards implemented under this section.

[(2) DETERMINATION OF PRIMARY FINANCIAL REGULATORY AGENCY TO CONTINUE.—

[(A) IN GENERAL.—Upon receipt of a recommendation under paragraph (1), a primary financial regulatory agency that has imposed standards under this section shall determine whether such standards should remain in effect.

[(B) APPEAL PROCESS.—Each primary financial regulatory agency that has imposed standards under this section shall promulgate regulations to establish a procedure under which entities under its jurisdiction may appeal a determination by such agency under this paragraph that standards imposed under this section should remain in effect.

[SEC. 121. MITIGATION OF RISKS TO FINANCIAL STABILITY.

[(a) MITIGATORY ACTIONS.—If the Board of Governors determines that a bank holding company with total consolidated assets of \$50,000,000,000 or more, or a nonbank financial company supervised by the Board of Governors, poses a grave threat to the financial stability of the United States, the Board of Governors, upon an

affirmative vote of not fewer than $\frac{2}{3}$ of the voting members of the Council then serving, shall—

[(1) limit the ability of the company to merge with, acquire, consolidate with, or otherwise become affiliated with another company;

[(2) restrict the ability of the company to offer a financial product or products;

[(3) require the company to terminate one or more activities;

[(4) impose conditions on the manner in which the company conducts 1 or more activities; or

[(5) if the Board of Governors determines that the actions described in paragraphs (1) through (4) are inadequate to mitigate a threat to the financial stability of the United States in its recommendation, require the company to sell or otherwise transfer assets or off-balance-sheet items to unaffiliated entities.

[(b) NOTICE AND HEARING.—

[(1) IN GENERAL.—The Board of Governors, in consultation with the Council, shall provide to a company described in subsection (a) written notice that such company is being considered for mitigatory action pursuant to this section, including an explanation of the basis for, and description of, the proposed mitigatory action.

[(2) HEARING.—Not later than 30 days after the date of receipt of notice under paragraph (1), the company may request, in writing, an opportunity for a written or oral hearing before the Board of Governors to contest the proposed mitigatory action. Upon receipt of a timely request, the Board of Governors shall fix a time (not later than 30 days after the date of receipt of the request) and place at which such company may appear, personally or through counsel, to submit written materials (or, at the discretion of the Board of Governors, in consultation with the Council, oral testimony and oral argument).

[(3) DECISION.—Not later than 60 days after the date of a hearing under paragraph (2), or not later than 60 days after the provision of a notice under paragraph (1) if no hearing was held, the Board of Governors shall notify the company of the final decision of the Board of Governors, including the results of the vote of the Council, as described in subsection (a).

[(c) FACTORS FOR CONSIDERATION.—The Board of Governors and the Council shall take into consideration the factors set forth in subsection (a) or (b) of section 113, as applicable, in making any determination under subsection (a).

[(d) APPLICATION TO FOREIGN FINANCIAL COMPANIES.—The Board of Governors may prescribe regulations regarding the application of this section to foreign nonbank financial companies supervised by the Board of Governors and foreign-based bank holding companies—

[(1) giving due regard to the principle of national treatment and equality of competitive opportunity; and

[(2) taking into account the extent to which the foreign nonbank financial company or foreign-based bank holding company is subject on a consolidated basis to home country standards that are comparable to those applied to financial companies in the United States.]

SEC. 118. COUNCIL FUNDING.

There is authorized to be appropriated to the Council \$4,000,000 for fiscal year 2018 and each fiscal year thereafter to carry out the duties of the Council.

* * * * *

[Subtitle B—Office of Financial Research

[SEC. 151. DEFINITIONS.

[For purposes of this subtitle—

[(1) the terms “Office” and “Director” mean the Office of Financial Research established under this subtitle and the Director thereof, respectively;

[(2) the term “financial company” has the same meaning as in title II, and includes an insured depository institution and an insurance company;

[(3) the term “Data Center” means the data center established under section 154;

[(4) the term “Research and Analysis Center” means the research and analysis center established under section 154;

[(5) the term “financial transaction data” means the structure and legal description of a financial contract, with sufficient detail to describe the rights and obligations between counterparties and make possible an independent valuation;

[(6) the term “position data”—

[(A) means data on financial assets or liabilities held on the balance sheet of a financial company, where positions are created or changed by the execution of a financial transaction; and

[(B) includes information that identifies counterparties, the valuation by the financial company of the position, and information that makes possible an independent valuation of the position;

[(7) the term “financial contract” means a legally binding agreement between 2 or more counterparties, describing rights and obligations relating to the future delivery of items of intrinsic or extrinsic value among the counterparties; and

[(8) the term “financial instrument” means a financial contract in which the terms and conditions are publicly available, and the roles of one or more of the counterparties are assignable without the consent of any of the other counterparties (including common stock of a publicly traded company, government bonds, or exchange traded futures and options contracts).

[SEC. 152. OFFICE OF FINANCIAL RESEARCH ESTABLISHED.

[(a) ESTABLISHMENT.—There is established within the Department of the Treasury the Office of Financial Research.

[(b) DIRECTOR.—

[(1) IN GENERAL.—The Office shall be headed by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

[(2) TERM OF SERVICE.—The Director shall serve for a term of 6 years, except that, in the event that a successor is not nominated and confirmed by the end of the term of service of

a Director, the Director may continue to serve until such time as the next Director is appointed and confirmed.

[(3) EXECUTIVE LEVEL.—The Director shall be compensated at Level III of the Executive Schedule.

[(4) PROHIBITION ON DUAL SERVICE.—The individual serving in the position of Director may not, during such service, also serve as the head of any financial regulatory agency.

[(5) RESPONSIBILITIES, DUTIES, AND AUTHORITY.—The Director shall have sole discretion in the manner in which the Director fulfills the responsibilities and duties and exercises the authorities described in this subtitle.

[(c) BUDGET.—The Director, in consultation with the Chairperson, shall establish the annual budget of the Office.

[(d) OFFICE PERSONNEL.—

[(1) IN GENERAL.—The Director, in consultation with the Chairperson, may fix the number of, and appoint and direct, all employees of the Office.

[(2) COMPENSATION.—The Director, in consultation with the Chairperson, shall fix, adjust, and administer the pay for all employees of the Office, without regard to chapter 51 or subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

[(3) COMPARABILITY.—Section 1206(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b(a)) is amended—

[(A) by striking “Finance Board,” and inserting “Finance Board, the Office of Financial Research, and the Bureau of Consumer Financial Protection”; and

[(B) by striking “and the Office of Thrift Supervision,”.

[(4) SENIOR EXECUTIVES.—Section 3132(a)(1)(D) of title 5, United States Code, is amended by striking “and the National Credit Union Administration;” and inserting “the National Credit Union Administration, the Bureau of Consumer Financial Protection, and the Office of Financial Research;”.

[(e) ASSISTANCE FROM FEDERAL AGENCIES.—Any department or agency of the United States may provide to the Office and any special advisory, technical, or professional committees appointed by the Office, such services, funds, facilities, staff, and other support services as the Office may determine advisable. Any Federal Government employee may be detailed to the Office without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

[(f) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for Level V of the Executive Schedule under section 5316 of such title.

[(g) POST-EMPLOYMENT PROHIBITIONS.—The Secretary, with the concurrence of the Director of the Office of Government Ethics, shall issue regulations prohibiting the Director and any employee of the Office who has had access to the transaction or position data maintained by the Data Center or other business confidential information about financial entities required to report to the Office from being employed by or providing advice or consulting services to a

financial company, for a period of 1 year after last having had access in the course of official duties to such transaction or position data or business confidential information, regardless of whether that entity is required to report to the Office. For employees whose access to business confidential information was limited, the regulations may provide, on a case-by-case basis, for a shorter period of post-employment prohibition, provided that the shorter period does not compromise business confidential information.

[(h) TECHNICAL AND PROFESSIONAL ADVISORY COMMITTEES.—The Office, in consultation with the Chairperson, may appoint such special advisory, technical, or professional committees as may be useful in carrying out the functions of the Office, and the members of such committees may be staff of the Office, or other persons, or both.

[(i) FELLOWSHIP PROGRAM.—The Office, in consultation with the Chairperson, may establish and maintain an academic and professional fellowship program, under which qualified academics and professionals shall be invited to spend not longer than 2 years at the Office, to perform research and to provide advanced training for Office personnel.

[(j) EXECUTIVE SCHEDULE COMPENSATION.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item: Director of the Office of Financial Research.”.

[SEC. 153. PURPOSE AND DUTIES OF THE OFFICE.]

[(a) PURPOSE AND DUTIES.—The purpose of the Office is to support the Council in fulfilling the purposes and duties of the Council, as set forth in subtitle A, and to support member agencies, by—

[(1) collecting data on behalf of the Council, and providing such data to the Council and member agencies;

[(2) standardizing the types and formats of data reported and collected;

[(3) performing applied research and essential long-term research;

[(4) developing tools for risk measurement and monitoring;

[(5) performing other related services;

[(6) making the results of the activities of the Office available to financial regulatory agencies; and

[(7) assisting such member agencies in determining the types and formats of data authorized by this Act to be collected by such member agencies.

[(b) ADMINISTRATIVE AUTHORITY.—The Office may—

[(1) share data and information, including software developed by the Office, with the Council, member agencies, and the Bureau of Economic Analysis, which shared data, information, and software—

[(A) shall be maintained with at least the same level of security as is used by the Office; and

[(B) may not be shared with any individual or entity without the permission of the Council;

[(2) sponsor and conduct research projects; and

[(3) assist, on a reimbursable basis, with financial analyses undertaken at the request of other Federal agencies that are not member agencies.

[(c) RULEMAKING AUTHORITY.—

[(1) SCOPE.—The Office, in consultation with the Chairperson, shall issue rules, regulations, and orders only to the extent necessary to carry out the purposes and duties described in paragraphs (1), (2), and (7) of subsection (a).

[(2) STANDARDIZATION.—Member agencies, in consultation with the Office, shall implement regulations promulgated by the Office under paragraph (1) to standardize the types and formats of data reported and collected on behalf of the Council, as described in subsection (a)(2). If a member agency fails to implement such regulations prior to the expiration of the 3-year period following the date of publication of final regulations, the Office, in consultation with the Chairperson, may implement such regulations with respect to the financial entities under the jurisdiction of the member agency. This paragraph shall not supersede or interfere with the independent authority of a member agency under other law to collect data, in such format and manner as the member agency requires.

[(d) TESTIMONY.—

[(1) IN GENERAL.—The Director of the Office shall report to and testify before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives annually on the activities of the Office, including the work of the Data Center and the Research and Analysis Center, and the assessment of the Office of significant financial market developments and potential emerging threats to the financial stability of the United States.

[(2) NO PRIOR REVIEW.—No officer or agency of the United States shall have any authority to require the Director to submit the testimony required under paragraph (1) or other congressional testimony to any officer or agency of the United States for approval, comment, or review prior to the submission of such testimony. Any such testimony to Congress shall include a statement that the views expressed therein are those of the Director and do not necessarily represent the views of the President.

[(e) ADDITIONAL REPORTS.—The Director may provide additional reports to Congress concerning the financial stability of the United States. The Director shall notify the Council of any such additional reports provided to Congress.

[(f) SUBPOENA.—

[(1) IN GENERAL.—The Director may require from a financial company, by subpoena, the production of the data requested under subsection (a)(1) and section 154(b)(1), but only upon a written finding by the Director that—

[(A) such data is required to carry out the functions described under this subtitle; and

[(B) the Office has coordinated with the relevant primary financial regulatory agency, as required under section 154(b)(1)(B)(ii).

[(2) FORMAT.—Subpoenas under paragraph (1) shall bear the signature of the Director, and shall be served by any person or class of persons designated by the Director for that purpose.

[(3) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena, the subpoena shall be enforceable by order of

any appropriate district court of the United States. Any failure to obey the order of the court may be punished by the court as a contempt of court.

[SEC. 154. ORGANIZATIONAL STRUCTURE; RESPONSIBILITIES OF PRIMARY PROGRAMMATIC UNITS.

[(a) IN GENERAL.—There are established within the Office, to carry out the programmatic responsibilities of the Office—

[(1) the Data Center; and

[(2) the Research and Analysis Center.

[(b) DATA CENTER.—

[(1) GENERAL DUTIES.—

[(A) DATA COLLECTION.—The Data Center, on behalf of the Council, shall collect, validate, and maintain all data necessary to carry out the duties of the Data Center, as described in this subtitle. The data assembled shall be obtained from member agencies, commercial data providers, publicly available data sources, and financial entities under subparagraph (B).

[(B) AUTHORITY.—

[(i) IN GENERAL.—The Office may, as determined by the Council or by the Director in consultation with the Council, require the submission of periodic and other reports from any financial company for the purpose of assessing the extent to which a financial activity or financial market in which the financial company participates, or the financial company itself, poses a threat to the financial stability of the United States.

[(ii) MITIGATION OF REPORT BURDEN.—Before requiring the submission of a report from any financial company that is regulated by a member agency, any primary financial regulatory agency, a foreign supervisory authority, or the Office shall coordinate with such agencies or authority, and shall, whenever possible, rely on information available from such agencies or authority.

[(iii) COLLECTION OF FINANCIAL TRANSACTION AND POSITION DATA.—The Office shall collect, on a schedule determined by the Director, in consultation with the Council, financial transaction data and position data from financial companies.

[(C) RULEMAKING.—The Office shall promulgate regulations pursuant to subsections (a)(1), (a)(2), (a)(7), and (c)(1) of section 153 regarding the type and scope of the data to be collected by the Data Center under this paragraph.

[(2) RESPONSIBILITIES.—

[(A) PUBLICATION.—The Data Center shall prepare and publish, in a manner that is easily accessible to the public—

[(i) a financial company reference database;

[(ii) a financial instrument reference database; and

[(iii) formats and standards for Office data, including standards for reporting financial transaction and position data to the Office.

[(B) CONFIDENTIALITY.—The Data Center shall not publish any confidential data under subparagraph (A).

[(3) INFORMATION SECURITY.—The Director shall ensure that data collected and maintained by the Data Center are kept secure and protected against unauthorized disclosure.

[(4) CATALOG OF FINANCIAL ENTITIES AND INSTRUMENTS.—The Data Center shall maintain a catalog of the financial entities and instruments reported to the Office.

[(5) AVAILABILITY TO THE COUNCIL AND MEMBER AGENCIES.—The Data Center shall make data collected and maintained by the Data Center available to the Council and member agencies, as necessary to support their regulatory responsibilities.

[(6) OTHER AUTHORITY.—The Office shall, after consultation with the member agencies, provide certain data to financial industry participants and to the general public to increase market transparency and facilitate research on the financial system, to the extent that intellectual property rights are not violated, business confidential information is properly protected, and the sharing of such information poses no significant threats to the financial system of the United States.

[(c) RESEARCH AND ANALYSIS CENTER.—

[(1) GENERAL DUTIES.—The Research and Analysis Center, on behalf of the Council, shall develop and maintain independent analytical capabilities and computing resources—

[(A) to develop and maintain metrics and reporting systems for risks to the financial stability of the United States;

[(B) to monitor, investigate, and report on changes in systemwide risk levels and patterns to the Council and Congress;

[(C) to conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;

[(D) to evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by the member agencies;

[(E) to maintain expertise in such areas as may be necessary to support specific requests for advice and assistance from financial regulators;

[(F) to investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;

[(G) to conduct studies and provide advice on the impact of policies related to systemic risk; and

[(H) to promote best practices for financial risk management.

[(d) REPORTING RESPONSIBILITIES.—

[(1) REQUIRED REPORTS.—Not later than 2 years after the date of enactment of this Act, and not later than 120 days after the end of each fiscal year thereafter, the Office shall prepare and submit a report to Congress.

[(2) CONTENT.—Each report required by this subsection shall assess the state of the United States financial system, including—

[(A) an analysis of any threats to the financial stability of the United States;

[(B) the status of the efforts of the Office in meeting the mission of the Office; and

[(C) key findings from the research and analysis of the financial system by the Office.

[SEC. 155. FUNDING.

[(a) FINANCIAL RESEARCH FUND.—

[(1) FUND ESTABLISHED.—There is established in the Treasury of the United States a separate fund to be known as the “Financial Research Fund”.

[(2) FUND RECEIPTS.—All amounts provided to the Office under subsection (c), and all assessments that the Office receives under subsection (d) shall be deposited into the Financial Research Fund.

[(3) INVESTMENTS AUTHORIZED.—

[(A) AMOUNTS IN FUND MAY BE INVESTED.—The Director may request the Secretary to invest the portion of the Financial Research Fund that is not, in the judgment of the Director, required to meet the needs of the Office.

[(B) ELIGIBLE INVESTMENTS.—Investments shall be made by the Secretary in obligations of the United States or obligations that are guaranteed as to principal and interest by the United States, with maturities suitable to the needs of the Financial Research Fund, as determined by the Director.

[(4) INTEREST AND PROCEEDS CREDITED.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Financial Research Fund shall be credited to and form a part of the Financial Research Fund.

[(b) USE OF FUNDS.—

[(1) IN GENERAL.—Funds obtained by, transferred to, or credited to the Financial Research Fund shall be immediately available to the Office, and shall remain available until expended, to pay the expenses of the Office in carrying out the duties and responsibilities of the Office.

[(2) FEES, ASSESSMENTS, AND OTHER FUNDS NOT GOVERNMENT FUNDS.—Funds obtained by, transferred to, or credited to the Financial Research Fund shall not be construed to be Government funds or appropriated moneys.

[(3) AMOUNTS NOT SUBJECT TO APPORTIONMENT.—Notwithstanding any other provision of law, amounts in the Financial Research Fund shall not be subject to apportionment for purposes of chapter 15 of title 31, United States Code, or under any other authority, or for any other purpose.

[(c) INTERIM FUNDING.—During the 2-year period following the date of enactment of this Act, the Board of Governors shall provide to the Office an amount sufficient to cover the expenses of the Office.

[(d) PERMANENT SELF-FUNDING.—Beginning 2 years after the date of enactment of this Act, the Secretary shall establish, by regulation, and with the approval of the Council, an assessment schedule, including the assessment base and rates, applicable to bank holding companies with total consolidated assets of 50,000,000,000 or greater and nonbank financial companies supervised by the Board of Governors, that takes into account differences among such companies, based on the considerations for establishing the pruden-

tial standards under section 115, to collect assessments equal to the total expenses of the Office.

[SEC. 156. TRANSITION OVERSIGHT.]

[(a) PURPOSE.]—The purpose of this section is to ensure that the Office—

- [(1)]** has an orderly and organized startup;
- [(2)]** attracts and retains a qualified workforce; and
- [(3)]** establishes comprehensive employee training and benefits programs.

[(b) REPORTING REQUIREMENT.]—

[(1) IN GENERAL.]—The Office shall submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes the plans described in paragraph (2).

[(2) PLANS.]—The plans described in this paragraph are as follows:

[(A) TRAINING AND WORKFORCE DEVELOPMENT PLAN.]—

The Office shall submit a training and workforce development plan that includes, to the extent practicable—

- [(i)]** identification of skill and technical expertise needs and actions taken to meet those requirements;
- [(ii)]** steps taken to foster innovation and creativity;
- [(iii)]** leadership development and succession planning; and
- [(iv)]** effective use of technology by employees.

[(B) WORKPLACE FLEXIBILITY PLAN.]—The Office shall submit a workforce flexibility plan that includes, to the extent practicable—

- [(i)]** telework;
- [(ii)]** flexible work schedules;
- [(iii)]** phased retirement;
- [(iv)]** reemployed annuitants;
- [(v)]** part-time work;
- [(vi)]** job sharing;
- [(vii)]** parental leave benefits and childcare assistance;
- [(viii)]** domestic partner benefits;
- [(ix)]** other workplace flexibilities; or
- [(x)]** any combination of the items described in clauses (i) through (ix).

[(C) RECRUITMENT AND RETENTION PLAN.]—The Office shall submit a recruitment and retention plan that includes, to the extent practicable, provisions relating to—

- [(i)]** the steps necessary to target highly qualified applicant pools with diverse backgrounds;
- [(ii)]** streamlined employment application processes;
- [(iii)]** the provision of timely notification of the status of employment applications to applicants; and
- [(iv)]** the collection of information to measure indicators of hiring effectiveness.

[(c) EXPIRATION.]—The reporting requirement under subsection (b) shall terminate 5 years after the date of enactment of this Act.

[(d) RULE OF CONSTRUCTION.]—Nothing in this section may be construed to affect—

[(1) a collective bargaining agreement, as that term is defined in section 7103(a)(8) of title 5, United States Code, that is in effect on the date of enactment of this Act; or

[(2) the rights of employees under chapter 71 of title 5, United States Code.]

Subtitle C—Additional Board of Governors Authority for Certain Nonbank Financial Companies and Bank Holding Companies

[SEC. 161. REPORTS BY AND EXAMINATIONS OF NONBANK FINANCIAL COMPANIES BY THE BOARD OF GOVERNORS.

[(a) REPORTS.—

[(1) IN GENERAL.—The Board of Governors may require each nonbank financial company supervised by the Board of Governors, and any subsidiary thereof, to submit reports under oath, to keep the Board of Governors informed as to—

[(A) the financial condition of the company or subsidiary, systems of the company or subsidiary for monitoring and controlling financial, operating, and other risks, and the extent to which the activities and operations of the company or subsidiary pose a threat to the financial stability of the United States; and

[(B) compliance by the company or subsidiary with the requirements of this title.

[(2) USE OF EXISTING REPORTS AND INFORMATION.—In carrying out subsection (a), the Board of Governors shall, to the fullest extent possible, use—

[(A) reports and supervisory information that a nonbank financial company or subsidiary thereof has been required to provide to other Federal or State regulatory agencies;

[(B) information otherwise obtainable from Federal or State regulatory agencies;

[(C) information that is otherwise required to be reported publicly; and

[(D) externally audited financial statements of such company or subsidiary.

[(3) AVAILABILITY.—Upon the request of the Board of Governors, a nonbank financial company supervised by the Board of Governors, or a subsidiary thereof, shall promptly provide to the Board of Governors any information described in paragraph (2).

[(b) EXAMINATIONS.—

[(1) IN GENERAL.—Subject to paragraph (2), the Board of Governors may examine any nonbank financial company supervised by the Board of Governors and any subsidiary of such company, to inform the Board of Governors of—

[(A) the nature of the operations and financial condition of the company and such subsidiary;

[(B) the financial, operational, and other risks of the company or such subsidiary that may pose a threat to the safety and soundness of such company or subsidiary or to the financial stability of the United States;

[(C) the systems for monitoring and controlling such risks; and

[(D) compliance by the company or such subsidiary with the requirements of this title.

[(2) USE OF EXAMINATION REPORTS AND INFORMATION.—For purposes of this subsection, the Board of Governors shall, to the fullest extent possible, rely on reports of examination of any subsidiary depository institution or functionally regulated subsidiary made by the primary financial regulatory agency for that subsidiary, and on information described in subsection (a)(2).

[(c) COORDINATION WITH PRIMARY FINANCIAL REGULATORY AGENCY.—The Board of Governors shall—

[(1) provide reasonable notice to, and consult with, the primary financial regulatory agency for any subsidiary before requiring a report or commencing an examination of such subsidiary under this section; and

[(2) avoid duplication of examination activities, reporting requirements, and requests for information, to the fullest extent possible.

[SEC. 162. ENFORCEMENT.

[(a) IN GENERAL.—Except as provided in subsection (b), a nonbank financial company supervised by the Board of Governors and any subsidiaries of such company (other than any depository institution subsidiary) shall be subject to the provisions of subsections (b) through (n) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), in the same manner and to the same extent as if the company were a bank holding company, as provided in section 8(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)(3)).

[(b) ENFORCEMENT AUTHORITY FOR FUNCTIONALLY REGULATED SUBSIDIARIES.—

[(1) REFERRAL.—If the Board of Governors determines that a condition, practice, or activity of a depository institution subsidiary or functionally regulated subsidiary of a nonbank financial company supervised by the Board of Governors does not comply with the regulations or orders prescribed by the Board of Governors under this Act, or otherwise poses a threat to the financial stability of the United States, the Board of Governors may recommend, in writing, to the primary financial regulatory agency for the subsidiary that such agency initiate a supervisory action or enforcement proceeding. The recommendation shall be accompanied by a written explanation of the concerns giving rise to the recommendation.

[(2) BACK-UP AUTHORITY OF THE BOARD OF GOVERNORS.—If, during the 60-day period beginning on the date on which the primary financial regulatory agency receives a recommendation under paragraph (1), the primary financial regulatory agency does not take supervisory or enforcement action against a subsidiary that is acceptable to the Board of Governors, the Board of Governors (upon a vote of its members) may take the recommended supervisory or enforcement action, as if the subsidiary were a bank holding company subject to supervision by the Board of Governors.]

SEC. 163. ACQUISITIONS.

[(a) ACQUISITIONS OF BANKS; TREATMENT AS A BANK HOLDING COMPANY.—For purposes of section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842), a nonbank financial company supervised by the Board of Governors shall be deemed to be, and shall be treated as, a bank holding company.]

[(b)] (a) ACQUISITION OF NONBANK COMPANIES.—

(1) PRIOR NOTICE FOR LARGE ACQUISITIONS.—Notwithstanding section 4(k)(6)(B) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)(6)(B)), a bank holding company with total consolidated assets equal to or greater than \$50,000,000,000 [or a nonbank financial company supervised by the Board of Governors] shall not acquire direct or indirect ownership or control of any voting shares of any company (other than an insured depository institution) that is engaged in activities described in section 4(k) of the Bank Holding Company Act of 1956 having total consolidated assets of \$10,000,000,000 or more, without providing written notice to the Board of Governors in advance of the transaction.

(2) EXEMPTIONS.—The prior notice requirement in paragraph (1) shall not apply with regard to the acquisition of shares that would qualify for the exemptions in section 4(c) or section 4(k)(4)(E) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c) and (k)(4)(E)).

(3) NOTICE PROCEDURES.—The notice procedures set forth in section 4(j)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(j)(1)), without regard to section 4(j)(3) of that Act, shall apply to an acquisition of any company (other than an insured depository institution) by a bank holding company with total consolidated assets equal to or greater than \$50,000,000,000 [or a nonbank financial company supervised by the Board of Governors], as described in paragraph (1), including any such company engaged in activities described in section 4(k) of that Act.

(4) STANDARDS FOR REVIEW.—In addition to the standards provided in section 4(j)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(j)(2)), the Board of Governors shall consider the extent to which the proposed acquisition would result in greater or more concentrated risks to global or United States financial stability or the United States economy.

(5) HART-SCOTT-RODINO FILING REQUIREMENT.—Solely for purposes of section 7A(c)(8) of the Clayton Act (15 U.S.C. 18a(c)(8)), the transactions subject to the requirements of paragraph (1) shall be treated as if Board of Governors approval is not required.

[SEC. 164. PROHIBITION AGAINST MANAGEMENT INTERLOCKS BETWEEN CERTAIN FINANCIAL COMPANIES.

[A nonbank financial company supervised by the Board of Governors shall be treated as a bank holding company for purposes of the Depository Institutions Management Interlocks Act (12 U.S.C. 3201 et seq.), except that the Board of Governors shall not exercise the authority provided in section 7 of that Act (12 U.S.C. 3207) to permit service by a management official of a nonbank financial company supervised by the Board of Governors as a management official of any bank holding company with total consolidated assets

equal to or greater than \$50,000,000,000, or other nonaffiliated nonbank financial company supervised by the Board of Governors (other than to provide a temporary exemption for interlocks resulting from a merger, acquisition, or consolidation).]

SEC. 165. ENHANCED SUPERVISION AND PRUDENTIAL STANDARDS FOR [NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS AND] CERTAIN BANK HOLDING COMPANIES.

(a) IN GENERAL.—

(1) **PURPOSE.**—In order to prevent or mitigate risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected financial institutions, the Board of Governors shall, on its own or pursuant to recommendations by the Council under section 115, establish prudential standards for [nonbank financial companies supervised by the Board of Governors and] bank holding companies with total consolidated assets equal to or greater than \$50,000,000,000 that—

(A) are more stringent than the standards and requirements applicable to nonbank financial companies and bank holding companies that do not present similar risks to the financial stability of the United States; and

(B) increase in stringency, based on the considerations identified in subsection (b)(3).

[(2) TAILORED APPLICATION.—

[(A) IN GENERAL.—In prescribing more stringent prudential standards under this section, the Board of Governors may, on its own or pursuant to a recommendation by the Council in accordance with section 115, differentiate among companies on an individual basis or by category, taking into consideration their capital structure, riskiness, complexity, financial activities (including the financial activities of their subsidiaries), size, and any other risk-related factors that the Board of Governors deems appropriate.

[(B) ADJUSTMENT OF THRESHOLD FOR APPLICATION OF CERTAIN STANDARDS.—The Board of Governors may, pursuant to a recommendation by the Council in accordance with section 115, establish an asset threshold above \$50,000,000,000 for the application of any standard established under subsections (c) through (g).]

(2) TAILORED APPLICATION.—In prescribing more stringent prudential standards under this section, the Board of Governors may differentiate among companies on an individual basis or by category, taking into consideration their capital structure, riskiness, complexity, financial activities (including the financial activities of their subsidiaries), size, and any other risk-related factors that the Board of Governors deems appropriate.

(b) DEVELOPMENT OF PRUDENTIAL STANDARDS.—

(1) IN GENERAL.—

(A) REQUIRED STANDARDS.—The Board of Governors shall establish prudential standards for [nonbank financial companies supervised by the Board of Governors and]

bank holding companies described in subsection (a), that shall include—

- (i) risk-based capital requirements and leverage limits, unless the Board of Governors, in consultation with the Council, determines that such requirements are not appropriate for a company subject to more stringent prudential standards because of the activities of such company (such as investment company activities or assets under management) or structure, in which case, the Board of Governors shall apply other standards that result in similarly stringent risk controls;
- (ii) liquidity requirements;
- (iii) overall risk management requirements;
- (iv) resolution plan and credit exposure report requirements; and
- (v) concentration limits.

(B) ADDITIONAL STANDARDS AUTHORIZED.—The Board of Governors may establish additional prudential standards for [nonbank financial companies supervised by the Board of Governors and] bank holding companies described in subsection (a), that include—

- (i) a contingent capital requirement;
- (ii) enhanced public disclosures;
- (iii) short-term debt limits; and
- (iv) such other prudential standards as the Board or Governors[, on its own or pursuant to a recommendation made by the Council in accordance with section 115,] determines are appropriate.

(2) STANDARDS FOR FOREIGN FINANCIAL COMPANIES.—In applying the standards set forth in paragraph (1) to any [foreign nonbank financial company supervised by the Board of Governors or] foreign-based bank holding company, the Board of Governors [shall—]

[(A) give due] *shall give due* regard to the principle of national treatment and equality of competitive opportunity[; and].

[(B) take into account the extent to which the foreign financial company is subject on a consolidated basis to home country standards that are comparable to those applied to financial companies in the United States.]

(3) CONSIDERATIONS.—In prescribing prudential standards under paragraph (1), the Board of Governors shall—

(A) take into account differences among [nonbank financial companies supervised by the Board of Governors and] bank holding companies described in subsection (a), based on—

- [(i) the factors described in subsections (a) and (b) of section 113;]
- [(ii)] *(i)* whether the company owns an insured depository institution;
- [(iii)] *(ii)* nonfinancial activities and affiliations of the company; and
- [(iv)] *(iii)* any other risk-related factors that the Board of Governors determines appropriate; *and*

[(B) to the extent possible, ensure that small changes in the factors listed in subsections (a) and (b) of section 113 would not result in sharp, discontinuous changes in the prudential standards established under paragraph (1) of this subsection;

[(C) take into account any recommendations of the Council under section 115; and]

[(D)] (B) adapt the required standards as appropriate in light of any predominant line of business of such company, including assets under management or other activities for which particular standards may not be appropriate.

(4) CONSULTATION.—Before imposing prudential standards or any other requirements pursuant to this section, including notices of deficiencies in resolution plans and more stringent requirements or divestiture orders resulting from such notices, that are likely to have a significant impact on a functionally regulated subsidiary or depository institution subsidiary of [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a), the Board of Governors shall consult with each Council member that primarily supervises any such subsidiary with respect to any such standard or requirement.

(5) REPORT.—The Board of Governors shall submit an annual report to Congress regarding the implementation of the prudential standards required pursuant to paragraph (1), including the use of such standards to mitigate risks to the financial stability of the United States.

(c) CONTINGENT CAPITAL.—

(1) IN GENERAL.—Subsequent to submission by the Council of a report to Congress [under section 115(c)], the Board of Governors may issue regulations that require each [nonbank financial company supervised by the Board of Governors and] bank holding companies described in subsection (a) to maintain a minimum amount of contingent capital that is convertible to equity in times of financial stress.

(2) FACTORS TO CONSIDER.—In issuing regulations under this subsection, the Board of Governors shall consider—

[(A) the results of the study undertaken by the Council, and any recommendations of the Council, under section 115(c);]

(A) *any recommendations of the Council;*

(B) an appropriate transition period for implementation of contingent capital under this subsection;

(C) the factors described in subsection (b)(3)(A);

(D) capital requirements applicable to the [nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a), and subsidiaries thereof; and

(E) any other factor that the Board of Governors deems appropriate.

(d) RESOLUTION PLAN AND CREDIT EXPOSURE REPORTS.—

(1) RESOLUTION PLAN.—The Board of Governors shall require each [nonbank financial company supervised by the Board of Governors and] bank holding companies described in subsection (a) to report [periodically] *not more often than every 2*

years to the Board of Governors, the Council, and the Corporation the plan of such company for rapid and orderly resolution in the event of material financial distress or failure, which shall include—

(A) information regarding the manner and extent to which any insured depository institution affiliated with the company is adequately protected from risks arising from the activities of any nonbank subsidiaries of the company;

(B) full descriptions of the ownership structure, assets, liabilities, and contractual obligations of the company;

(C) identification of the cross-guarantees tied to different securities, identification of major counterparties, and a process for determining to whom the collateral of the company is pledged; and

(D) any other information that the Board of Governors and the Corporation jointly require by rule or order.

(2) CREDIT EXPOSURE REPORT.—The Board of Governors shall require each [nonbank financial company supervised by the Board of Governors and] bank holding companies described in subsection (a) to report periodically to the Board of Governors, the Council, and the Corporation on—

(A) the nature and extent to which the company has credit exposure to other significant nonbank financial companies and significant bank holding companies; and

(B) the nature and extent to which other significant nonbank financial companies and significant bank holding companies have credit exposure to that company.

(3) REVIEW.—[The Board]

(A) *IN GENERAL.*—*The Board of Governors and the Corporation [shall review] shall—*

(i) review the information provided in accordance with this subsection by each [nonbank financial company supervised by the Board of Governors and] bank holding company described in subsection (a)[.]; and

(ii) not later than the end of the 6-month period beginning on the date the bank holding company submits the resolution plan, provide feedback to the bank holding company on such plan.

(B) *DISCLOSURE OF ASSESSMENT FRAMEWORK.*—*The Board of Governors shall publicly disclose, including on the website of the Board of Governors, the assessment framework that is used to review information under this paragraph and shall provide the public with a notice and comment period before finalizing such assessment framework.*

(4) NOTICE OF DEFICIENCIES.—If the Board of Governors and the Corporation jointly determine, based on their review under paragraph (3), that the resolution plan of [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a) is not credible or would not facilitate an orderly resolution of the company under title 11, United States Code—

(A) the Board of Governors and the Corporation shall notify the company of the deficiencies in the resolution plan; and

(B) the company shall resubmit the resolution plan within a timeframe determined by the Board of Governors and the Corporation, with revisions demonstrating that the plan is credible and would result in an orderly resolution under title 11, United States Code, including any proposed changes in business operations and corporate structure to facilitate implementation of the plan.

(5) FAILURE TO RESUBMIT CREDIBLE PLAN.—

(A) IN GENERAL.—If [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a) fails to timely resubmit the resolution plan as required under paragraph (4), with such revisions as are required under subparagraph (B), the Board of Governors and the Corporation may jointly impose more stringent capital, leverage, or liquidity requirements, or restrictions on the growth, activities, or operations of the company, or any subsidiary thereof, until such time as the company resubmits a plan that remedies the deficiencies.

(B) DIVESTITURE.—The Board of Governors and the Corporation, in consultation with the Council, may jointly direct [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a), by order, to divest certain assets or operations identified by the Board of Governors and the Corporation, to facilitate an orderly resolution of such company under title 11, United States Code, in the event of the failure of such company, in any case in which—

(i) the Board of Governors and the Corporation have jointly imposed more stringent requirements on the company pursuant to subparagraph (A); and

(ii) the company has failed, within the 2-year period beginning on the date of the imposition of such requirements under subparagraph (A), to resubmit the resolution plan with such revisions as were required under paragraph (4)(B).

(6) NO LIMITING EFFECT.—A resolution plan submitted in accordance with this subsection shall not be binding on a bankruptcy court, a receiver appointed under title II, or any other authority that is authorized or required to resolve the [nonbank financial company supervised by the Board, any bank holding company,] *bank holding company* or any subsidiary or affiliate of the foregoing.

(7) NO PRIVATE RIGHT OF ACTION.—No private right of action may be based on any resolution plan submitted in accordance with this subsection.

(8) RULES.—Not later than 18 months after the date of enactment of this Act, the Board of Governors and the Corporation shall jointly issue final rules implementing this subsection.

(e) CONCENTRATION LIMITS.—

(1) STANDARDS.—In order to limit the risks that the failure of any individual company could pose to [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a), the Board of Gov-

ernors, by regulation, shall prescribe standards that limit such risks.

(2) **LIMITATION ON CREDIT EXPOSURE.**—The regulations prescribed by the Board of Governors under paragraph (1) shall prohibit each [nonbank financial company supervised by the Board of Governors and] bank holding company described in subsection (a) from having credit exposure to any unaffiliated company that exceeds 25 percent of the capital stock and surplus (or such lower amount as the Board of Governors may determine by regulation to be necessary to mitigate risks to the financial stability of the United States) of the company.

(3) **CREDIT EXPOSURE.**—For purposes of paragraph (2), “credit exposure” to a company means—

(A) all extensions of credit to the company, including loans, deposits, and lines of credit;

(B) all repurchase agreements and reverse repurchase agreements with the company, and all securities borrowing and lending transactions with the company, to the extent that such transactions create credit exposure for [the nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a);

(C) all guarantees, acceptances, or letters of credit (including endorsement or standby letters of credit) issued on behalf of the company;

(D) all purchases of or investment in securities issued by the company;

(E) counterparty credit exposure to the company in connection with a derivative transaction between [the nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a) and the company; and

(F) any other similar transactions that the Board of Governors, by regulation, determines to be a credit exposure for purposes of this section.

(4) **ATTRIBUTION RULE.**—For purposes of this subsection, any transaction by [a nonbank financial company supervised by the Board of Governors or] a bank holding company described in subsection (a) with any person is a transaction with a company, to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, that company.

(5) **RULEMAKING.**—The Board of Governors may issue such regulations and orders, including definitions consistent with this section, as may be necessary to administer and carry out this subsection.

(6) **EXEMPTIONS.**—This subsection shall not apply to any Federal home loan bank. The Board of Governors may, by regulation or order, exempt transactions, in whole or in part, from the definition of the term “credit exposure” for purposes of this subsection, if the Board of Governors finds that the exemption is in the public interest and is consistent with the purpose of this subsection.

(7) **TRANSITION PERIOD.**—

(A) **IN GENERAL.**—This subsection and any regulations and orders of the Board of Governors under this subsection

shall not be effective until 3 years after the date of enactment of this Act.

(B) EXTENSION AUTHORIZED.—The Board of Governors may extend the period specified in subparagraph (A) for not longer than an additional 2 years.

(f) ENHANCED PUBLIC DISCLOSURES.—The Board of Governors may prescribe, by regulation, periodic public disclosures by [nonbank financial companies supervised by the Board of Governors and] bank holding companies described in subsection (a) in order to support market evaluation of the risk profile, capital adequacy, and risk management capabilities thereof.

(g) SHORT-TERM DEBT LIMITS.—

(1) IN GENERAL.—In order to mitigate the risks that an over-accumulation of short-term debt could pose to financial companies and to the stability of the United States financial system, the Board of Governors may, by regulation, prescribe a limit on the amount of short-term debt, including off-balance sheet exposures, that may be accumulated by any bank holding company described in subsection (a) [and any nonbank financial company supervised by the Board of Governors].

(2) BASIS OF LIMIT.—Any limit prescribed under paragraph (1) shall be based on the short-term debt of the company described in paragraph (1) as a percentage of capital stock and surplus of the company or on such other measure as the Board of Governors considers appropriate.

(3) SHORT-TERM DEBT DEFINED.—For purposes of this subsection, the term “short-term debt” means such liabilities with short-dated maturity that the Board of Governors identifies, by regulation, except that such term does not include insured deposits.

(4) RULEMAKING AUTHORITY.—In addition to prescribing regulations under paragraphs (1) and (3), the Board of Governors may prescribe such regulations, including definitions consistent with this subsection, and issue such orders, as may be necessary to carry out this subsection.

(5) AUTHORITY TO ISSUE EXEMPTIONS AND ADJUSTMENTS.—Notwithstanding the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), the Board of Governors may, if it determines such action is necessary to ensure appropriate heightened prudential supervision, with respect to a company described in paragraph (1) that does not control an insured depository institution, issue to such company an exemption from or adjustment to the limit prescribed under paragraph (1).

(h) RISK COMMITTEE.—

[(1) NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD OF GOVERNORS.—The Board of Governors shall require each nonbank financial company supervised by the Board of Governors that is a publicly traded company to establish a risk committee, as set forth in paragraph (3), not later than 1 year after the date of receipt of a notice of final determination under section 113(e)(3) with respect to such nonbank financial company supervised by the Board of Governors.]

[(2)] (1) CERTAIN BANK HOLDING COMPANIES.—

(A) MANDATORY REGULATIONS.—The Board of Governors shall issue regulations requiring each bank holding com-

pany that is a publicly traded company and that has total consolidated assets of not less than \$10,000,000,000 to establish a risk committee, as set forth in [paragraph (3)] *paragraph (2)*.

(B) PERMISSIVE REGULATIONS.—The Board of Governors may require each bank holding company that is a publicly traded company and that has total consolidated assets of less than \$10,000,000,000 to establish a risk committee, as set forth in [paragraph (3)] *paragraph (2)*, as determined necessary or appropriate by the Board of Governors to promote sound risk management practices.

[(3)] (2) RISK COMMITTEE.—A risk committee required by this subsection shall—

(A) be responsible for the oversight of the enterprise-wide risk management practices of [the nonbank financial company supervised by the Board of Governors or bank holding company described in subsection (a), as applicable] *a bank holding company described in subsection (a)*;

(B) include such number of independent directors as the Board of Governors may determine appropriate, based on the nature of operations, size of assets, and other appropriate criteria related to [the nonbank financial company supervised by the Board of Governors or a bank holding company described in subsection (a), as applicable] *a bank holding company described in subsection (a)*; and

(C) include at least 1 risk management expert having experience in identifying, assessing, and managing risk exposures of large, complex firms.

[(4)] (3) RULEMAKING.—The Board of Governors shall issue final rules to carry out this subsection, not later than 1 year after the transfer date, to take effect not later than 15 months after the transfer date.

(i) STRESS TESTS.—

(1) BY THE BOARD OF GOVERNORS.—

(A) ANNUAL TESTS REQUIRED.—The Board of Governors[, in coordination with the appropriate primary financial regulatory agencies and the Federal Insurance Office,] shall conduct annual analyses in which [nonbank financial companies supervised by the Board of Governors and] bank holding companies described in subsection (a) are subject to evaluation of whether such companies have the capital, on a total consolidated basis, necessary to absorb losses as a result of adverse economic conditions.

(B) TEST PARAMETERS AND CONSEQUENCES.—The Board of Governors—

[(i) shall provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse;]

(i) shall—

(I) issue regulations, after providing for public notice and comment, that provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse,

and methodologies, including models used to estimate losses on certain assets, and the Board of Governors shall not carry out any such evaluation until 60 days after such regulations are issued; and

(II) provide copies of such regulations to the Comptroller General of the United States and the Panel of Economic Advisors of the Congressional Budget Office before publishing such regulations;

(ii) may require the tests described in subparagraph (A) at bank holding companies [and nonbank financial companies], in addition to those for which annual tests are required under subparagraph (A);

(iii) may develop and apply such other analytic techniques as are necessary to identify, measure, and monitor risks to the financial stability of the United States;

(iv) shall require the companies described in subparagraph (A) to update their resolution plans required under subsection (d)(1), as the Board of Governors determines appropriate, based on the results of the analyses; [and]

(v) shall publish a summary of the results of the tests required under subparagraph (A) or clause (ii) of this subparagraph[.], including any results of a resubmitted test;

(vi) shall, in establishing the severely adverse condition under clause (i), provide detailed consideration of the model's effects on financial stability and the cost and availability of credit;

(vii) shall, in developing the models and methodologies and providing them for notice and comment under this subparagraph, publish a process to test the models and methodologies for their potential to magnify systemic and institutional risks instead of facilitating increased resiliency;

(viii) shall design and publish a process to test and document the sensitivity and uncertainty associated with the model system's data quality, specifications, and assumptions; and

(ix) shall communicate the range and sources of uncertainty surrounding the models and methodologies.

(C) CCAR REQUIREMENTS.—

(i) PARAMETERS AND CONSEQUENCES APPLICABLE TO CCAR.—The requirements of subparagraph (B) shall apply to CCAR.

(ii) TWO-YEAR LIMITATION.—The Board of Governors may not subject a company to CCAR more than once every two years.

(iii) MID-CYCLE RESUBMISSION.—If a company receives a quantitative objection to, or otherwise desires to amend the company's capital plan, the company may file a new streamlined plan at any time after a capital planning exercise has been completed and before a subsequent capital planning exercise.

(iv) *LIMITATION ON QUALITATIVE CAPITAL PLANNING OBJECTIONS.*—*In carrying out CCAR, the Board of Governors may not object to a company's capital plan on the basis of qualitative deficiencies in the company's capital planning process.*

(v) *COMPANY INQUIRIES.*—*The Board of Governors shall establish and publish procedures for responding to inquiries from companies subject to CCAR, including establishing the time frame in which such responses will be made, and make such procedures publicly available.*

(vi) *CCAR DEFINED.*—*For purposes of this subparagraph and subparagraph (E), the term "CCAR" means the Comprehensive Capital Analysis and Review established by the Board of Governors.*

(2) BY THE COMPANY.—

(A) *REQUIREMENT.*—A [nonbank financial company supervised by the Board of Governors and] [a bank holding company] *bank holding company* described in subsection (a) shall conduct [semiannual] *annual* stress tests. [All other financial companies] *All other bank holding companies* that have total consolidated assets of more than \$10,000,000,000 [and are regulated by a primary Federal financial regulatory agency] shall conduct annual stress tests. The tests required under this subparagraph shall be conducted in accordance with the regulations prescribed under subparagraph (C).

(B) *REPORT.*—A company required to conduct stress tests under subparagraph (A) shall submit a report to the Board of Governors [and to its primary financial regulatory agency] at such time, in such form, and containing such information as the [primary financial regulatory agency] *Board of Governors* shall require.

(C) *REGULATIONS.*—[Each Federal primary financial regulatory agency, in coordination with the Board of Governors and the Federal Insurance Office,] *The Board of Governors* shall issue [consistent and comparable] regulations to implement this paragraph that shall—

(i) define the term “stress test” for purposes of this paragraph;

(ii) establish methodologies for the conduct of stress tests required by this paragraph that shall provide for at least 3 different sets of conditions, including baseline, adverse, and severely adverse;

(iii) establish the form and content of the report required by subparagraph (B); and

(iv) require companies subject to this paragraph to publish a summary of the results of the required stress tests.

(3) *ACCOUNTABILITY AND APPROPRIATENESS IN BANK HOLDING COMPANY STRESS TESTS.*—

(A) *QUALITY AND ACCOUNTABILITY ASSURANCE.*—*No annual test or exercise conducted by the Board of Governors under this subsection or any other provision of law shall serve as a basis for restricting a capital distribution by a*

bank holding company unless the Board of Governor's Vice Chair for Supervision certifies in writing to the Congress that any model or combination of models used therein are demonstrably more accurate than any similar model or combination of models utilized by the bank holding company in a stress test conducted under paragraph (2).

(B) PROCESS.—Any action taken by the Board of Governors to restrict a capital distribution by a bank holding company on the basis of a stress test or exercise conducted by the Board of Governors under this subsection or any other provision of law shall be conducted pursuant to a capital directive subject to, and issued in accordance with, section 908(b)(2) of the International Lending Supervision Act of 1983 (12 U.S.C. 3907(b)(2)).

(j) LEVERAGE LIMITATION.—

(1) REQUIREMENT.—The Board of Governors shall require a bank holding company with total consolidated assets equal to or greater than \$50,000,000,000 [or a nonbank financial company supervised by the Board of Governors] to maintain a debt to equity ratio of no more than 15 to 1, upon a determination by the Council that such company poses a grave threat to the financial stability of the United States and that the imposition of such requirement is necessary to mitigate the risk that such company poses to the financial stability of the United States. Nothing in this paragraph shall apply to a Federal home loan bank.

(2) CONSIDERATIONS.—In making a determination under this subsection, the Council shall consider [the factors described in subsections (a) and (b) of section 113 and any other] any risk-related factors that the Council deems appropriate.

(3) REGULATIONS.—The Board of Governors shall promulgate regulations to establish procedures and timelines for complying with the requirements of this subsection.

(k) INCLUSION OF OFF-BALANCE-SHEET ACTIVITIES IN COMPUTING CAPITAL REQUIREMENTS.—

(1) IN GENERAL.—In the case of any bank holding company described in subsection (a) [or nonbank financial company supervised by the Board of Governors], the computation of capital for purposes of meeting capital requirements shall take into account any off-balance-sheet activities of the company.

(2) EXEMPTIONS.—If the Board of Governors determines that an exemption from the requirement under paragraph (1) is appropriate, the Board of Governors may exempt a company, or any transaction or transactions engaged in by such company, from the requirements of paragraph (1).

(3) OFF-BALANCE-SHEET ACTIVITIES DEFINED.—For purposes of this subsection, the term “off-balance-sheet activities” means an existing liability of a company that is not currently a balance sheet liability, but may become one upon the happening of some future event, including the following transactions, to the extent that they may create a liability:

(A) Direct credit substitutes in which a bank substitutes its own credit for a third party, including standby letters of credit.

- (B) Irrevocable letters of credit that guarantee repayment of commercial paper or tax-exempt securities.
- (C) Risk participations in bankers' acceptances.
- (D) Sale and repurchase agreements.
- (E) Asset sales with recourse against the seller.
- (F) Interest rate swaps.
- (G) Credit swaps.
- (H) Commodities contracts.
- (I) Forward contracts.
- (J) Securities contracts.
- (K) Such other activities or transactions as the Board of Governors may, by rule, define.

[SEC. 166. EARLY REMEDIATION REQUIREMENTS.

[(a) IN GENERAL.—The Board of Governors, in consultation with the Council and the Corporation, shall prescribe regulations establishing requirements to provide for the early remediation of financial distress of a nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a), except that nothing in this subsection authorizes the provision of financial assistance from the Federal Government.

[(b) PURPOSE OF THE EARLY REMEDIATION REQUIREMENTS.—The purpose of the early remediation requirements under subsection (a) shall be to establish a series of specific remedial actions to be taken by a nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) that is experiencing increasing financial distress, in order to minimize the probability that the company will become insolvent and the potential harm of such insolvency to the financial stability of the United States.

[(c) REMEDIATION REQUIREMENTS.—The regulations prescribed by the Board of Governors under subsection (a) shall—

[(1) define measures of the financial condition of the company, including regulatory capital, liquidity measures, and other forward-looking indicators; and

[(2) establish requirements that increase in stringency as the financial condition of the company declines, including—

[(A) requirements in the initial stages of financial decline, including limits on capital distributions, acquisitions, and asset growth; and

[(B) requirements at later stages of financial decline, including a capital restoration plan and capital-raising requirements, limits on transactions with affiliates, management changes, and asset sales.

[SEC. 167. AFFILIATIONS.

[(a) AFFILIATIONS.—Nothing in this subtitle shall be construed to require a nonbank financial company supervised by the Board of Governors, or a company that controls a nonbank financial company supervised by the Board of Governors, to conform the activities thereof to the requirements of section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843).

[(b) REQUIREMENT.—

[(1) IN GENERAL.—

[(A) BOARD AUTHORITY.—If a nonbank financial company supervised by the Board of Governors conducts ac-

tivities other than those that are determined to be financial in nature or incidental thereto under section 4(k) of the Bank Holding Company Act of 1956, the Board of Governors may require such company to establish and conduct all or a portion of such activities that are determined to be financial in nature or incidental thereto in or through an intermediate holding company established pursuant to regulation of the Board of Governors, not later than 90 days (or such longer period as the Board of Governors may deem appropriate) after the date on which the nonbank financial company supervised by the Board of Governors is notified of the determination of the Board of Governors under this section.

[(B) NECESSARY ACTIONS.—Notwithstanding subparagraph (A), the Board of Governors shall require a nonbank financial company supervised by the Board of Governors to establish an intermediate holding company if the Board of Governors makes a determination that the establishment of such intermediate holding company is necessary to—

[(i) appropriately supervise activities that are determined to be financial in nature or incidental thereto; or

[(ii) to ensure that supervision by the Board of Governors does not extend to the commercial activities of such nonbank financial company.

[(2) INTERNAL FINANCIAL ACTIVITIES.—For purposes of this subsection, activities that are determined to be financial in nature or incidental thereto under section 4(k) of the Bank Holding Company Act of 1956, as described in paragraph (1), shall not include internal financial activities, including internal treasury, investment, and employee benefit functions. With respect to any internal financial activity engaged in for the company or an affiliate and a non-affiliate of such company during the year prior to the date of enactment of this Act, such company (or an affiliate that is not an intermediate holding company or subsidiary of an intermediate holding company) may continue to engage in such activity, as long as not less than 2/3 of the assets or 2/3 of the revenues generated from the activity are from or attributable to such company or an affiliate, subject to review by the Board of Governors, to determine whether engaging in such activity presents undue risk to such company or to the financial stability of the United States.

[(3) SOURCE OF STRENGTH.—A company that directly or indirectly controls an intermediate holding company established under this section shall serve as a source of strength to its subsidiary intermediate holding company.

[(4) PARENT COMPANY REPORTS.—The Board of Governors may, from time to time, require reports under oath from a company that controls an intermediate holding company, and from the appropriate officers or directors of such company, solely for purposes of ensuring compliance with the provisions of this section, including assessing the ability of the company to serve as a source of strength to its subsidiary intermediate holding company pursuant to paragraph (3) and enforcing such compliance.

[(5) LIMITED PARENT COMPANY ENFORCEMENT.—

[(A) IN GENERAL.—In addition to any other authority of the Board of Governors, the Board of Governors may enforce compliance with the provisions of this subsection that are applicable to any company described in paragraph (1) that controls an intermediate holding company under section 8 of the Federal Deposit Insurance Act, and such company shall be subject to such section (solely for such purposes) in the same manner and to the same extent as if such company were a bank holding company.

[(B) APPLICATION OF OTHER ACT.—Any violation of this subsection by any company that controls an intermediate holding company may also be treated as a violation of the Federal Deposit Insurance Act for purposes of subparagraph (A).

[(C) NO EFFECT ON OTHER AUTHORITY.—No provision of this paragraph shall be construed as limiting any authority of the Board of Governors or any other Federal agency under any other provision of law.

[(c) REGULATIONS.—The Board of Governors—

[(1) shall promulgate regulations to establish the criteria for determining whether to require a nonbank financial company supervised by the Board of Governors to establish an intermediate holding company under subsection (b); and

[(2) may promulgate regulations to establish any restrictions or limitations on transactions between an intermediate holding company or a nonbank financial company supervised by the Board of Governors and its affiliates, as necessary to prevent unsafe and unsound practices in connection with transactions between such company, or any subsidiary thereof, and its parent company or affiliates that are not subsidiaries of such company, except that such regulations shall not restrict or limit any transaction in connection with the bona fide acquisition or lease by an unaffiliated person of assets, goods, or services.

[SEC. 168. REGULATIONS.

[The Board of Governors shall have authority to issue regulations to implement subtitles A and C and the amendments made thereunder. Except as otherwise specified in subtitle A or C, not later than 18 months after the effective date of this Act, the Board of Governors shall issue final regulations to implement subtitles A and C, and the amendments made thereunder.**]**

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[SEC. 170. SAFE HARBOR.

[(a) REGULATIONS.—The Board of Governors shall promulgate regulations on behalf of, and in consultation with, the Council setting forth the criteria for exempting certain types or classes of U.S. nonbank financial companies or foreign nonbank financial companies from supervision by the Board of Governors.

[(b) CONSIDERATIONS.—In developing the criteria under subsection (a), the Board of Governors shall take into account the factors for consideration described in subsections (a) and (b) of section 113 in determining whether a U.S. nonbank financial company or foreign nonbank financial company shall be supervised by the Board of Governors.

[(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require supervision by the Board of Governors of a U.S. nonbank financial company or foreign nonbank financial company, if such company does not meet the criteria for exemption established under subsection (a).

[(d) REVISIONS.—

[(1) IN GENERAL.—The Board of Governors shall, in consultation with the Council, review the regulations promulgated under subsection (a), not less frequently than every 5 years, and based upon the review, the Board of Governors may revise such regulations on behalf of, and in consultation with, the Council to update as necessary the criteria set forth in such regulations.

[(2) TRANSITION PERIOD.—No revisions under paragraph (1) shall take effect before the end of the 2-year period after the date of publication of such revisions in final form.

[(e) REPORT.—The Chairman of the Board of Governors and the Chairperson of the Council shall submit a joint report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives not later than 30 days after the date of the issuance in final form of regulations under subsection (a), or any subsequent revision to such regulations under subsection (d), as applicable. Such report shall include, at a minimum, the rationale for exemption and empirical evidence to support the criteria for exemption.】

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[SEC. 172. EXAMINATION AND ENFORCEMENT ACTIONS FOR INSURANCE AND ORDERLY LIQUIDATION PURPOSES.

[(a) EXAMINATIONS FOR INSURANCE AND RESOLUTION PURPOSES.—Section 10(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1820(b)(3)) is amended—

[(1) by striking “In addition” and inserting the following:

[(“A) IN GENERAL.—In addition”; and

[(2) by striking “whenever the board of directors determines” and all that follows through the period and inserting the following: or nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, whenever the Board of Directors determines that a special examination of any such depository institution is necessary to determine the condition of such depository institution for insurance purposes, or of such nonbank financial company supervised by the Board of Governors or bank holding company described in section 165(a) of the Financial Stability Act of 2010, for the purpose of implementing its authority to provide for orderly liquidation of any such company under title II of that Act, provided that such authority may not be used with respect to any such company that is in a generally sound condition.

[(“B) LIMITATION.—Before conducting a special examination of a nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, the Corporation shall review any available and acceptable resolution plan that the company has submitted in accord-

ance with section 165(d) of that Act, consistent with the nonbinding effect of such plan, and available reports of examination, and shall coordinate to the maximum extent practicable with the Board of Governors, in order to minimize duplicative or conflicting examinations.”.

[(b) ENFORCEMENT AUTHORITY.—Section 8(t) of the Federal Deposit Insurance Act (12 U.S.C. 1818(t)) is amended—

[(1) in paragraph (1), by inserting “, any depository institution holding company,” before “or any institution-affiliated party”;

[(2) in paragraph (2)—

[(A) by striking “or” at the end of subparagraph (B);

[(B) at the end of subparagraph (C), by striking the period and inserting “or”; and

[(C) by inserting at the end the following new subparagraph:

[(“D) the conduct or threatened conduct (including any acts or omissions) of the depository institution holding company poses a risk to the Deposit Insurance Fund, provided that such authority may not be used with respect to a depository institution holding company that is in generally sound condition and whose conduct does not pose a foreseeable and material risk of loss to the Deposit Insurance Fund;”]; and

[(3) by adding at the end the following:

[(“6) POWERS AND DUTIES WITH RESPECT TO DEPOSITORY INSTITUTION HOLDING COMPANIES.—For purposes of exercising the backup authority provided in this subsection—

[(“A) the Corporation shall have the same powers with respect to a depository institution holding company and its affiliates as the appropriate Federal banking agency has with respect to the holding company and its affiliates; and

[(“B) the holding company and its affiliates shall have the same duties and obligations with respect to the Corporation as the holding company and its affiliates have with respect to the appropriate Federal banking agency.”].

[(c) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed to limit or curtail the Corporation’s current authority to examine or bring enforcement actions with respect to any insured depository institution or institution-affiliated party.]

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[SEC. 174. STUDIES AND REPORTS ON HOLDING COMPANY CAPITAL REQUIREMENTS.

[(a) STUDY OF HYBRID CAPITAL INSTRUMENTS.—The Comptroller General of the United States, in consultation with the Board of Governors, the Comptroller of the Currency, and the Corporation, shall conduct a study of the use of hybrid capital instruments as a component of Tier 1 capital for banking institutions and bank holding companies. The study shall consider—

[(1) the current use of hybrid capital instruments, such as trust preferred shares, as a component of Tier 1 capital;

[(2) the differences between the components of capital permitted for insured depository institutions and those permitted for companies that control insured depository institutions;

[(3) the benefits and risks of allowing such instruments to be used to comply with Tier 1 capital requirements;

[(4) the economic impact of prohibiting the use of such capital instruments for Tier 1;

[(5) a review of the consequences of disqualifying trust preferred instruments, and whether it could lead to the failure or undercapitalization of existing banking organizations;

[(6) the international competitive implications prohibiting hybrid capital instruments for Tier 1;

[(7) the impact on the cost and availability of credit in the United States from such a prohibition;

[(8) the availability of capital for financial institutions with less than \$10,000,000,000 in total assets; and

[(9) any other relevant factors relating to the safety and soundness of our financial system and potential economic impact of such a prohibition.

[(b) STUDY OF FOREIGN BANK INTERMEDIATE HOLDING COMPANY CAPITAL REQUIREMENTS.—The Comptroller General of the United States, in consultation with the Secretary, the Board of Governors, the Comptroller of the Currency, and the Corporation, shall conduct a study of capital requirements applicable to United States intermediate holding companies of foreign banks that are bank holding companies or savings and loan holding companies. The study shall consider—

[(1) current Board of Governors policy regarding the treatment of intermediate holding companies;

[(2) the principle of national treatment and equality of competitive opportunity for foreign banks operating in the United States;

[(3) the extent to which foreign banks are subject on a consolidated basis to home country capital standards comparable to United States capital standards;

[(4) potential effects on United States banking organizations operating abroad of changes to United States policy regarding intermediate holding companies;

[(5) the impact on the cost and availability of credit in the United States from a change in United States policy regarding intermediate holding companies; and

[(6) any other relevant factors relating to the safety and soundness of our financial system and potential economic impact of such a prohibition.

[(c) REPORT.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit reports to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives summarizing the results of the studies required under subsection (a). The reports shall include specific recommendations for legislative or regulatory action regarding the treatment of hybrid capital instruments, including trust preferred shares, and shall explain the basis for such recommendations.

[SEC. 175. INTERNATIONAL POLICY COORDINATION.

[(a) BY THE PRESIDENT.—The President, or a designee of the President, may coordinate through all available international policy channels, similar policies as those found in United States law relat-

ing to limiting the scope, nature, size, scale, concentration, and interconnectedness of financial companies, in order to protect financial stability and the global economy.

[(b) BY THE COUNCIL.—The Chairperson of the Council, in consultation with the other members of the Council, shall regularly consult with the financial regulatory entities and other appropriate organizations of foreign governments or international organizations on matters relating to systemic risk to the international financial system.]

[(c) BY THE BOARD OF GOVERNORS AND THE SECRETARY.—The Board of Governors and the Secretary shall consult with their foreign counterparts and through appropriate multilateral organizations to encourage comprehensive and robust prudential supervision and regulation for all highly leveraged and interconnected financial companies.]]

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BANK HOLDING COMPANY ACT OF 1956

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ACQUISITION OF BANK SHARES OR ASSETS

SEC. 3. (a) It shall be unlawful, except with the prior approval of the Board, (1) for any action to be taken that causes any company to become a bank holding company; (2) for any action to be taken that causes a bank to become a subsidiary of a bank holding company; (3) for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, such company will directly or indirectly own or control more than 5 per centum of the voting shares of such bank; (4) for any bank holding company or subsidiary thereof, other than a bank, to acquire all or substantially all of the assets of a bank; or (5) for any bank holding company to merge or consolidate with any other bank holding company. Notwithstanding the foregoing this prohibition shall not apply to (A) shares acquired by a bank, (i) in good faith in a fiduciary capacity, except where such shares are held under a trust that constitutes a company as defined in section 2(b) and except as provided in paragraphs (2) and (3) of section 2(g), or (ii) in the regular course of securing or collecting a debt previously contracted in good faith, but any shares acquired after the date of enactment of this Act in securing or collecting any such previously contracted debt shall be disposed of within a period of two years from the date on which they were acquired; (B) additional shares acquired by a bank holding company in a bank in which such bank holding company owned or controlled a majority of the voting shares prior to such acquisition; or (C) the acquisition, by a company, of control of a bank in a reorganization in which a person or group of persons exchanges their shares of the bank for shares of a newly formed bank holding company and receives after the reorganization substantially the same proportional share interest in the holding company as they held in the bank except for changes in shareholders' interests resulting from the exercise of dissenting shareholders' rights under State or Federal law if—

(i) immediately following the acquisition—

(I) the bank holding company meets the capital and other financial standards prescribed by the Board by regulation for such a bank holding company; and

(II) the bank is adequately capitalized (as defined in section 38 of the Federal Deposit Insurance Act);

(ii) the holding company does not engage in any activities other than those of managing and controlling banks as a result of the reorganization;

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

(iv) the holding company will not acquire control of any additional bank as a result of the reorganization..

The Board is authorized upon application by a bank to extend, from time to time for not more than one year at a time, the two-year period referred to above for disposing of any shares acquired by a bank in the regular course of securing or collecting a debt previously contracted in good faith, if, in the Board's judgment, such an extension would not be detrimental to the public interest, but no such extension shall in the aggregate exceed three years. For the purpose of the preceding sentence, bank shares acquired after the date of enactment of the Bank Holding Company Act Amendments of 1970 shall not be deemed to have been acquired in good faith in a fiduciary capacity if the acquiring bank or company has sole discretionary authority to exercise voting rights with respect thereto, but in such instances acquisitions may be made without prior approval of the Board if the Board, upon application filed within ninety days after the shares are acquired, approves retention or, if retention is disapproved, the acquiring bank disposes of the shares or its sole discretionary voting rights within two years after issuance of the order of disapproval.

(b)(1) NOTICE AND HEARING REQUIREMENTS.—[Upon receiving]

(A) *IN GENERAL.*—*Upon receiving* from a company any application for approval under this section, the Board shall give notice to the Comptroller of the Currency, if the applicant company or any bank the voting shares or assets of which are sought to be required is a national banking association, or to the appropriate supervisory authority of the interested State, if the applicant company or any bank the voting shares or assets of which are sought to be acquired is a State bank, in order to provide for the submission of the views and recommendations of the Comptroller of the Currency or the State supervisory authority, as the case may be. The views and recommendations shall be submitted within thirty calendar days of the date on which notice is given, or within ten calendar days of such date if the Board advises the Comptroller of the Currency or the State supervisory authority that an emergency exists requiring expeditious action. If the thirty-day notice period applies and if the Comptroller of the Currency or the State

supervisory authority so notified by the Board disapproves the application in writing within this period, the Board shall forthwith give written notice of that fact to the applicant. Within three days after giving such notice to the applicant, the Board shall notify in writing the applicant and the disapproving authority of the date for commencement of a hearing by it on such application. Any such hearing shall be commenced not less than ten nor more than thirty days after the Board has given written notice to the applicant of the action of the disapproving authority. The length of any such hearing shall be determined by the Board, but it shall afford all interested parties a reasonable opportunity to testify at such hearing. At the conclusion thereof, the Board shall, by order, grant or deny the application on the basis of the record made at such hearing. In the event of the failure of the Board to act on any application for approval under this section within the ninety-one-day period which begins on the date of submission to the Board of the complete record on that application, the application shall be deemed to have been granted. **[Notwithstanding any other provision]**

(B) IMMEDIATE ACTION.—

(i) *IN GENERAL.*—*Notwithstanding any other provision of this subsection, if the Board finds that it must act immediately on any application for approval under this section in order to prevent the probable failure of a bank or bank holding company involved in a proposed acquisition, merger, or consolidation transaction, the Board may dispense with the notice requirements of this subsection, and if notice is given, the Board may request that the views and recommendations of the Comptroller of the Currency or the State supervisory authority, as the case may be, be submitted immediately in any form or by any means acceptable to the Board. If the Board has found pursuant to this subsection either that an emergency exists requiring expeditious action or that it must act immediately to prevent probable failure, the Board may grant or deny any such application without a hearing notwithstanding any recommended disapproval by the appropriate supervisory authority.*

(ii) *EXCEPTION.*—*The Board may not take any action pursuant to clause (i) on an application that would cause any company to become a bank holding company unless such application involves the company acquiring a bank that is critically undercapitalized (as such term is defined under section 38(b) of the Federal Deposit Insurance Act).*

(2) **WAIVER IN CASE OF BANK IN DANGER OF CLOSING.**—If the Board receives a certification described in section 13(f)(8)(D) of the Federal Deposit Insurance Act from the appropriate Federal or State chartering authority that a bank is in danger of closing, the Board may dispense with the notice and hearing requirements of paragraph (1) with respect to any application received by the Board

relating to the acquisition of such bank, the bank holding company which controls such bank, or any other affiliated bank.

(c) FACTORS FOR CONSIDERATION BY BOARD.—

(1) COMPETITIVE FACTORS.—The Board shall not approve—

(A) any acquisition or merger or consolidation under this section which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

(B) any other proposed acquisition or merger or consolidation under this section whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint or trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

(2) BANKING AND COMMUNITY FACTORS.—In every case, the Board shall take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served.

(3) SUPERVISORY FACTORS.—The Board shall disapprove any application under this section by any company if—

(A) the company fails to provide the Board with adequate assurances that the company will make available to the Board such information on the operations or activities of the company, and any affiliate of the company, as the Board determines to be appropriate to determine and enforce compliance with this Act; or

(B) in the case of an application involving a foreign bank, the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.

(4) TREATMENT OF CERTAIN BANK STOCK LOANS.—Notwithstanding any other provision of law, the Board shall not follow any practice or policy in the consideration of any application for the formation of a one-bank holding company if following such practice or policy would result in the rejection of such application solely because the transaction to form such one-bank holding company involves a bank stock loan which is for a period of not more than twenty-five years. The previous sentence shall not be construed to prohibit the Board from rejecting any application solely because the other financial arrangements are considered unsatisfactory. The Board shall consider transactions involving bank stock loans for the formation of a one-bank holding company having a maturity of twelve years or more on a case by case basis and no such transaction shall be approved if the Board believes the safety or soundness of the bank may be jeopardized.

(5) MANAGERIAL RESOURCES.—Consideration of the managerial resources of a company or bank under paragraph (2) shall include consideration of the competence, experience, and integrity of the officers, directors, and principal shareholders of the company or bank.

(6) MONEY LAUNDERING.—In every case, the Board shall take into consideration the effectiveness of the company or companies in combatting money laundering activities, including in overseas branches.

(7) FINANCIAL STABILITY.—In every case, the Board shall take into consideration the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.

(d) INTERSTATE BANKING.—

(1) APPROVALS AUTHORIZED.—

(A) ACQUISITION OF BANKS.—The Board may approve an application under this section by a bank holding company that is well capitalized and well managed to acquire control of, or acquire all or substantially all of the assets of, a bank located in a State other than the home State of such bank holding company, without regard to whether such transaction is prohibited under the law of any State.

(B) PRESERVATION OF STATE AGE LAWS.—

(i) IN GENERAL.—Notwithstanding subparagraph (A), the Board may not approve an application pursuant to such subparagraph that would have the effect of permitting an out-of-State bank holding company to acquire a bank in a host State that has not been in existence for the minimum period of time, if any, specified in the statutory law of the host State.

(ii) SPECIAL RULE FOR STATE AGE LAWS SPECIFYING A PERIOD OF MORE THAN 5 YEARS.—Notwithstanding clause (i), the Board may approve, pursuant to subparagraph (A), the acquisition of a bank that has been in existence for at least 5 years without regard to any longer minimum period of time specified in a statutory law of the host State.

(C) SHELL BANKS.—For purposes of this subsection, a bank that has been chartered solely for the purpose of, and does not open for business prior to, acquiring control of, or acquiring all or substantially all of the assets of, an existing bank shall be deemed to have been in existence for the same period of time as the bank to be acquired.

(D) EFFECT ON STATE CONTINGENCY LAWS.—No provision of this subsection shall be construed as affecting the applicability of a State law that makes an acquisition of a bank contingent upon a requirement to hold a portion of such bank's assets available for call by a State-sponsored housing entity established pursuant to State law, if—

(i) the State law does not have the effect of discriminating against out-of-State banks, out-of-State bank holding companies, or subsidiaries of such banks or bank holding companies;

(ii) that State law was in effect as of the date of enactment of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994;

(iii) the Federal Deposit Insurance Corporation has not determined that compliance with such State law

would result in an unacceptable risk to the Deposit Insurance Fund; and

(iv) the appropriate Federal banking agency for such bank has not found that compliance with such State law would place the bank in an unsafe or unsound condition.

(2) CONCENTRATION LIMITS.—

(A) NATIONWIDE CONCENTRATION LIMITS.—The Board may not approve an application pursuant to paragraph (1)(A) if the applicant (including all insured depository institutions which are affiliates of the applicant) controls, or upon consummation of the acquisition for which such application is filed would control, more than 10 percent of the total amount of deposits of insured depository institutions in the United States.

(B) STATEWIDE CONCENTRATION LIMITS OTHER THAN WITH RESPECT TO INITIAL ENTRIES.—The Board may not approve an application pursuant to paragraph (1)(A) if—

(i) immediately before the consummation of the acquisition for which such application is filed, the applicant (including any insured depository institution affiliate of the applicant) controls any insured depository institution or any branch of an insured depository institution in the home State of any bank to be acquired or in any host State in which any such bank maintains a branch; and

(ii) the applicant (including all insured depository institutions which are affiliates of the applicant), upon consummation of the acquisition, would control 30 percent or more of the total amount of deposits of insured depository institutions in any such State.

(C) EFFECTIVENESS OF STATE DEPOSIT CAPS.—No provision of this subsection shall be construed as affecting the authority of any State to limit, by statute, regulation, or order, the percentage of the total amount of deposits of insured depository institutions in the State which may be held or controlled by any bank or bank holding company (including all insured depository institutions which are affiliates of the bank or bank holding company) to the extent the application of such limitation does not discriminate against out-of-State banks, out-of-State bank holding companies, or subsidiaries of such banks or holding companies.

(D) EXCEPTIONS TO SUBPARAGRAPH (B).—The Board may approve an application pursuant to paragraph (1)(A) without regard to the applicability of subparagraph (B) with respect to any State if—

(i) there is a limitation described in subparagraph (C) in a State statute, regulation, or order which has the effect of permitting a bank or bank holding company (including all insured depository institutions which are affiliates of the bank or bank holding company) to control a greater percentage of total deposits of all insured depository institutions in the State than the percentage permitted under subparagraph (B); or

(ii) the acquisition is approved by the appropriate State bank supervisor of such State and the standard on which such approval is based does not have the effect of discriminating against out-of-State banks, out-of-State bank holding companies, or subsidiaries of such banks or holding companies.

(E) DEPOSIT DEFINED.—For purposes of this paragraph, the term “deposit” has the same meaning as in section 3(l) of the Federal Deposit Insurance Act.

(3) COMMUNITY REINVESTMENT COMPLIANCE.—In determining whether to approve an application under paragraph (1)(A), the Board shall—

(A) comply with the responsibilities of the Board regarding such application under section 804 of the Community Reinvestment Act of 1977; and

(B) take into account the applicant’s record of compliance with applicable State community reinvestment laws.

(4) APPLICABILITY OF ANTITRUST LAWS.—No provision of this subsection shall be construed as affecting—

(A) the applicability of the antitrust laws; or

(B) the applicability, if any, of any State law which is similar to the antitrust laws.

(5) EXCEPTION FOR BANKS IN DEFAULT OR IN DANGER OF DEFAULT.—The Board may approve an application pursuant to paragraph (1)(A) which involves—

(A) an acquisition of 1 or more banks in default or in danger of default; or

(B) an acquisition with respect to which assistance is provided under section 13(c) of the Federal Deposit Insurance Act;

without regard to subparagraph (B) or (D) of paragraph (1) or paragraph (2) or (3).

(e) Every bank that is a holding company and every bank that is a subsidiary of such a company shall become and remain an insured depository institution as such term is defined in section 3 of the Federal Deposit Insurance Act.

(g) MUTUAL BANK HOLDING COMPANY.—

(1) ESTABLISHMENT.—Notwithstanding any provision of Federal law other than this Act, a savings bank or cooperative bank operating in mutual form may reorganize so as to form a holding company.

(2) REGULATIONS.—A bank holding company organized as a mutual holding company shall be regulated on terms, and shall be subject to limitations, comparable to those applicable to any other bank holding company.

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SEC. 14. CONCENTRATION LIMITS ON LARGE FINANCIAL FIRMS.

(a) DEFINITIONS.—In this section—

(1) the term “Council” means the Financial Stability Oversight Council;

[(2) the term “financial company” means—

[(A) an insured depository institution;

[(B) a bank holding company;

[(C) a savings and loan holding company;

[(D) a company that controls an insured depository institution;

[(E) a nonbank financial company supervised by the Board under title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and

[(F) a foreign bank or company that is treated as a bank holding company for purposes of this Act; and]

(2) the term “banking organization” means—

(A) an insured depository institution;

(B) a bank holding company;

(C) a savings and loan holding company;

(D) a company that controls an insured depository institution; and

(E) a foreign bank or company that is treated as a bank holding company for purposes of this Act; and

(3) the term “liabilities” means—

(A) with respect to a United States [financial company] banking organization—

(i) the total risk-weighted assets of the [financial company] banking organization, as determined under the risk-based capital rules applicable to bank holding companies, as adjusted to reflect exposures that are deducted from regulatory capital; less

(ii) the total regulatory capital of the [financial company] banking organization under the risk-based capital rules applicable to bank holding companies; and

(B) with respect to a foreign-based [financial company] banking organization—

(i) the total risk-weighted assets of the United States operations of the [financial company] banking organization, as determined under the applicable risk-based capital rules, as adjusted to reflect exposures that are deducted from regulatory capital; less

(ii) the total regulatory capital of the United States operations of the [financial company] banking organization, as determined under the applicable risk-based capital rules[; and].

[(C) with respect to an insurance company or other nonbank financial company supervised by the Board, such assets of the company as the Board shall specify by rule, in order to provide for consistent and equitable treatment of such companies.]

(b) CONCENTRATION LIMIT.—Subject to the recommendations by the Council under subsection (e), a [financial company] banking organization may not merge or consolidate with, acquire all or substantially all of the assets of, or otherwise acquire control of, another company, if the total consolidated liabilities of the acquiring [financial company] banking organization upon consummation of the transaction would exceed 10 percent of the aggregate consolidated liabilities of all [financial companies] banking organizations at the end of the calendar year preceding the transaction.

(c) EXCEPTION TO CONCENTRATION LIMIT.—With the prior written consent of the Board, the concentration limit under subsection (b) shall not apply to an acquisition—

(1) of a bank in default or in danger of default;

(2) with respect to which assistance is provided by the Federal Deposit Insurance Corporation under section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)); or

(3) that would result only in a de minimis increase in the liabilities of the [financial company] *banking organization*.

(d) RULEMAKING AND GUIDANCE.—The Board shall issue regulations implementing this section in accordance with the recommendations of the Council under subsection (e), including the definition of terms, as necessary. The Board may issue interpretations or guidance regarding the application of this section to an individual [financial company] *banking organization* or to financial companies in general.

(e) COUNCIL STUDY AND RULEMAKING.—

(1) STUDY AND RECOMMENDATIONS.—Not later than 6 months after the date of enactment of this section, the Council shall—

(A) complete a study of the extent to which the concentration limit under this section would affect financial stability, moral hazard in the financial system, the efficiency and competitiveness of United States financial firms and financial markets, and the cost and availability of credit and other financial services to households and businesses in the United States; and

(B) make recommendations regarding any modifications to the concentration limit that the Council determines would more effectively implement this section.

(2) RULEMAKING.—Not later than 9 months after the date of completion of the study under paragraph (1), and notwithstanding subsections (b) and (d), the Board shall issue final regulations implementing this section, which shall reflect any recommendations by the Council under paragraph (1)(B).

TITLE 44, UNITED STATES CODE

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CHAPTER 35—COORDINATION OF FEDERAL INFORMATION POLICY

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SUBCHAPTER I—FEDERAL INFORMATION POLICY

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§ 3502. Definitions

As used in this subchapter—

(1) the term “agency” means any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency, but does not include—

- (A) the Government Accountability Office;
- (B) Federal Election Commission;

- (C) the governments of the District of Columbia and of the territories and possessions of the United States, and their various subdivisions; or
- (D) Government-owned contractor-operated facilities, including laboratories engaged in national defense research and production activities;
- (2) the term “burden” means time, effort, or financial resources expended by persons to generate, maintain, or provide information to or for a Federal agency, including the resources expended for—
 - (A) reviewing instructions;
 - (B) acquiring, installing, and utilizing technology and systems;
 - (C) adjusting the existing ways to comply with any previously applicable instructions and requirements;
 - (D) searching data sources;
 - (E) completing and reviewing the collection of information; and
 - (F) transmitting, or otherwise disclosing the information;
- (3) the term “collection of information”—
 - (A) means the obtaining, causing to be obtained, soliciting, or requiring the disclosure to third parties or the public, of facts or opinions by or for an agency, regardless of form or format, calling for either—
 - (i) answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons, other than agencies, instrumentalities, or employees of the United States; or
 - (ii) answers to questions posed to agencies, instrumentalities, or employees of the United States which are to be used for general statistical purposes; and
 - (B) shall not include a collection of information described under section 3518(c)(1);
- (4) the term “Director” means the Director of the Office of Management and Budget;
- (5) the term “independent regulatory agency” means the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Energy Regulatory Commission, the Federal Housing Finance Agency, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Mine Enforcement Safety and Health Review Commission, the National Labor Relations Board, the Nuclear Regulatory Commission, the Occupational Safety and Health Review Commission, the Postal Regulatory Commission, the Securities and Exchange Commission, the Bureau of Consumer Financial Protection, [the Office of Financial Research,] Office of the Comptroller of the Currency, and any other similar agency designated by statute as a Federal independent regulatory agency or commission;
- (6) the term “information resources” means information and related resources, such as personnel, equipment, funds, and information technology;

(7) the term “information resources management” means the process of managing information resources to accomplish agency missions and to improve agency performance, including through the reduction of information collection burdens on the public;

(8) the term “information system” means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information;

(9) the term “information technology” has the meaning given that term in section 11101 of title 40 but does not include national security systems as defined in section 11103 of title 40;

(10) the term “person” means an individual, partnership, association, corporation, business trust, or legal representative, an organized group of individuals, a State, territorial, tribal, or local government or branch thereof, or a political subdivision of a State, territory, tribal, or local government or a branch of a political subdivision;

(11) the term “practical utility” means the ability of an agency to use information, particularly the capability to process such information in a timely and useful fashion;

(12) the term “public information” means any information, regardless of form or format, that an agency discloses, disseminates, or makes available to the public;

(13) the term “recordkeeping requirement” means a requirement imposed by or for an agency on persons to maintain specified records, including a requirement to—

(A) retain such records;

(B) notify third parties, the Federal Government, or the public of the existence of such records;

(C) disclose such records to third parties, the Federal Government, or the public; or

(D) report to third parties, the Federal Government, or the public regarding such records; and

(14) the term “penalty” includes the imposition by an agency or court of a fine or other punishment; a judgment for monetary damages or equitable relief; or the revocation, suspension, reduction, or denial of a license, privilege, right, grant, or benefit.

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DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Dodd-Frank Wall Street Reform and Consumer Protection Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

* * * * *

TITLE I—FINANCIAL STABILITY

* * * * *

Subtitle A—Financial Stability Oversight Council

- * * * * *
- 【Sec. 113. Authority to require supervision and regulation of certain nonbank financial companies.
- 【Sec. 114. Registration of nonbank financial companies supervised by the Board of Governors.
- 【Sec. 115. Enhanced supervision and prudential standards for nonbank financial companies supervised by the Board of Governors and certain bank holding companies.
- 【Sec. 116. Reports.
- 【Sec. 117. Treatment of certain companies that cease to be bank holding companies.】
- * * * * *
- 【Sec. 119. Resolution of supervisory jurisdictional disputes among member agencies.
- 【Sec. 120. Additional standards applicable to activities or practices for financial stability purposes.
- 【Sec. 121. Mitigation of risks to financial stability.】
- * * * * *

【Subtitle B—Office of Financial Research

- 【Sec. 151. Definitions.
- 【Sec. 152. Office of Financial Research established.
- 【Sec. 153. Purpose and duties of the Office.
- 【Sec. 154. Organizational structure; responsibilities of primary programmatic units.
- 【Sec. 155. Funding.
- 【Sec. 156. Transition oversight. 】

Subtitle C—Additional Board of Governors Authority for Certain Nonbank Financial Companies and Bank Holding Companies

- 【Sec. 161. Reports by and examinations of nonbank financial companies by the Board of Governors.
- 【Sec. 162. Enforcement.】
- * * * * *
- 【Sec. 164. Prohibition against management interlocks between certain financial companies.】
- * * * * *
- 【Sec. 166. Early remediation requirements.
- 【Sec. 167. Affiliations.
- 【Sec. 168. Regulations.】
- * * * * *
- 【Sec. 170. Safe harbor.】
- * * * * *
- 【Sec. 172. Examination and enforcement actions for insurance and orderly liquidation purposes.】
- * * * * *
- 【Sec. 174. Studies and reports on holding company capital requirements.
- 【Sec. 175. International policy coordination.】
- * * * * *

TITLE VI—IMPROVEMENTS TO REGULATION OF BANK AND SAVINGS ASSOCIATION HOLDING COMPANIES AND DEPOSITORY INSTITUTIONS

- * * * * *
- 【Sec. 618. Securities holding companies.
- 【Sec. 619. Prohibitions on proprietary trading and certain relationships with hedge funds and private equity funds.
- 【Sec. 620. Study of bank investment activities.】
- * * * * *

TITLE X—BUREAU OF CONSUMER FINANCIAL PROTECTION

* * * * *

Subtitle B—General Powers of the Bureau

* * * * *

Sec. 1024. ~~Supervision of~~ *Authority with respect to certain* nondepository covered persons.

~~Sec. 1025. Supervision of very large banks, savings associations, and credit unions.~~

* * * * *

~~Sec. 1028. Authority to restrict mandatory pre-dispute arbitration.~~

* * * * *

Subtitle C—Specific Bureau Authorities

~~Sec. 1031. Prohibiting unfair, deceptive, or abusive acts or practices.~~

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TITLE I—FINANCIAL STABILITY

* * * * *

Subtitle C—Additional Board of Governors Authority for Certain Nonbank Financial Companies and Bank Holding Companies

* * * * *

SEC. 171. LEVERAGE AND RISK-BASED CAPITAL REQUIREMENTS.

(a) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) GENERALLY APPLICABLE LEVERAGE CAPITAL REQUIREMENTS.—The term “generally applicable leverage capital requirements” means—

(A) the minimum ratios of tier 1 capital to average total assets, as established by the appropriate Federal banking agencies to apply to insured depository institutions under the prompt corrective action regulations implementing section 38 of the Federal Deposit Insurance Act, regardless of total consolidated asset size or foreign financial exposure; and

(B) includes the regulatory capital components in the numerator of that capital requirement, average total assets in the denominator of that capital requirement, and the required ratio of the numerator to the denominator.

(2) GENERALLY APPLICABLE RISK-BASED CAPITAL REQUIREMENTS.—The term “generally applicable risk-based capital requirements” means—

(A) the risk-based capital requirements, as established by the appropriate Federal banking agencies to apply to insured depository institutions under the prompt corrective action regulations implementing section 38 of the Federal Deposit Insurance Act, regardless of total consolidated asset size or foreign financial exposure; and

(B) includes the regulatory capital components in the numerator of those capital requirements, the risk-weighted assets in the denominator of those capital requirements, and the required ratio of the numerator to the denominator.

(3) DEFINITION OF DEPOSITORY INSTITUTION HOLDING COMPANY.—The term “depository institution holding company” means a bank holding company or a savings and loan holding company (as those terms are defined in section 3 of the Federal Deposit Insurance Act) that is organized in the United States, including any bank or savings and loan holding company that is owned or controlled by a foreign organization, but does not include the foreign organization.

(4) BUSINESS OF INSURANCE.—The term “business of insurance” has the same meaning as in section 1002(3).

(5) PERSON REGULATED BY A STATE INSURANCE REGULATOR.—The term “person regulated by a State insurance regulator” has the same meaning as in section 1002(22).

(6) REGULATED FOREIGN SUBSIDIARY AND REGULATED FOREIGN AFFILIATE.—The terms “regulated foreign subsidiary” and “regulated foreign affiliate” mean a person engaged in the business of insurance in a foreign country that is regulated by a foreign insurance regulatory authority that is a member of the International Association of Insurance Supervisors or other comparable foreign insurance regulatory authority as determined by the Board of Governors following consultation with the State insurance regulators, including the lead State insurance commissioner (or similar State official) of the insurance holding company system as determined by the procedures within the Financial Analysis Handbook adopted by the National Association of Insurance Commissioners, where the person, or its principal United States insurance affiliate, has its principal place of business or is domiciled, but only to the extent that—

(A) such person acts in its capacity as a regulated insurance entity; and

(B) the Board of Governors does not determine that the capital requirements in a specific foreign jurisdiction are inadequate.

(7) CAPACITY AS A REGULATED INSURANCE ENTITY.—The term “capacity as a regulated insurance entity”—

(A) includes any action or activity undertaken by a person regulated by a State insurance regulator or a regulated foreign subsidiary or regulated foreign affiliate of such person, as those actions relate to the provision of insurance, or other activities necessary to engage in the business of insurance; and

(B) does not include any action or activity, including any financial activity, that is not regulated by a State insurance regulator or a foreign agency or authority and subject to State insurance capital requirements or, in the case of a regulated foreign subsidiary or regulated foreign affiliate, capital requirements imposed by a foreign insurance regulatory authority.

(b) MINIMUM CAPITAL REQUIREMENTS.—

(1) MINIMUM LEVERAGE CAPITAL REQUIREMENTS.—The appropriate Federal banking agencies shall establish minimum leverage capital requirements on a consolidated basis for insured depository institutions, depository institution holding companies, and nonbank financial companies supervised by the

Board of Governors. The minimum leverage capital requirements established under this paragraph shall not be less than the generally applicable leverage capital requirements, which shall serve as a floor for any capital requirements that the agency may require, nor quantitatively lower than the generally applicable leverage capital requirements that were in effect for insured depository institutions as of the date of enactment of this Act.

(2) **MINIMUM RISK-BASED CAPITAL REQUIREMENTS.**—The appropriate Federal banking agencies shall establish minimum risk-based capital requirements on a consolidated basis for insured depository institutions, depository institution holding companies, and nonbank financial companies supervised by the Board of Governors. The minimum risk-based capital requirements established under this paragraph shall not be less than the generally applicable risk-based capital requirements, which shall serve as a floor for any capital requirements that the agency may require, nor quantitatively lower than the generally applicable risk-based capital requirements that were in effect for insured depository institutions as of the date of enactment of this Act.

(3) **INVESTMENTS IN FINANCIAL SUBSIDIARIES.**—For purposes of this section, investments in financial subsidiaries that insured depository institutions are required to deduct from regulatory capital under section 5136A of the Revised Statutes of the United States or section 46(a)(2) of the Federal Deposit Insurance Act need not be deducted from regulatory capital by depository institution holding companies or nonbank financial companies supervised by the Board of Governors, unless such capital deduction is required by the Board of Governors or the primary financial regulatory agency in the case of nonbank financial companies supervised by the Board of Governors.

(4) **EFFECTIVE DATES AND PHASE-IN PERIODS.**—

(A) **DEBT OR EQUITY INSTRUMENTS ON OR AFTER MAY 19, 2010.**—For debt or equity instruments issued on or after May 19, 2010, by depository institution holding companies or by nonbank financial companies supervised by the Board of Governors, this section shall be deemed to have become effective as of May 19, 2010.

(B) **DEBT OR EQUITY INSTRUMENTS ISSUED BEFORE MAY 19, 2010.**—For debt or equity instruments issued before May 19, 2010, by depository institution holding companies or by nonbank financial companies supervised by the Board of Governors, any regulatory capital deductions required under this section shall be phased in incrementally over a period of 3 years, with the phase-in period to begin on January 1, 2013, except as set forth in subparagraph (C).

(C) **DEBT OR EQUITY INSTRUMENTS OF SMALLER INSTITUTIONS.**—For debt or equity instruments issued before May 19, 2010, by depository institution holding companies with total consolidated assets of less than \$15,000,000,000 as of December 31, 2009, or March 31, 2010, and by organizations that were mutual holding companies on May 19, 2010, the capital deductions that would be required for

other institutions under this section are not required as a result of this section.

(D) DEPOSITORY INSTITUTION HOLDING COMPANIES NOT PREVIOUSLY SUPERVISED BY THE BOARD OF GOVERNORS.—For any depository institution holding company that was not supervised by the Board of Governors as of May 19, 2010, the requirements of this section, except as set forth in subparagraphs (A) and (B), shall be effective 5 years after the date of enactment of this Act

(E) CERTAIN BANK HOLDING COMPANY SUBSIDIARIES OF FOREIGN BANKING ORGANIZATIONS.—For bank holding company subsidiaries of foreign banking organizations that have relied on Supervision and Regulation Letter SR-01-1 issued by the Board of Governors (as in effect on May 19, 2010), the requirements of this section, except as set forth in subparagraph (A), shall be effective 5 years after the date of enactment of this Act.

(5) EXCEPTIONS.—This section shall not apply to—

(A) debt or equity instruments issued to the United States or any agency or instrumentality thereof pursuant to the Emergency Economic Stabilization Act of 2008, and prior to October 4, 2010;

(B) any Federal home loan bank; or

[(C) any bank holding company or savings and loan holding company having less than \$1,000,000,000 in total consolidated assets that complies with the requirements of the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors of the Board of Governors (12 CFR part 225 appendix C), as the requirements of such Policy Statement are amended pursuant to section 1 of an Act entitled “To enhance the ability of community financial institutions to foster economic growth and serve their communities, boost small businesses, increase individual savings, and for other purposes”.]

(C) any bank holding company or savings and loan holding company that is subject to the application of the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors of the Board of Governors (12 CFR part 225—appendix C).

(6) STUDY AND REPORT ON SMALL INSTITUTION ACCESS TO CAPITAL.—

(A) STUDY REQUIRED.—The Comptroller General of the United States, after consultation with the Federal banking agencies, shall conduct a study of access to capital by smaller insured depository institutions.

(B) SCOPE.—For purposes of this study required by subparagraph (A), the term “smaller insured depository institution” means an insured depository institution with total consolidated assets of \$5,000,000,000 or less.

(C) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House

of Representatives a report summarizing the results of the study conducted under subparagraph (A), together with any recommendations for legislative or regulatory action that would enhance the access to capital of smaller insured depository institutions, in a manner that is consistent with safe and sound banking operations.

(7) CAPITAL REQUIREMENTS TO ADDRESS ACTIVITIES THAT POSE RISKS TO THE FINANCIAL SYSTEM.—

(A) IN GENERAL.—Subject to the recommendations of the Council, in accordance with section 120, the Federal banking agencies shall develop capital requirements applicable to insured depository institutions, depository institution holding companies, and nonbank financial companies supervised by the Board of Governors that address the risks that the activities of such institutions pose, not only to the institution engaging in the activity, but to other public and private stakeholders in the event of adverse performance, disruption, or failure of the institution or the activity.

(B) CONTENT.—Such rules shall address, at a minimum, the risks arising from—

(i) significant volumes of activity in derivatives, securitized products purchased and sold, financial guarantees purchased and sold, securities borrowing and lending, and repurchase agreements and reverse repurchase agreements;

(ii) concentrations in assets for which the values presented in financial reports are based on models rather than historical cost or prices deriving from deep and liquid 2-way markets; and

(iii) concentrations in market share for any activity that would substantially disrupt financial markets if the institution is forced to unexpectedly cease the activity.

(c) CLARIFICATION.—

(1) IN GENERAL.—In establishing the minimum leverage capital requirements and minimum risk-based capital requirements on a consolidated basis for a depository institution holding company or a nonbank financial company supervised by the Board of Governors as required under paragraphs (1) and (2) of subsection (b), the appropriate Federal banking agencies shall not be required to include, for any purpose of this section (including in any determination of consolidation), a person regulated by a State insurance regulator or a regulated foreign subsidiary or a regulated foreign affiliate of such person engaged in the business of insurance, to the extent that such person acts in its capacity as a regulated insurance entity.

(2) RULE OF CONSTRUCTION ON BOARD'S AUTHORITY.—This subsection shall not be construed to prohibit, modify, limit, or otherwise supersede any other provision of Federal law that provides the Board of Governors authority to issue regulations and orders relating to capital requirements for depository institution holding companies or nonbank financial companies supervised by the Board of Governors.

(3) RULE OF CONSTRUCTION ON ACCOUNTING PRINCIPLES.—

(A) IN GENERAL.—A depository institution holding company or nonbank financial company supervised by the Board of Governors of the Federal Reserve that is also a person regulated by a State insurance regulator that is engaged in the business of insurance that files financial statements with a State insurance regulator or the National Association of Insurance Commissioners utilizing only Statutory Accounting Principles in accordance with State law, shall not be required by the Board under the authority of this section or the authority of the Home Owners' Loan Act to prepare such financial statements in accordance with Generally Accepted Accounting Principles.

(B) PRESERVATION OF AUTHORITY.—Nothing in subparagraph (A) shall limit the authority of the Board under any other applicable provision of law to conduct any regulatory or supervisory activity of a depository institution holding company or non-bank financial company supervised by the Board of Governors, including the collection or reporting of any information on an entity or group-wide basis. Nothing in this paragraph shall excuse the Board from its obligations to comply with section 161(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5361(a)) and section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2)), as appropriate.

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TITLE VI—IMPROVEMENTS TO REGULATION OF BANK AND SAVINGS ASSOCIATION HOLDING COMPANIES AND DEPOSITORY INSTITUTIONS

* * * * *

[SEC. 618. SECURITIES HOLDING COMPANIES.

[(a) DEFINITIONS.—In this section—

[(1) the term “associated person of a securities holding company” means a person directly or indirectly controlling, controlled by, or under common control with, a securities holding company;

[(2) the term “foreign bank” has the same meaning as in section 1(b)(7) of the International Banking Act of 1978 (12 U.S.C. 3101(7));

[(3) the term “insured bank” has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);

[(4) the term “securities holding company”—

[(A) means—

[(i) a person (other than a natural person) that owns or controls 1 or more brokers or dealers registered with the Commission; and

[(ii) the associated persons of a person described in clause (i); and

[(B) does not include a person that is—

[(i) a nonbank financial company supervised by the Board under title I;

[(ii) an insured bank (other than an institution described in subparagraphs (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)) or a savings association;

[(iii) an affiliate of an insured bank (other than an institution described in subparagraphs (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)) or an affiliate of a savings association;

[(iv) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a));

[(v) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act (12 U.S.C. 611 et seq.); or

[(vi) subject to comprehensive consolidated supervision by a foreign regulator;

[(5) the term “supervised securities holding company” means a securities holding company that is supervised by the Board of Governors under this section; and

[(6) the terms “affiliate”, “bank”, “bank holding company”, “company”, “control”, “savings association”, and “subsidiary” have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

[(b) SUPERVISION OF A SECURITIES HOLDING COMPANY NOT HAVING A BANK OR SAVINGS ASSOCIATION AFFILIATE.—

[(1) IN GENERAL.—A securities holding company that is required by a foreign regulator or provision of foreign law to be subject to comprehensive consolidated supervision may register with the Board of Governors under paragraph (2) to become a supervised securities holding company. Any securities holding company filing such a registration shall be supervised in accordance with this section, and shall comply with the rules and orders prescribed by the Board of Governors applicable to supervised securities holding companies.

[(2) REGISTRATION AS A SUPERVISED SECURITIES HOLDING COMPANY.—

[(A) REGISTRATION.—A securities holding company that elects to be subject to comprehensive consolidated supervision shall register by filing with the Board of Governors such information and documents as the Board of Governors, by regulation, may prescribe as necessary or appropriate in furtherance of the purposes of this section.

[(B) EFFECTIVE DATE.—A securities holding company that registers under subparagraph (A) shall be deemed to be a supervised securities holding company, effective on the date that is 45 days after the date of receipt of the registration information and documents under subparagraph (A) by the Board of Governors, or within such shorter period as the Board of Governors, by rule or order, may determine.

[(c) SUPERVISION OF SECURITIES HOLDING COMPANIES.—

[(1) RECORDKEEPING AND REPORTING.—

[(A) RECORDKEEPING AND REPORTING REQUIRED.—Each supervised securities holding company and each affiliate of a supervised securities holding company shall make and keep for periods determined by the Board of Governors such records, furnish copies of such records, and make such reports, as the Board of Governors determines to be necessary or appropriate to carry out this section, to prevent evasions thereof, and to monitor compliance by the supervised securities holding company or affiliate with applicable provisions of law.

[(B) FORM AND CONTENTS.—

[(i) IN GENERAL.—Any record or report required to be made, furnished, or kept under this paragraph shall—

[(I) be prepared in such form and according to such specifications (including certification by a registered public accounting firm), as the Board of Governors may require; and

[(II) be provided promptly to the Board of Governors at any time, upon request by the Board of Governors.

[(ii) CONTENTS.—Records and reports required to be made, furnished, or kept under this paragraph may include—

[(I) a balance sheet or income statement of the supervised securities holding company or an affiliate of a supervised securities holding company;

[(II) an assessment of the consolidated capital and liquidity of the supervised securities holding company;

[(III) a report by an independent auditor attesting to the compliance of the supervised securities holding company with the internal risk management and internal control objectives of the supervised securities holding company; and

[(IV) a report concerning the extent to which the supervised securities holding company or affiliate has complied with the provisions of this section and any regulations prescribed and orders issued under this section.

[(2) USE OF EXISTING REPORTS.—

[(A) IN GENERAL.—The Board of Governors shall, to the fullest extent possible, accept reports in fulfillment of the requirements of this paragraph that a supervised securities holding company or an affiliate of a supervised securities holding company has been required to provide to another regulatory agency or a self-regulatory organization.

[(B) AVAILABILITY.—A supervised securities holding company or an affiliate of a supervised securities holding company shall promptly provide to the Board of Governors, at the request of the Board of Governors, any report described in subparagraph (A), as permitted by law.

[(3) EXAMINATION AUTHORITY.—

[(A) FOCUS OF EXAMINATION AUTHORITY.—The Board of Governors may make examinations of any supervised secu-

rities holding company and any affiliate of a supervised securities holding company to carry out this subsection, to prevent evasions thereof, and to monitor compliance by the supervised securities holding company or affiliate with applicable provisions of law.

[(B) DEFERENCE TO OTHER EXAMINATIONS.—For purposes of this subparagraph, the Board of Governors shall, to the fullest extent possible, use the reports of examination made by other appropriate Federal or State regulatory authorities with respect to any functionally regulated subsidiary or any institution described in subparagraph (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)).

[(d) CAPITAL AND RISK MANAGEMENT.—

[(1) IN GENERAL.—The Board of Governors shall, by regulation or order, prescribe capital adequacy and other risk management standards for supervised securities holding companies that are appropriate to protect the safety and soundness of the supervised securities holding companies and address the risks posed to financial stability by supervised securities holding companies.

[(2) DIFFERENTIATION.—In imposing standards under this subsection, the Board of Governors may differentiate among supervised securities holding companies on an individual basis, or by category, taking into consideration the requirements under paragraph (3).

[(3) CONTENT.—Any standards imposed on a supervised securities holding company under this subsection shall take into account—

[(A) the differences among types of business activities carried out by the supervised securities holding company;

[(B) the amount and nature of the financial assets of the supervised securities holding company;

[(C) the amount and nature of the liabilities of the supervised securities holding company, including the degree of reliance on short-term funding;

[(D) the extent and nature of the off-balance sheet exposures of the supervised securities holding company;

[(E) the extent and nature of the transactions and relationships of the supervised securities holding company with other financial companies;

[(F) the importance of the supervised securities holding company as a source of credit for households, businesses, and State and local governments, and as a source of liquidity for the financial system; and

[(G) the nature, scope, and mix of the activities of the supervised securities holding company.

[(4) NOTICE.—A capital requirement imposed under this subsection may not take effect earlier than 180 days after the date on which a supervised securities holding company is provided notice of the capital requirement.

[(e) OTHER PROVISIONS OF LAW APPLICABLE TO SUPERVISED SECURITIES HOLDING COMPANIES.—

[(1) FEDERAL DEPOSIT INSURANCE ACT.—Subsections (b), (c) through (s), and (u) of section 8 of the Federal Deposit Insur-

ance Act (12 U.S.C. 1818) shall apply to any supervised securities holding company, and to any subsidiary (other than a bank or an institution described in subparagraph (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2))) of a supervised securities holding company, in the same manner as such subsections apply to a bank holding company for which the Board of Governors is the appropriate Federal banking agency. For purposes of applying such subsections to a supervised securities holding company or a subsidiary (other than a bank or an institution described in subparagraph (D), (F), or (H) of section 2(c)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2))) of a supervised securities holding company, the Board of Governors shall be deemed the appropriate Federal banking agency for the supervised securities holding company or subsidiary.

[(2) BANK HOLDING COMPANY ACT OF 1956.—Except as the Board of Governors may otherwise provide by regulation or order, a supervised securities holding company shall be subject to the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) in the same manner and to the same extent a bank holding company is subject to such provisions, except that a supervised securities holding company may not, by reason of this paragraph, be deemed to be a bank holding company for purposes of section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843).

[(SEC. 619. PROHIBITIONS ON PROPRIETARY TRADING AND CERTAIN RELATIONSHIPS WITH HEDGE FUNDS AND PRIVATE EQUITY FUNDS

[(The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended by adding at the end the following:

[(“SEC. 13. PROHIBITIONS ON PROPRIETARY TRADING AND CERTAIN RELATIONSHIPS WITH HEDGE FUNDS AND PRIVATE EQUITY FUNDS

[(“a) IN GENERAL.—

[(“(1) PROHIBITION.—Unless otherwise provided in this section, a banking entity shall not—

[(“(A) engage in proprietary trading; or

[(“(B) acquire or retain any equity, partnership, or other ownership interest in or sponsor a hedge fund or a private equity fund.

[(“(2) NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD.—Any nonbank financial company supervised by the Board that engages in proprietary trading or takes or retains any equity, partnership, or other ownership interest in or sponsors a hedge fund or a private equity fund shall be subject, by rule, as provided in subsection (b)(2), to additional capital requirements for and additional quantitative limits with regards to such proprietary trading and taking or retaining any equity, partnership, or other ownership interest in or sponsorship of a hedge fund or a private equity fund, except that permitted activities as described in subsection (d) shall not be subject to the additional capital and additional quantitative limits except as provided in subsection (d)(3), as if the nonbank financial company supervised by the Board were a banking entity.

[(“(b) STUDY AND RULEMAKING.—

[(1) STUDY.—Not later than 6 months after the date of enactment of this section, the Financial Stability Oversight Council shall study and make recommendations on implementing the provisions of this section so as to—

[(A) promote and enhance the safety and soundness of banking entities;

[(B) protect taxpayers and consumers and enhance financial stability by minimizing the risk that insured depository institutions and the affiliates of insured depository institutions will engage in unsafe and unsound activities;

[(C) limit the inappropriate transfer of Federal subsidies from institutions that benefit from deposit insurance and liquidity facilities of the Federal Government to unregulated entities;

[(D) reduce conflicts of interest between the self-interest of banking entities and nonbank financial companies supervised by the Board, and the interests of the customers of such entities and companies;

[(E) limit activities that have caused undue risk or loss in banking entities and nonbank financial companies supervised by the Board, or that might reasonably be expected to create undue risk or loss in such banking entities and nonbank financial companies supervised by the Board;

[(F) appropriately accommodate the business of insurance within an insurance company, subject to regulation in accordance with the relevant insurance company investment laws, while protecting the safety and soundness of any banking entity with which such insurance company is affiliated and of the United States financial system; and

[(G) appropriately time the divestiture of illiquid assets that are affected by the implementation of the prohibitions under subsection (a).

[(2) RULEMAKING.—

[(A) IN GENERAL.—Unless otherwise provided in this section, not later than 9 months after the completion of the study under paragraph (1), the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission, shall consider the findings of the study under paragraph (1) and adopt rules to carry out this section, as provided in subparagraph (B).

[(B) COORDINATED RULEMAKING.—

[(i) REGULATORY AUTHORITY.—The regulations issued under this paragraph shall be issued by—

[(I) the appropriate Federal banking agencies, jointly, with respect to insured depository institutions;

[(II) the Board, with respect to any company that controls an insured depository institution, or that is treated as a bank holding company for purposes of section 8 of the International Banking Act, any nonbank financial company supervised by the Board, and any subsidiary of any of the foregoing (other than a subsidiary for which an agen-

cy described in subclause (I), (III), or (IV) is the primary financial regulatory agency);

【“(III) the Commodity Futures Trading Commission, with respect to any entity for which the Commodity Futures Trading Commission is the primary financial regulatory agency, as defined in section 2 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and

【“(IV) the Securities and Exchange Commission, with respect to any entity for which the Securities and Exchange Commission is the primary financial regulatory agency, as defined in section 2 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

【“(ii) COORDINATION, CONSISTENCY, AND COMPARABILITY.—In developing and issuing regulations pursuant to this section, the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall consult and coordinate with each other, as appropriate, for the purposes of assuring, to the extent possible, that such regulations are comparable and provide for consistent application and implementation of the applicable provisions of this section to avoid providing advantages or imposing disadvantages to the companies affected by this subsection and to protect the safety and soundness of banking entities and nonbank financial companies supervised by the Board.

【“(iii) COUNCIL ROLE.—The Chairperson of the Financial Stability Oversight Council shall be responsible for coordination of the regulations issued under this section.

【“(c) EFFECTIVE DATE.—

【“(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on the earlier of—

【“(A) 12 months after the date of the issuance of final rules under subsection (b); or

【“(B) 2 years after the date of enactment of this section.

【“(2) CONFORMANCE PERIOD FOR DIVESTITURE.—A banking entity or nonbank financial company supervised by the Board shall bring its activities and investments into compliance with the requirements of this section not later than 2 years after the date on which the requirements become effective pursuant to this section or 2 years after the date on which the entity or company becomes a nonbank financial company supervised by the Board. The Board may, by rule or order, extend this two-year period for not more than one year at a time, if, in the judgment of the Board, such an extension is consistent with the purposes of this section and would not be detrimental to the public interest. The extensions made by the Board under the preceding sentence may not exceed an aggregate of 3 years.

【“(3) EXTENDED TRANSITION FOR ILLIQUID FUNDS.—

【“(A) APPLICATION.—The Board may, upon the application of a banking entity, extend the period during which

the banking entity, to the extent necessary to fulfill a contractual obligation that was in effect on May 1, 2010, may take or retain its equity, partnership, or other ownership interest in, or otherwise provide additional capital to, an illiquid fund.

[(B) TIME LIMIT ON APPROVAL.—The Board may grant 1 extension under subparagraph (A), which may not exceed 5 years.

[(4) DIVESTITURE REQUIRED.—Except as otherwise provided in subsection (d)(1)(G), a banking entity may not engage in any activity prohibited under subsection (a)(1)(B) after the earlier of—

[(A) the date on which the contractual obligation to invest in the illiquid fund terminates; and

[(B) the date on which any extensions granted by the Board under paragraph (3) expire.

[(5) ADDITIONAL CAPITAL DURING TRANSITION PERIOD.—Notwithstanding paragraph (2), on the date on which the rules are issued under subsection (b)(2), the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall issue rules, as provided in subsection (b)(2), to impose additional capital requirements, and any other restrictions, as appropriate, on any equity, partnership, or ownership interest in or sponsorship of a hedge fund or private equity fund by a banking entity.

[(6) SPECIAL RULEMAKING.—Not later than 6 months after the date of enactment of this section, the Board shall issue rules to implement paragraphs (2) and (3).

[(d) PERMITTED ACTIVITIES.—

[(1) IN GENERAL.—Notwithstanding the restrictions under subsection (a), to the extent permitted by any other provision of Federal or State law, and subject to the limitations under paragraph (2) and any restrictions or limitations that the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission, may determine, the following activities (in this section referred to as ‘permitted activities’) are permitted:

[(A) The purchase, sale, acquisition, or disposition of obligations of the United States or any agency thereof, obligations, participations, or other instruments of or issued by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a Federal Home Loan Bank, the Federal Agricultural Mortgage Corporation, or a Farm Credit System institution chartered under and subject to the provisions of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.), and obligations of any State or of any political subdivision thereof.

[(B) The purchase, sale, acquisition, or disposition of securities and other instruments described in subsection (h)(4) in connection with underwriting or market-making-related activities, to the extent that any such activities permitted by this subparagraph are designed not to exceed the reasonably expected near term demands of clients, customers, or counterparties.

["(C) Risk-mitigating hedging activities in connection with and related to individual or aggregated positions, contracts, or other holdings of a banking entity that are designed to reduce the specific risks to the banking entity in connection with and related to such positions, contracts, or other holdings.

["(D) The purchase, sale, acquisition, or disposition of securities and other instruments described in subsection (h)(4) on behalf of customers.

["(E) Investments in one or more small business investment companies, as defined in section 102 of the Small Business Investment Act of 1958 (15 U.S.C. 662), investments designed primarily to promote the public welfare, of the type permitted under paragraph (11) of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24), or investments that are qualified rehabilitation expenditures with respect to a qualified rehabilitated building or certified historic structure, as such terms are defined in section 47 of the Internal Revenue Code of 1986 or a similar State historic tax credit program.

["(F) The purchase, sale, acquisition, or disposition of securities and other instruments described in subsection (h)(4) by a regulated insurance company directly engaged in the business of insurance for the general account of the company and by any affiliate of such regulated insurance company, provided that such activities by any affiliate are solely for the general account of the regulated insurance company, if—

["(i) the purchase, sale, acquisition, or disposition is conducted in compliance with, and subject to, the insurance company investment laws, regulations, and written guidance of the State or jurisdiction in which each such insurance company is domiciled; and

["(ii) the appropriate Federal banking agencies, after consultation with the Financial Stability Oversight Council and the relevant insurance commissioners of the States and territories of the United States, have not jointly determined, after notice and comment, that a particular law, regulation, or written guidance described in clause (i) is insufficient to protect the safety and soundness of the banking entity, or of the financial stability of the United States.

["(G) Organizing and offering a private equity or hedge fund, including serving as a general partner, managing member, or trustee of the fund and in any manner selecting or controlling (or having employees, officers, directors, or agents who constitute) a majority of the directors, trustees, or management of the fund, including any necessary expenses for the foregoing, only if—

["(i) the banking entity provides bona fide trust, fiduciary, or investment advisory services;

["(ii) the fund is organized and offered only in connection with the provision of bona fide trust, fiduciary, or investment advisory services and only to persons

that are customers of such services of the banking entity;

[(iii) the banking entity does not acquire or retain an equity interest, partnership interest, or other ownership interest in the funds except for a de minimis investment subject to and in compliance with paragraph (4);

[(iv) the banking entity complies with the restrictions under paragraphs (1) and (2) of subparagraph (f);

[(v) the banking entity does not, directly or indirectly, guarantee, assume, or otherwise insure the obligations or performance of the hedge fund or private equity fund or of any hedge fund or private equity fund in which such hedge fund or private equity fund invests;

[(vi) the banking entity does not share with the hedge fund or private equity fund, for corporate, marketing, promotional, or other purposes, the same name or a variation of the same name;

[(vii) no director or employee of the banking entity takes or retains an equity interest, partnership interest, or other ownership interest in the hedge fund or private equity fund, except for any director or employee of the banking entity who is directly engaged in providing investment advisory or other services to the hedge fund or private equity fund; and

[(viii) the banking entity discloses to prospective and actual investors in the fund, in writing, that any losses in such hedge fund or private equity fund are borne solely by investors in the fund and not by the banking entity, and otherwise complies with any additional rules of the appropriate Federal banking agencies, the Securities and Exchange Commission, or the Commodity Futures Trading Commission, as provided in subsection (b)(2), designed to ensure that losses in such hedge fund or private equity fund are borne solely by investors in the fund and not by the banking entity.

[(H) Proprietary trading conducted by a banking entity pursuant to paragraph (9) or (13) of section 4(c), provided that the trading occurs solely outside of the United States and that the banking entity is not directly or indirectly controlled by a banking entity that is organized under the laws of the United States or of one or more States.

[(I) The acquisition or retention of any equity, partnership, or other ownership interest in, or the sponsorship of, a hedge fund or a private equity fund by a banking entity pursuant to paragraph (9) or (13) of section 4(c) solely outside of the United States, provided that no ownership interest in such hedge fund or private equity fund is offered for sale or sold to a resident of the United States and that the banking entity is not directly or indirectly controlled by a banking entity that is organized under the laws of the United States or of one or more States.

["(J) Such other activity as the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission determine, by rule, as provided in subsection (b)(2), would promote and protect the safety and soundness of the banking entity and the financial stability of the United States.

["(2) LIMITATION ON PERMITTED ACTIVITIES.—

["(A) IN GENERAL.—No transaction, class of transactions, or activity may be deemed a permitted activity under paragraph (1) if the transaction, class of transactions, or activity—

["(i) would involve or result in a material conflict of interest (as such term shall be defined by rule as provided in subsection (b)(2)) between the banking entity and its clients, customers, or counterparties;

["(ii) would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies (as such terms shall be defined by rule as provided in subsection (b)(2));

["(iii) would pose a threat to the safety and soundness of such banking entity; or

["(iv) would pose a threat to the financial stability of the United States.

["(B) RULEMAKING.—The appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall issue regulations to implement subparagraph (A), as part of the regulations issued under subsection (b)(2).

["(3) CAPITAL AND QUANTITATIVE LIMITATIONS.—The appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall, as provided in subsection (b)(2), adopt rules imposing additional capital requirements and quantitative limitations, including diversification requirements, regarding the activities permitted under this section if the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission determine that additional capital and quantitative limitations are appropriate to protect the safety and soundness of banking entities engaged in such activities.

["(4) DE MINIMIS INVESTMENT.—

["(A) IN GENERAL.—A banking entity may make and retain an investment in a hedge fund or private equity fund that the banking entity organizes and offers, subject to the limitations and restrictions in subparagraph (B) for the purposes of—

["(i) establishing the fund and providing the fund with sufficient initial equity for investment to permit the fund to attract unaffiliated investors; or

["(ii) making a de minimis investment.

["(B) LIMITATIONS AND RESTRICTIONS ON INVESTMENTS.—

["(i) REQUIREMENT TO SEEK OTHER INVESTORS.—A banking entity shall actively seek unaffiliated investors to reduce or dilute the investment of the banking entity to the amount permitted under clause (ii).

[(ii) LIMITATIONS ON SIZE OF INVESTMENTS.—Notwithstanding any other provision of law, investments by a banking entity in a hedge fund or private equity fund shall—

[(I) not later than 1 year after the date of establishment of the fund, be reduced through redemption, sale, or dilution to an amount that is not more than 3 percent of the total ownership interests of the fund;

[(II) be immaterial to the banking entity, as defined, by rule, pursuant to subsection (b)(2), but in no case may the aggregate of all of the interests of the banking entity in all such funds exceed 3 percent of the Tier 1 capital of the banking entity.

[(iii) CAPITAL.—For purposes of determining compliance with applicable capital standards under paragraph (3), the aggregate amount of the outstanding investments by a banking entity under this paragraph, including retained earnings, shall be deducted from the assets and tangible equity of the banking entity, and the amount of the deduction shall increase commensurate with the leverage of the hedge fund or private equity fund.

[(C) EXTENSION.—Upon an application by a banking entity, the Board may extend the period of time to meet the requirements under subparagraph (B)(ii)(I) for 2 additional years, if the Board finds that an extension would be consistent with safety and soundness and in the public interest.

[(e) ANTI-EVASION.—

[(1) RULEMAKING.—The appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall issue regulations, as part of the rulemaking provided for in subsection (b)(2), regarding internal controls and recordkeeping, in order to insure compliance with this section.

[(2) TERMINATION OF ACTIVITIES OR INVESTMENT.—Notwithstanding any other provision of law, whenever an appropriate Federal banking agency, the Securities and Exchange Commission, or the Commodity Futures Trading Commission, as appropriate, has reasonable cause to believe that a banking entity or nonbank financial company supervised by the Board under the respective agency's jurisdiction has made an investment or engaged in an activity in a manner that functions as an evasion of the requirements of this section (including through an abuse of any permitted activity) or otherwise violates the restrictions under this section, the appropriate Federal banking agency, the Securities and Exchange Commission, or the Commodity Futures Trading Commission, as appropriate, shall order, after due notice and opportunity for hearing, the banking entity or nonbank financial company supervised by the Board to terminate the activity and, as relevant, dispose of the investment. Nothing in this paragraph shall be construed to limit the inherent authority of any Federal agency or State regulatory authority to further restrict any invest-

ments or activities under otherwise applicable provisions of law.

[(f) LIMITATIONS ON RELATIONSHIPS WITH HEDGE FUNDS AND PRIVATE EQUITY FUNDS.—

[(1) IN GENERAL.—No banking entity that serves, directly or indirectly, as the investment manager, investment adviser, or sponsor to a hedge fund or private equity fund, or that organizes and offers a hedge fund or private equity fund pursuant to paragraph (d)(1)(G), and no affiliate of such entity, may enter into a transaction with the fund, or with any other hedge fund or private equity fund that is controlled by such fund, that would be a covered transaction, as defined in section 23A of the Federal Reserve Act (12 U.S.C. 371c), with the hedge fund or private equity fund, as if such banking entity and the affiliate thereof were a member bank and the hedge fund or private equity fund were an affiliate thereof.

[(2) TREATMENT AS MEMBER BANK.—A banking entity that serves, directly or indirectly, as the investment manager, investment adviser, or sponsor to a hedge fund or private equity fund, or that organizes and offers a hedge fund or private equity fund pursuant to paragraph (d)(1)(G), shall be subject to section 23B of the Federal Reserve Act (12 U.S.C. 371c-1), as if such banking entity were a member bank and such hedge fund or private equity fund were an affiliate thereof.

[(3) PERMITTED SERVICES.—

[(A) IN GENERAL.—Notwithstanding paragraph (1), the Board may permit a banking entity to enter into any prime brokerage transaction with any hedge fund or private equity fund in which a hedge fund or private equity fund managed, sponsored, or advised by such banking entity has taken an equity, partnership, or other ownership interest, if—

[(i) the banking entity is in compliance with each of the limitations set forth in subsection (d)(1)(G) with regard to a hedge fund or private equity fund organized and offered by such banking entity;

[(ii) the chief executive officer (or equivalent officer) of the banking entity certifies in writing annually (with a duty to update the certification if the information in the certification materially changes) that the conditions specified in subsection (d)(1)(g)(v) are satisfied; and

[(iii) the Board has determined that such transaction is consistent with the safe and sound operation and condition of the banking entity.

[(B) TREATMENT OF PRIME BROKERAGE TRANSACTIONS.—For purposes of subparagraph (A), a prime brokerage transaction described in subparagraph (A) shall be subject to section 23B of the Federal Reserve Act (12 U.S.C. 371c-1) as if the counterparty were an affiliate of the banking entity.

[(4) APPLICATION TO NONBANK FINANCIAL COMPANIES SUPERVISED BY THE BOARD.—The appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall adopt rules, as pro-

vided in subsection (b)(2), imposing additional capital charges or other restrictions for nonbank financial companies supervised by the Board to address the risks to and conflicts of interest of banking entities described in paragraphs (1), (2), and (3) of this subsection.

[(g) RULES OF CONSTRUCTION.—

[(1) LIMITATION ON CONTRARY AUTHORITY.—Except as provided in this section, notwithstanding any other provision of law, the prohibitions and restrictions under this section shall apply to activities of a banking entity or nonbank financial company supervised by the Board, even if such activities are authorized for a banking entity or nonbank financial company supervised by the Board.

[(2) SALE OR SECURITIZATION OF LOANS.—Nothing in this section shall be construed to limit or restrict the ability of a banking entity or nonbank financial company supervised by the Board to sell or securitize loans in a manner otherwise permitted by law.

[(3) AUTHORITY OF FEDERAL AGENCIES AND STATE REGULATORY AUTHORITIES.—Nothing in this section shall be construed to limit the inherent authority of any Federal agency or State regulatory authority under otherwise applicable provisions of law.

[(h) DEFINITIONS.—In this section, the following definitions shall apply:

[(1) BANKING ENTITY.—The term ‘banking entity’ means any insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), any company that controls an insured depository institution, or that is treated as a bank holding company for purposes of section 8 of the International Banking Act of 1978, and any affiliate or subsidiary of any such entity. For purposes of this paragraph, the term ‘insured depository institution’ does not include an institution that functions solely in a trust or fiduciary capacity, if—

[(A) all or substantially all of the deposits of such institution are in trust funds and are received in a bona fide fiduciary capacity;

[(B) no deposits of such institution which are insured by the Federal Deposit Insurance Corporation are offered or marketed by or through an affiliate of such institution;

[(C) such institution does not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others or make commercial loans; and

[(D) such institution does not—

[(i) obtain payment or payment related services from any Federal Reserve bank, including any service referred to in section 11A of the Federal Reserve Act (12 U.S.C. 248a); or

[(ii) exercise discount or borrowing privileges pursuant to section 19(b)(7) of the Federal Reserve Act (12 U.S.C. 461(b)(7)).

[(2) HEDGE FUND; PRIVATE EQUITY FUND.—The terms ‘hedge fund’ and ‘private equity fund’ mean an issuer that would be an investment company, as defined in the Investment Com-

pany Act of 1940 (15 U.S.C. 80a-1 et seq.), but for section 3(c)(1) or 3(c)(7) of that Act, or such similar funds as the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission may, by rule, as provided in subsection (b)(2), determine.

【“(3) NONBANK FINANCIAL COMPANY SUPERVISED BY THE BOARD.—The term ‘nonbank financial company supervised by the Board’ means a nonbank financial company supervised by the Board of Governors, as defined in section 102 of the Financial Stability Act of 2010.

【“(4) PROPRIETARY TRADING.—The term ‘proprietary trading’, when used with respect to a banking entity or nonbank financial company supervised by the Board, means engaging as a principal for the trading account of the banking entity or nonbank financial company supervised by the Board in any transaction to purchase or sell, or otherwise acquire or dispose of, any security, any derivative, any contract of sale of a commodity for future delivery, any option on any such security, derivative, or contract, or any other security or financial instrument that the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission may, by rule as provided in subsection (b)(2), determine.

【“(5) SPONSOR.—The term to ‘sponsor’ a fund means—

【“(A) to serve as a general partner, managing member, or trustee of a fund;

【“(B) in any manner to select or to control (or to have employees, officers, or directors, or agents who constitute) a majority of the directors, trustees, or management of a fund; or

【“(C) to share with a fund, for corporate, marketing, promotional, or other purposes, the same name or a variation of the same name.

【“(6) TRADING ACCOUNT.—The term ‘trading account’ means any account used for acquiring or taking positions in the securities and instruments described in paragraph (4) principally for the purpose of selling in the near term (or otherwise with the intent to resell in order to profit from short-term price movements), and any such other accounts as the appropriate Federal banking agencies, the Securities and Exchange Commission, and the Commodity Futures Trading Commission may, by rule as provided in subsection (b)(2), determine.

【“(7) ILLIQUID FUND.—

【“(A) IN GENERAL.—The term ‘illiquid fund’ means a hedge fund or private equity fund that—

【“(i) as of May 1, 2010, was principally invested in, or was invested and contractually committed to principally invest in, illiquid assets, such as portfolio companies, real estate investments, and venture capital investments; and

【“(ii) makes all investments pursuant to, and consistent with, an investment strategy to principally invest in illiquid assets. In issuing rules regarding this subparagraph, the Board shall take into consideration the terms of investment for the hedge fund or private

equity fund, including contractual obligations, the ability of the fund to divest of assets held by the fund, and any other factors that the Board determines are appropriate.

[(B) HEDGE FUND.—For the purposes of this paragraph, the term ‘hedge fund’ means any fund identified under subsection (h)(2), and does not include a private equity fund, as such term is used in section 203(m) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(m)).’].

[SEC. 620. STUDY OF BANK INVESTMENT ACTIVITIES

[(a) STUDY.—

[(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the appropriate Federal banking agencies shall jointly review and prepare a report on the activities that a banking entity, as such term is defined in the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et. seq.), may engage in under Federal and State law, including activities authorized by statute and by order, interpretation and guidance.

[(2) CONTENT.—In carrying out the study under paragraph (1), the appropriate Federal banking agencies shall review and consider—

[(A) the type of activities or investments;

[(B) any financial, operational, managerial, or reputation risks associated with or presented as a result of the banking entity engaged in the activity or making the investment; and

[(C) risk mitigation activities undertaken by the banking entity with regard to the risks.

[(b) REPORT AND RECOMMENDATIONS TO THE COUNCIL AND TO CONGRESS.—The appropriate Federal banking agencies shall submit to the Council, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate the study conducted pursuant to subsection (a) no later than 2 months after its completion. In addition to the information described in subsection (a), the report shall include recommendations regarding—

[(1) whether each activity or investment has or could have a negative effect on the safety and soundness of the banking entity or the United States financial system;

[(2) the appropriateness of the conduct of each activity or type of investment by banking entities; and

[(3) additional restrictions as may be necessary to address risks to safety and soundness arising from the activities or types of investments described in subsection (a).]

TITLE IX—INVESTOR PROTECTIONS AND IMPROVEMENTS TO THE REGU- LATION OF SECURITIES

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Subtitle D—Improvements to the Asset-Backed Securitization Process

SEC. 941. REGULATION OF CREDIT RISK RETENTION

(a) **DEFINITION OF ASSET-BACKED SECURITY.**—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following:

“(77) **ASSET-BACKED SECURITY.**—The term ‘asset-backed security’—

“(A) means a fixed-income or other security collateralized by any type of self-liquidating financial asset (including a loan, a lease, a mortgage, or a secured or unsecured receivable) that allows the holder of the security to receive payments that depend primarily on cash flow from the asset, including—

“(i) a collateralized mortgage obligation;

“(ii) a collateralized debt obligation;

“(iii) a collateralized bond obligation;

“(iv) a collateralized debt obligation of asset-backed securities;

“(v) a collateralized debt obligation of collateralized debt obligations; and

“(vi) a security that the Commission, by rule, determines to be an asset-backed security for purposes of this section; and

“(B) does not include a security issued by a finance subsidiary held by the parent company or a company controlled by the parent company, if none of the securities issued by the finance subsidiary are held by an entity that is not controlled by the parent company.”.

(b) **CREDIT RISK RETENTION.**—The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 15F, as added by this Act, the following:

“SEC. 15G. CREDIT RISK RETENTION

“(a) **DEFINITIONS.**—In this section—

“(1) the term ‘Federal banking agencies’ means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation;

“(2) the term ‘insured depository institution’ has the same meaning as in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

“(3) the term ‘securitizer’ means—

“(A) an issuer of an asset-backed security; or

“(B) a person who organizes and initiates an asset-backed securities transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuer; and

“(4) the term ‘originator’ means a person who—

“(A) through the extension of credit or otherwise, creates a financial asset that collateralizes an asset-backed security; and

“(B) sells an asset directly or indirectly to a securitizer.

“(b) **REGULATIONS REQUIRED.**—

“(1) IN GENERAL.—Not later than 270 days after the date of enactment of this section, the Federal banking agencies and the Commission shall jointly prescribe regulations to require any securitizer to retain an economic interest in a portion of the credit risk for any asset that the securitizer, through the issuance of an asset-backed security, transfers, sells, or conveys to a third party.

“(2) RESIDENTIAL MORTGAGES.—Not later than 270 days after the date of the enactment of this section, the Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Federal Housing Finance Agency, shall jointly prescribe regulations to require any securitizer to retain an economic interest in a portion of the credit risk for any residential mortgage asset that the securitizer, through the issuance of an asset-backed security, transfers, sells, or conveys to a third party.

“(c) STANDARDS FOR REGULATIONS.—

“(1) STANDARDS.—The regulations prescribed under subsection (b) shall—

“(A) prohibit a securitizer from directly or indirectly hedging or otherwise transferring the credit risk that the securitizer is required to retain with respect to an asset;

“(B) require a securitizer to retain—

“(i) not less than 5 percent of the credit risk for any asset—

“(I) that is not a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer; or

“(II) that is a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer, if 1 or more of the assets that collateralize the asset-backed security are not qualified residential mortgages; or

“(ii) less than 5 percent of the credit risk for an asset that is not a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer, if the originator of the asset meets the underwriting standards prescribed under paragraph (2)(B);

“(C) specify—

“(i) the permissible forms of risk retention for purposes of this section;

“(ii) the minimum duration of the risk retention required under this section; and

“(iii) that a securitizer is not required to retain any part of the credit risk for an asset that is transferred, sold or conveyed through the issuance of an asset-backed security by the securitizer, if all of the assets that collateralize the asset-backed security are qualified residential mortgages;

“(D) apply, regardless of whether the securitizer is an insured depository institution;

“(E) with respect to a commercial mortgage, specify the permissible types, forms, and amounts of risk retention that would meet the requirements of subparagraph (B), which in the determination of the Federal banking agencies and the Commission may include—

“(i) retention of a specified amount or percentage of the total credit risk of the asset;

“(ii) retention of the first-loss position by a third-party purchaser that specifically negotiates for the purchase of such first loss position, holds adequate financial resources to back losses, provides due diligence on all individual assets in the pool before the issuance of the asset-backed securities, and meets the same standards for risk retention as the Federal banking agencies and the Commission require of the securitizer;

“(iii) a determination by the Federal banking agencies and the Commission that the underwriting standards and controls for the asset are adequate; and

“(iv) provision of adequate representations and warranties and related enforcement mechanisms; and

“(F) establish appropriate standards for retention of an economic interest with respect to collateralized debt obligations, securities collateralized by collateralized debt obligations, and similar instruments collateralized by other asset-backed securities; and

“(G) provide for—

“(i) a total or partial exemption of any securitization, as may be appropriate in the public interest and for the protection of investors;

“(ii) a total or partial exemption for the securitization of an asset issued or guaranteed by the United States, or an agency of the United States, as the Federal banking agencies and the Commission jointly determine appropriate in the public interest and for the protection of investors, except that, for purposes of this clause, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are not agencies of the United States;

“(iii) a total or partial exemption for any asset-backed security that is a security issued or guaranteed by any State of the United States, or by any political subdivision of a State or territory, or by any public instrumentality of a State or territory that is exempt from the registration requirements of the Securities Act of 1933 by reason of section 3(a)(2) of that Act (15 U.S.C. 77c(a)(2)), or a security defined as a qualified scholarship funding bond in section 150(d)(2) of the Internal Revenue Code of 1986, as may be appropriate in the public interest and for the protection of investors; and

“(iv) the allocation of risk retention obligations between a securitizer and an originator in the case of a securitizer that purchases assets from an originator,

as the Federal banking agencies and the Commission jointly determine appropriate.

“(2) ASSET CLASSES.—

“(A) ASSET CLASSES.—The regulations prescribed under subsection (b) shall establish asset classes with separate rules for securitizers of different classes of assets, including residential mortgages, commercial mortgages, commercial loans, auto loans, and any other class of assets that the Federal banking agencies and the Commission deem appropriate.

“(B) CONTENTS.—For each asset class established under subparagraph (A), the regulations prescribed under subsection (b) shall include underwriting standards established by the Federal banking agencies that specify the terms, conditions, and characteristics of a loan within the asset class that indicate a low credit risk with respect to the loan.

“(d) ORIGINATORS.—In determining how to allocate risk retention obligations between a securitizer and an originator under subsection (c)(1)(E)(iv), the Federal banking agencies and the Commission shall—

“(1) reduce the percentage of risk retention obligations required of the securitizer by the percentage of risk retention obligations required of the originator; and

“(2) consider—

“(A) whether the assets sold to the securitizer have terms, conditions, and characteristics that reflect low credit risk;

“(B) whether the form or volume of transactions in securitization markets creates incentives for imprudent origination of the type of loan or asset to be sold to the securitizer; and

“(C) the potential impact of the risk retention obligations on the access of consumers and businesses to credit on reasonable terms, which may not include the transfer of credit risk to a third party.

“(e) EXEMPTIONS, EXCEPTIONS, AND ADJUSTMENTS.—

“(1) IN GENERAL.—The Federal banking agencies and the Commission may jointly adopt or issue exemptions, exceptions, or adjustments to the rules issued under this section, including exemptions, exceptions, or adjustments for classes of institutions or assets relating to the risk retention requirement and the prohibition on hedging under subsection (c)(1).

“(2) APPLICABLE STANDARDS.—Any exemption, exception, or adjustment adopted or issued by the Federal banking agencies and the Commission under this paragraph shall—

“(A) help ensure high quality underwriting standards for the securitizers and originators of assets that are securitized or available for securitization; and

“(B) encourage appropriate risk management practices by the securitizers and originators of assets, improve the access of consumers and businesses to credit on reasonable terms, or otherwise be in the public interest and for the protection of investors.

“(3) CERTAIN INSTITUTIONS AND PROGRAMS EXEMPT.—

“(A) FARM CREDIT SYSTEM INSTITUTIONS.—Notwithstanding any other provision of this section, the requirements of this section shall not apply to any loan or other financial asset made, insured, guaranteed, or purchased by any institution that is subject to the supervision of the Farm Credit Administration, including the Federal Agricultural Mortgage Corporation.

“(B) OTHER FEDERAL PROGRAMS.—This section shall not apply to any residential, multifamily, or health care facility mortgage loan asset, or securitization based directly or indirectly on such an asset, which is insured or guaranteed by the United States or an agency of the United States. For purposes of this subsection, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal home loan banks shall not be considered an agency of the United States.

“(4) EXEMPTION FOR QUALIFIED RESIDENTIAL MORTGAGES.—

“(A) IN GENERAL.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency shall jointly issue regulations to exempt qualified residential mortgages from the risk retention requirements of this subsection.

“(B) QUALIFIED RESIDENTIAL MORTGAGE.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency shall jointly define the term ‘qualified residential mortgage’ for purposes of this subsection, taking into consideration underwriting and product features that historical loan performance data indicate result in a lower risk of default, such as—

“(i) documentation and verification of the financial resources relied upon to qualify the mortgagor;

“(ii) standards with respect to—

“(I) the residual income of the mortgagor after all monthly obligations;

“(II) the ratio of the housing payments of the mortgagor to the monthly income of the mortgagor;

“(III) the ratio of total monthly installment payments of the mortgagor to the income of the mortgagor;

“(iii) mitigating the potential for payment shock on adjustable rate mortgages through product features and underwriting standards;

“(iv) mortgage guarantee insurance or other types of insurance or credit enhancement obtained at the time of origination, to the extent such insurance or credit enhancement reduces the risk of default; and

“(v) prohibiting or restricting the use of balloon payments, negative amortization, prepayment penalties, interest-only payments, and other features that have been demonstrated to exhibit a higher risk of borrower default.

“(C) LIMITATION ON DEFINITION.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency in defining the term ‘qualified residential mortgage’, as required by subparagraph (B), shall define that term to be no broader than the definition ‘qualified mortgage’ as the term is defined under section 129C(c)(2) of the Truth in Lending Act, as amended by the Consumer Financial Protection Act of 2010, and regulations adopted thereunder.

“(5) CONDITION FOR QUALIFIED RESIDENTIAL MORTGAGE EXEMPTION.—The regulations issued under paragraph (4) shall provide that an asset-backed security that is collateralized by tranches of other asset-backed securities shall not be exempt from the risk retention requirements of this subsection.

“(6) CERTIFICATION.—The Commission shall require an issuer to certify, for each issuance of an asset-backed security collateralized exclusively by qualified residential mortgages, that the issuer has evaluated the effectiveness of the internal supervisory controls of the issuer with respect to the process for ensuring that all assets that collateralize the asset-backed security are qualified residential mortgages.

“(f) ENFORCEMENT.—The regulations issued under this section shall be enforced by—

“(1) the appropriate Federal banking agency, with respect to any securitizer that is an insured depository institution; and

“(2) the Commission, with respect to any securitizer that is not an insured depository institution.

“(g) AUTHORITY OF COMMISSION.—The authority of the Commission under this section shall be in addition to the authority of the Commission to otherwise enforce the securities laws.

“(h) AUTHORITY TO COORDINATE ON RULEMAKING.—The Chairperson of the Financial Stability Oversight Council shall coordinate all joint rulemaking required under this section.

“(i) EFFECTIVE DATE OF REGULATIONS.—The regulations issued under this section shall become effective—

“(1) with respect to securitizers and originators of asset-backed securities backed by residential mortgages, 1 year after the date on which final rules under this section are published in the Federal Register; and

“(2) with respect to securitizers and originators of all other classes of asset-backed securities, 2 years after the date on which final rules under this section are published in the Federal Register.”.

[(c) STUDY ON RISK RETENTION.—

[(1) STUDY.—The Board of Governors of the Federal Reserve System, in coordination and consultation with the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Chairperson of the Federal Deposit Insurance Corporation, and the Securities and Exchange Commission shall conduct a study of the combined impact on each individual class of asset-backed security established under section 15G(c)(2) of the Securities Exchange Act of 1934, as added by subsection (b), of—

[(A) the new credit risk retention requirements contained in the amendment made by subsection (b), including the effect credit risk retention requirements have on increasing the market for Federally subsidized loans; and

[(B) the Financial Accounting Statements 166 and 167 issued by the Financial Accounting Standards Board.

[(2) REPORT.—Not later than 90 days after the date of enactment of this Act, the Board of Governors of the Federal Reserve System shall submit to Congress a report on the study conducted under paragraph (1). Such report shall include statutory and regulatory recommendations for eliminating any negative impacts on the continued viability of the asset-backed securitization markets and on the availability of credit for new lending identified by the study conducted under paragraph (1).]

* * * * *

FEDERAL DEPOSIT INSURANCE ACT

* * * * *

SEC. 10. [(a) The] (a) POWERS.—

(1) *IN GENERAL.*—The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The Board of Directors of the Corporation, *subject to paragraph (2)*, shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this Act.

(2) *APPROPRIATIONS REQUIREMENT.*—*Except as provided under paragraph (3), the Corporation may, only to the extent as provided in advance by appropriations Acts, cover the costs incurred in carrying out the provisions of this Act, including with respect to the administrative costs of the Corporation and the costs of the examination and supervision of insured depository institutions.*

(3) *EXCEPTION FOR CERTAIN PROGRAMS.*—*Paragraph (2) shall not apply to the Corporation's Insurance Business Line Programs and Receivership Management Business Line Programs, as in existence on the date of enactment of this paragraph, and the proportion of the administrative costs of the Corporation related to such programs.*

(b) EXAMINATIONS.—

(1) *APPOINTMENT OF EXAMINERS AND CLAIMS AGENTS.*—The Board of Directors shall appoint examiners and claims agents.

(2) *REGULAR EXAMINATIONS.*—Any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to examine—

(A) any insured State nonmember bank or insured State branch of any foreign bank;

(B) any depository institution which files an application with the Corporation to become an insured depository institution; and

(C) any insured depository institution in default, whenever the Board of Directors determines an examination of any such depository institution is necessary.

(3) SPECIAL EXAMINATION OF ANY INSURED DEPOSITORY INSTITUTION.—

(A) IN GENERAL.—In addition to the examinations authorized under paragraph (2), any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to make any special examination of any insured depository institution or nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, whenever the Board of Directors determines that a special examination of any such depository institution is necessary to determine the condition of such depository institution for insurance purposes, or of such nonbank financial company supervised by the Board of Governors or bank holding company described in section 165(a) of the Financial Stability Act of 2010, for the purpose of implementing its authority to provide for orderly liquidation of any such company under title II of that Act, provided that such authority may not be used with respect to any such company that is in a generally sound condition.

(B) LIMITATION.—Before conducting a special examination of a nonbank financial company supervised by the Board of Governors or a bank holding company described in section 165(a) of the Financial Stability Act of 2010, the Corporation shall review any available and acceptable resolution plan that the company has submitted in accordance with section 165(d) of that Act, consistent with the nonbinding effect of such plan, and available reports of examination, and shall coordinate to the maximum extent practicable with the Board of Governors, in order to minimize duplicative or conflicting examinations.

(4) EXAMINATION OF AFFILIATES.—

(A) IN GENERAL.—In making any examination under paragraph (2) or (3), any examiner appointed under paragraph (1) shall have power, on behalf of the Corporation, to make such examinations of the affairs of any affiliate of any depository institution as may be necessary to disclose fully—

(i) the relationship between such depository institution and any such affiliate; and

(ii) the effect of such relationship on the depository institution.

(B) COMMITMENT BY FOREIGN BANKS TO ALLOW EXAMINATIONS OF AFFILIATES.—No branch or depository institution subsidiary of a foreign bank may become an insured depository institution unless such foreign bank submits a writ-

ten binding commitment to the Board of Directors to permit any examination of any affiliate of such branch or depository institution subsidiary pursuant to subparagraph (A) to the extent determined by the Board of Directors to be necessary to carry out the purposes of this Act.

(5) EXAMINATION OF INSURED STATE BRANCHES.—The Board of Directors shall—

(A) coordinate examinations of insured State branches of foreign banks with examinations conducted by the Board of Governors of the Federal Reserve System under section 7(c)(1) of the International Banking Act of 1978; and

(B) to the extent possible, participate in any simultaneous examination of the United States operations of a foreign bank requested by the Board under such section.

(6) POWER AND DUTY OF EXAMINERS.—Each examiner appointed under paragraph (1) shall—

(A) have power to make a thorough examination of any insured depository institution or affiliate under paragraph (2), (3), (4), or (5); and

(B) shall make a full and detailed report of condition of any insured depository institution or affiliate examined to the Corporation.

(7) POWER OF CLAIM AGENTS.—Each claim agent appointed under paragraph (1) shall have power to investigate and examine all claims for insured deposits.

(c) In connection with examinations of insured depository institutions and any State nonmember bank, savings association, or other institution making application to become insured depository institutions, and affiliates thereof, or with other types of investigations to determine compliance with applicable law and regulations, the appropriate Federal banking agency, or its designated representatives, are authorized to administer oaths and affirmations, and to examine and to take and preserve testimony under oath as to any matter in respect to the affairs or ownership of any such bank or institution or affiliate thereof, and to exercise such other powers as are set forth in section 8(n) of this Act.

(d) ANNUAL ON-SITE EXAMINATIONS OF ALL INSURED DEPOSITORY INSTITUTIONS REQUIRED.—

(1) IN GENERAL.—The appropriate Federal banking agency shall, not less than once during each 12-month period, conduct a full-scope, on-site examination of each insured depository institution.

(2) EXAMINATIONS BY CORPORATION.—Paragraph (1) shall not apply during any 12-month period in which the Corporation has conducted a full-scope, on-site examination of the insured depository institution.

(3) STATE EXAMINATIONS ACCEPTABLE.—The examinations required by paragraph (1) may be conducted in alternate 12-month periods, as appropriate, if the appropriate Federal banking agency determines that an examination of the insured depository institution conducted by the State during the intervening 12-month period carries out the purpose of this subsection.

(4) 18-MONTH RULE FOR CERTAIN SMALL INSTITUTIONS.—Paragraphs (1), (2), and (3) shall apply with “18-month” substituted for “12-month” if—

(A) the insured depository institution has total assets of less than \$1,000,000,000;

(B) the institution is well capitalized, as defined in section 38;

(C) when the institution was most recently examined, it was found to be well managed, and its composite condition—

(i) was found to be outstanding; or

(ii) was found to be outstanding or good, in the case of an insured depository institution that has total assets of not more than \$200,000,000;

(D) the insured institution is not currently subject to a formal enforcement proceeding or order by the Corporation or the appropriate Federal banking agency; and

(E) no person acquired control of the institution during the 12-month period in which a full-scope, on-site examination would be required but for this paragraph.

(5) CERTAIN GOVERNMENT-CONTROLLED INSTITUTIONS EXEMPTED.—Paragraph (1) does not apply to—

(A) any institution for which the Corporation is conservator; or

(B) any bridge depository institution, none of the voting securities of which are owned by a person or agency other than the Corporation.

(6) COORDINATED EXAMINATIONS.—To minimize the disruptive effects of examinations on the operations of insured depository institutions—

(A) each appropriate Federal banking agency shall, to the extent practicable and consistent with principles of safety and soundness and the public interest—

(i) coordinate examinations to be conducted by that agency at an insured depository institution and its affiliates;

(ii) coordinate with the other appropriate Federal banking agencies in the conduct of such examinations;

(iii) work to coordinate with the appropriate State bank supervisor—

(I) the conduct of all examinations made pursuant to this subsection; and

(II) the number, types, and frequency of reports required to be submitted to such agencies and supervisors by insured depository institutions, and the type and amount of information required to be included in such reports; and

(iv) use copies of reports of examinations of insured depository institutions made by any other Federal banking agency or appropriate State bank supervisor to eliminate duplicative requests for information; and

(B) not later than 2 years after the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, the Federal banking agencies shall jointly establish and implement a system for determining

which one of the Federal banking agencies or State bank supervisors shall be the lead agency responsible for managing a unified examination of each insured depository institution and its affiliates, as required by this subsection.

(7) SEPARATE EXAMINATIONS PERMITTED.—Notwithstanding paragraph (6), each appropriate Federal banking agency may conduct a separate examination in an emergency or under other exigent circumstances, or when the agency believes that a violation of law may have occurred.

(8) REPORT.—At the time the system provided for in paragraph (6) is established, the Federal banking agencies shall submit a joint report describing the system to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives. Thereafter, the Federal banking agencies shall annually submit a joint report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives regarding the progress of the agencies in implementing the system and indicating areas in which enhancements to the system, including legislature improvements, would be appropriate.

(9) STANDARDS FOR DETERMINING ADEQUACY OF STATE EXAMINATIONS.—The Federal Financial Institutions Examination Council shall issue guidelines establishing standards to be used at the discretion of the appropriate Federal banking agency for purposes of making a determination under paragraph (3).

(10) AGENCIES AUTHORIZED TO INCREASE MAXIMUM ASSET AMOUNT OF INSTITUTIONS FOR CERTAIN PURPOSES.—At any time after the end of the 2-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, the appropriate Federal banking agency, in the agency's discretion, may increase the maximum amount limitation contained in paragraph (4)(C)(ii), by regulation, from \$200,000,000 to an amount not to exceed \$1,000,000,000 for purposes of such paragraph, if the agency determines that the greater amount would be consistent with the principles of safety and soundness for insured depository institutions.

(e) EXAMINATION FEES.—

(1) REGULAR AND SPECIAL EXAMINATIONS OF DEPOSITORY INSTITUTIONS.—The cost of conducting any regular examination or special examination of any depository institution under subsection (b)(2), (b)(3), or (d) or of any entity described in section 3(q)(2) may be assessed by the Corporation against the institution or entity [to meet the expenses of the Corporation in carrying out such examinations] *and may be expended by the Board only to the extent as provided in advance by appropriations Acts to cover the costs incurred in carrying out such examinations.*

(2) EXAMINATION OF AFFILIATES.—The cost of conducting any examination of any affiliate of any insured depository institution under subsection (b)(4) may be assessed by the Corpora-

tion against each affiliate which is examined to meet the Corporation's expenses in carrying out such examination.

(3) ASSESSMENT AGAINST DEPOSITORY INSTITUTION IN CASE OF AFFILIATE'S REFUSAL TO PAY.—

(A) IN GENERAL.—Subject to subparagraph (B), if any affiliate of any insured depository institution—

(i) refuses to pay any assessment under paragraph (2); or

(ii) fails to pay any such assessment before the end of the 60-day period beginning on the date the affiliate receives notice of the assessment,

the Corporation may assess such cost against, and collect such cost from, the depository institution.

(B) AFFILIATE OF MORE THAN 1 DEPOSITORY INSTITUTION.—If any affiliate referred to in subparagraph (A) is an affiliate of more than 1 insured depository institution, the assessment under subparagraph (A) may be assessed against the depository institutions in such proportions as the Corporation determines to be appropriate.

(4) CIVIL MONEY PENALTY FOR AFFILIATE'S REFUSAL TO CO-OPERATE.—

(A) PENALTY IMPOSED.—If any affiliate of any insured depository institution—

(i) refuses to permit an examiner appointed by the Board of Directors under subsection (b)(1) to conduct an examination; or

(ii) refuses to provide any information required to be disclosed in the course of any examination,

the depository institution shall forfeit and pay a penalty of not more than \$5,000 for each day that any such refusal continues.

(B) ASSESSMENT AND COLLECTION.—Any penalty imposed under subparagraph (A) shall be assessed and collected by the Corporation in the manner provided in section 8(i)(2).

(5) DEPOSITS OF EXAMINATION ASSESSMENT.—Amounts received by the Corporation under this subsection (other than paragraph (4)) may be deposited in the manner provided in section 13.

(f) PRESERVATION OF AGENCY RECORDS.—

(1) IN GENERAL.—A Federal banking agency may cause any and all records, papers, or documents kept by the agency or in the possession or custody of the agency to be—

(A) photographed or microphotographed or otherwise reproduced upon film; or

(B) preserved in any electronic medium or format which is capable of—

(i) being read or scanned by computer; and

(ii) being reproduced from such electronic medium or format by printing any other form of reproduction of electronically stored data.

(2) TREATMENT AS ORIGINAL RECORDS.—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be deemed to be an original record for all purposes, including introduction in

evidence in all State and Federal courts or administrative agencies, and shall be admissible to prove any act, transaction, occurrence, or event therein recorded.

(3) **AUTHORITY OF THE FEDERAL BANKING AGENCIES.**—Any photographs, microphotographs, or photographic film or copies thereof described in paragraph (1)(A) or reproduction of electronically stored data described in paragraph (1)(B) shall be preserved in such manner as the Federal banking agency shall prescribe, and the original records, papers, or documents may be destroyed or otherwise disposed of as the Federal banking agency may direct.

(g) **AUTHORITY TO PRESCRIBE REGULATIONS AND DEFINITIONS.**—Except to the extent that authority under this Act is conferred on any of the Federal banking agencies other than the Corporation, the Corporation may—

- (1) prescribe regulations to carry out this Act; and
- (2) by regulation define terms as necessary to carry out this Act.

(h) **COORDINATION OF EXAMINATION AUTHORITY.**—

(1) **STATE BANK SUPERVISORS OF HOME AND HOST STATES.**—

(A) **HOME STATE OF BANK.**—The appropriate State bank supervisor of the home State of an insured State bank has authority to examine and supervise the bank.

(B) **HOST STATE BRANCHES.**—The State bank supervisor of the home State of an insured State bank and any State bank supervisor of an appropriate host State shall exercise its respective authority to supervise and examine the branches of the bank in a host State in accordance with the terms of any applicable cooperative agreement between the home State bank supervisor and the State bank supervisor of the relevant host State.

(C) **SUPERVISORY FEES.**—Except as expressly provided in a cooperative agreement between the State bank supervisors of the home State and any host State of an insured State bank, only the State bank supervisor of the home State of an insured State bank may levy or charge State supervisory fees on the bank.

(2) **HOST STATE EXAMINATION.**—

(A) **IN GENERAL.**—With respect to a branch operated in a host State by an out-of-State insured State bank that resulted from an interstate merger transaction approved under section 44, or that was established in such State pursuant to section 5155(g) of the Revised Statutes of the United States, the third undesignated paragraph of section 9 of the Federal Reserve Act or section 18(d)(4) of this Act, the appropriate State bank supervisor of such host State may—

- (i) with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of such home State, examine such branch for the purpose of determining compliance with host State laws that are applicable pursuant to section 24(j), including those that govern community reinvestment, fair lending, and consumer protection; and

(ii) if expressly permitted under and subject to the terms of a cooperative agreement with the State bank supervisor of the bank's home State or if such out-of-State insured State bank has been determined to be in a troubled condition by either the State bank supervisor of the bank's home State or the bank's appropriate Federal banking agency, participate in the examination of the bank by the State bank supervisor of the bank's home State to ascertain that the activities of the branch in such host State are not conducted in an unsafe or unsound manner.

(B) NOTICE OF DETERMINATION.—

(i) IN GENERAL.—The State bank supervisor of the home State of an insured State bank shall notify the State bank supervisor of each host State of the bank if there has been a final determination that the bank is in a troubled condition.

(ii) TIMING OF NOTICE.—The State bank supervisor of the home State of an insured State bank shall provide notice under clause (i) as soon as is reasonably possible, but in all cases not later than 15 business days after the date on which the State bank supervisor has made such final determination or has received written notification of such final determination.

(3) HOST STATE ENFORCEMENT.—If the State bank supervisor of a host State determines that a branch of an out-of-State insured State bank is violating any law of the host State that is applicable to such branch pursuant to section 24(j), including a law that governs community reinvestment, fair lending, or consumer protection, the State bank supervisor of the host State or, to the extent authorized by the law of the host State, a host State law enforcement officer may, with written notice to the State bank supervisor of the bank's home State and subject to the terms of any applicable cooperative agreement with the State bank supervisor of the bank's home State, undertake such enforcement actions and proceedings as would be permitted under the law of the host State as if the branch were a bank chartered by that host State.

(4) COOPERATIVE AGREEMENT.—

(A) IN GENERAL.—The State bank supervisors from 2 or more States may enter into cooperative agreements to facilitate State regulatory supervision of State banks, including cooperative agreements relating to the coordination of examinations and joint participation in examinations.

(B) DEFINITION.—For purposes of this subsection, the term "cooperative agreement" means a written agreement that is signed by the home State bank supervisor and the host State bank supervisor to facilitate State regulatory supervision of State banks, and includes nationwide or multi-State cooperative agreements and cooperative agreements solely between the home State and host State.

(C) RULE OF CONSTRUCTION.—Except for State bank supervisors, no provision of this subsection relating to such cooperative agreements shall be construed as limiting in any way the authority of home State and host State law

enforcement officers, regulatory supervisors, or other officials that have not signed such cooperative agreements to enforce host State laws that are applicable to a branch of an out-of-State insured State bank located in the host State pursuant to section 24(j).

(5) **FEDERAL REGULATORY AUTHORITY.**—No provision of this subsection shall be construed as limiting in any way the authority of any Federal banking agency.

(6) **STATE TAXATION AUTHORITY NOT AFFECTED.**—No provision of this subsection shall be construed as affecting the authority of any State or political subdivision of any State to adopt, apply, or administer any tax or method of taxation to any bank, bank holding company, or foreign bank, or any affiliate of any bank, bank holding company, or foreign bank, to the extent that such tax or tax method is otherwise permissible by or under the Constitution of the United States or other Federal law.

(7) **DEFINITIONS.**—For purpose of this section, the following definitions shall apply:

(A) **HOST STATE, HOME STATE, OUT-OF-STATE BANK.**—The terms “host State”, “home State”, and “out-of-State bank” have the same meanings as in section 44(g).

(B) **STATE SUPERVISORY FEES.**—The term “State supervisory fees” means assessments, examination fees, branch fees, license fees, and all other fees that are levied or charged by a State bank supervisor directly upon an insured State bank or upon branches of an insured State bank.

(C) **TROUBLED CONDITION.**—Solely for purposes of paragraph (2)(B), an insured State bank has been determined to be in “troubled condition” if the bank—

(i) has a composite rating, as determined in its most recent report of examination, of 4 or 5 under the Uniform Financial Institutions Ratings System;

(ii) is subject to a proceeding initiated by the Corporation for termination or suspension of deposit insurance; or

(iii) is subject to a proceeding initiated by the State bank supervisor of the bank’s home State to vacate, revoke, or terminate the charter of the bank, or to liquidate the bank, or to appoint a receiver for the bank.

(D) **FINAL DETERMINATION.**—For purposes of paragraph (2)(B), the term “final determination” means the transmittal of a report of examination to the bank or transmittal of official notice of proceedings to the bank.

(i) **FLOOD INSURANCE COMPLIANCE BY INSURED DEPOSITORY INSTITUTIONS.**—

(1) **EXAMINATIONS.**—The appropriate Federal banking agency shall, during each scheduled on-site examination required by this section, determine whether the insured depository institution is complying with the requirements of the national flood insurance program.

(2) **REPORT.**—

(A) **REQUIREMENT.**—Not later than 1 year after the date of enactment of the Riegle Community Development and

Regulatory Improvement Act of 1994 and biennially thereafter for the next 4 years, each appropriate Federal banking agency shall submit a report to the Congress on compliance by insured depository institutions with the requirements of the national flood insurance program.

(B) CONTENTS.—Each report submitted under this paragraph shall include a description of the methods used to determine compliance, the number of institutions examined during the reporting year, a listing and total number of institutions found not to be in compliance, actions taken to correct incidents of noncompliance, and an analysis of compliance, including a discussion of any trends, patterns, and problems, and recommendations regarding reasonable actions to improve the efficiency of the examinations processes.

(j) CONSULTATION AMONG EXAMINERS.—

(1) IN GENERAL.—Each appropriate Federal banking agency shall take such action as may be necessary to ensure that examiners employed by the agency—

(A) consult on examination activities with respect to any depository institution; and

(B) achieve an agreement and resolve any inconsistencies in the recommendations to be given to such institution as a consequence of any examinations.

(2) EXAMINER-IN-CHARGE.—Each appropriate Federal banking agency shall consider appointing an examiner-in-charge with respect to a depository institution to ensure consultation on examination activities among all of the examiners of that agency involved in examinations of the institution.

(k) ONE-YEAR RESTRICTIONS ON FEDERAL EXAMINERS OF FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—In addition to other applicable restrictions set forth in title 18, United States Code, the penalties set forth in paragraph (6) of this subsection shall apply to any person who—

(A) was an officer or employee (including any special Government employee) of a Federal banking agency or a Federal reserve bank;

(B) served 2 or more months during the final 12 months of his or her employment with such agency or entity as the senior examiner (or a functionally equivalent position) of a depository institution or depository institution holding company with continuing, broad responsibility for the examination (or inspection) of that depository institution or depository institution holding company on behalf of the relevant agency or Federal reserve bank; and

(C) within 1 year after the termination date of his or her service or employment with such agency or entity, knowingly accepts compensation as an employee, officer, director, or consultant from—

(i) such depository institution, any depository institution holding company that controls such depository institution, or any other company that controls such depository institution; or

(ii) such depository institution holding company or any depository institution that is controlled by such depository institution holding company.

(2) DEFINITIONS.—For purposes of this subsection—

(A) the term “depository institution” includes an uninsured branch or agency of a foreign bank, if such branch or agency is located in any State; and

(B) the term “depository institution holding company” includes any foreign bank or company described in section 8(a) of the International Banking Act of 1978.

(3) RULES OF CONSTRUCTION.—For purposes of this subsection, a foreign bank shall be deemed to control any branch or agency of the foreign bank, and a person shall be deemed to act as a consultant for a depository institution, depository institution holding company, or other company, only if such person directly works on matters for, or on behalf of, such depository institution, depository institution holding company, or other company.

(4) REGULATIONS.—

(A) IN GENERAL.—Each Federal banking agency shall prescribe rules or regulations to administer and carry out this subsection, including rules, regulations, or guidelines to define the scope of persons referred to in paragraph (1)(B).

(B) CONSULTATION REQUIRED.—The Federal banking agencies shall consult with each other for the purpose of assuring that the rules and regulations issued by the agencies under subparagraph (A) are, to the extent possible, consistent, comparable, and practicable, taking into account any differences in the supervisory programs utilized by the agencies for the supervision of depository institutions and depository institution holding companies.

(5) WAIVER.—

(A) AGENCY AUTHORITY.—A Federal banking agency may grant a waiver, on a case by case basis, of the restriction imposed by this subsection to any officer or employee (including any special Government employee) of that agency, and the Board of Governors of the Federal Reserve System may grant a waiver of the restriction imposed by this subsection to any officer or employee of a Federal reserve bank, if the head of such agency certifies in writing that granting the waiver would not affect the integrity of the supervisory program of the relevant Federal banking agency.

(B) DEFINITION.—For purposes of this paragraph, the head of an agency is—

(i) the Comptroller of the Currency, in the case of the Office of the Comptroller of the Currency;

(ii) the Chairman of the Board of Governors of the Federal Reserve System, in the case of the Board of Governors of the Federal Reserve System; and

(iii) the Chairperson of the Board of Directors, in the case of the Corporation.

(6) PENALTIES.—

(A) IN GENERAL.—In addition to any other administrative, civil, or criminal remedy or penalty that may otherwise apply, whenever a Federal banking agency determines that a person subject to paragraph (1) has become associated, in the manner described in paragraph (1)(C), with a depository institution, depository institution holding company, or other company for which such agency serves as the appropriate Federal banking agency, the agency shall impose upon such person one or more of the following penalties:

(i) INDUSTRY-WIDE PROHIBITION ORDER.—The Federal banking agency shall serve a written notice or order in accordance with and subject to the provisions of section 8(e)(4) for written notices or orders under paragraph (1) or (2) of section 8(e), upon such person of the intention of the agency—

(I) to remove such person from office or to prohibit such person from further participation in the conduct of the affairs of the depository institution, depository institution holding company, or other company for a period of up to 5 years; and

(II) to prohibit any further participation by such person, in any manner, in the conduct of the affairs of any insured depository institution for a period of up to 5 years.

(ii) CIVIL MONETARY PENALTY.—The Federal banking agency may, in an administrative proceeding or civil action in an appropriate United States district court, impose on such person a civil monetary penalty of not more than \$250,000. Any administrative proceeding under this clause shall be conducted in accordance with section 8(i). In lieu of an action by the Federal banking agency under this clause, the Attorney General of the United States may bring a civil action under this clause in the appropriate United States district court.

(B) SCOPE OF PROHIBITION ORDER.—Any person subject to an order issued under subparagraph (A)(i) shall be subject to paragraphs (6) and (7) of section 8(e) in the same manner and to the same extent as a person subject to an order issued under such section.

(C) DEFINITIONS.—Solely for purposes of this paragraph, the “appropriate Federal banking agency” for a company that is not a depository institution or depository institution holding company shall be the Federal banking agency on whose behalf the person described in paragraph (1) performed the functions described in paragraph (1)(B).

* * * * *

SEC. 27. (a) In order to prevent discrimination against State-chartered insured depository institutions, including insured savings banks, or insured branches of foreign banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank or insured branch of a foreign bank would be permitted to charge in the absence of this subsection, such State bank or such insured branch of a foreign bank may, notwith-

standing any State constitution or statute which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where such State bank or such insured branch of a foreign bank is located or at the rate allowed by the laws of the State, territory, or district where the bank is located, whichever may be greater. *A loan that is valid when made as to its maximum rate of interest in accordance with this section shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.*

(b) If the rate prescribed in subsection (a) exceeds the rate such State bank or such insured branch of a foreign bank would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than is allowed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from such State bank or such insured branch of a foreign bank taking, receiving, reserving, or charging such interest.

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HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

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TITLE XIII—GOVERNMENT SPONSORED ENTERPRISES

* * * * *

Subtitle A—Supervision and Regulation of Enterprises

PART 1—FINANCIAL SAFETY AND SOUNDNESS REGULATOR

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SEC. 1316. FUNDING.

[(a) ANNUAL ASSESSMENTS.—The Director shall establish and collect from the regulated entities annual assessments in an amount not exceeding the amount sufficient to provide for reason-

able costs (including administrative costs) and expenses of the Agency, including—

【(1) the expenses of any examinations under section 1317 of this Act and under section 20 of the Federal Home Loan Bank Act;

【(2) the expenses of obtaining any reviews and credit assessments under section 1319;

【(3) such amounts in excess of actual expenses for any given year as deemed necessary by the Director to maintain a working capital fund in accordance with subsection (e); and

【(4) the windup of the affairs of the Office of Federal Housing Enterprise Oversight and the Federal Housing Finance Board under title III of the Federal Housing Finance Regulatory Reform Act of 2008.】

(a) *APPROPRIATIONS REQUIREMENT.*—

(1) *RECOVERY OF COSTS OF ANNUAL APPROPRIATION.*—*The Agency shall collect assessments and other fees that are designed to recover the costs to the Government of the annual appropriation to the Agency by Congress.*

(2) *OFFSETTING COLLECTIONS.*—*Assessments and other fees described under paragraph (1) for any fiscal year—*

(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Agency; and

(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

(b) *ALLOCATION OF ANNUAL ASSESSMENT TO ENTERPRISES.*—

(1) *AMOUNT OF PAYMENT.*—*Each enterprise shall pay to the Director a proportion of the annual assessment made pursuant to subsection (a) that bears the same ratio to the total annual assessment that the total assets of each enterprise bears to the total assets of both enterprises.*

(2) *SEPARATE TREATMENT OF FEDERAL HOME LOAN BANK AND ENTERPRISE ASSESSMENTS.*—*Assessments collected from the enterprises shall not exceed the amounts sufficient to provide for the costs and expenses described in subsection (a) relating to the enterprises. Assessments collected from the Federal Home Loan Banks shall not exceed the amounts sufficient to provide for the costs and expenses described in subsection (a) relating to the Federal Home Loan Banks.*

(3) *TIMING OF PAYMENT.*—*The annual assessment shall be payable semiannually for each fiscal year, on October 1 and April 1.*

(4) *DEFINITION.*—*For the purpose of this section, the term “total assets” means, with respect to an enterprise, the sum of—*

(A) on-balance-sheet assets of the enterprise, as determined in accordance with generally accepted accounting principles;

(B) the unpaid principal balance of outstanding mortgage-backed securities issued or guaranteed by the enterprise that are not included in subparagraph (A); and

(C) other off-balance-sheet obligations as determined by the Director.

(c) *INCREASED COSTS OF REGULATION.*—

(1) INCREASE FOR INADEQUATE CAPITALIZATION.—The semiannual payments made pursuant to subsection (b) by any regulated entity that is not classified (for purposes of subtitle B) as adequately capitalized may be increased, as necessary, in the discretion of the Director to pay additional estimated costs of regulation of the regulated entity.

(2) ADJUSTMENT FOR ENFORCEMENT ACTIVITIES.—The Director may adjust the amounts of any semiannual payments for an assessment under subsection (a) that are to be paid pursuant to subsection (b) by a regulated entity, as necessary in the discretion of the Director, to ensure that the costs of enforcement activities under this Act for a regulated entity are borne only by such regulated entity.

(3) ADDITIONAL ASSESSMENT FOR DEFICIENCIES.—If at any time, as a result of increased costs of regulation of a regulated entity that is not classified (for purposes of subtitle B) as adequately capitalized or as the result of supervisory or enforcement activities under this Act for a regulated entity, the amount available from any semiannual payment made by such regulated entity pursuant to subsection (b) is insufficient to cover the costs of the Agency with respect to such entity, the Director may make and collect from such regulated entity an immediate assessment to cover the amount of such deficiency for the semiannual period. If, at the end of any semiannual period during which such an assessment is made, any amount remains from such assessment, such remaining amount shall be deducted from the assessment for such regulated entity for the following semiannual period.

(d) SURPLUS.—Except with respect to amounts collected pursuant to subsection (a)(3), if any amount from any annual assessment collected from an enterprise remains unobligated at the end of the year for which the assessment was collected, such amount shall be credited to the assessment to be collected from the enterprise for the following year.

(e) WORKING CAPITAL FUND.—At the end of each year for which an assessment under this section is made, the Director shall remit to each regulated entity any amount of assessment collected from such regulated entity that is attributable to subsection (a)(3) and is in excess of the amount the Director deems necessary to maintain a working capital fund.

[(f) TREATMENT OF ASSESSMENTS.—

[(1) DEPOSIT.—Amounts received by the Director from assessments under this section may be deposited by the Director in the manner provided in section 5234 of the Revised Statutes of the United States (12 U.S.C. 192) for monies deposited by the Comptroller of the Currency.

[(2) NOT GOVERNMENT FUNDS.—The amounts received by the Director from any assessment under this section shall not be construed to be Government or public funds or appropriated money.

[(3) NO APPORTIONMENT OF FUNDS.—Notwithstanding any other provision of law, the amounts received by the Director from any assessment under this section shall not be subject to apportionment for the purpose of chapter 15 of title 31, United States Code, or under any other authority.

[(4) USE OF FUNDS.—The Director may use any amounts received by the Director from assessments under this section for compensation of the Director and other employees of the Agency and for all other expenses of the Director and the Agency.]

[(5) AVAILABILITY OF OVERSIGHT FUND AMOUNTS.—Notwithstanding any other provision of law, any amounts remaining in the Federal Housing Enterprises Oversight Fund established under this section (as in effect before the effective date of the Federal Housing Finance Regulatory Reform Act of 2008, and any amounts remaining from assessments on the Federal Home Loan Banks pursuant to section 18(b) of the Federal Home Loan Bank Act (12 U.S.C. 1438(b)), shall, upon such effective date, be treated for purposes of this subsection as amounts received from assessments under this section.]

[(6) TREASURY INVESTMENTS.—

[(A) AUTHORITY.—The Director may request the Secretary of the Treasury to invest such portions of amounts received by the Director from assessments paid under this section that, in the Director's discretion, are not required to meet the current working needs of the Agency.]

[(B) GOVERNMENT OBLIGATIONS.—Pursuant to a request under subparagraph (A), the Secretary of the Treasury shall invest such amounts in Government obligations guaranteed as to principal and interest by the United States with maturities suitable to the needs of the Agency and bearing interest at a rate determined by the Secretary of the Treasury taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturity.]]

(g) BUDGET AND FINANCIAL MANAGEMENT.—

(1) FINANCIAL OPERATING PLANS AND FORECASTS.—The Director shall provide to the Director of the Office of Management and Budget copies of the Director's financial operating plans and forecasts, as prepared by the Director in the ordinary course of the Agency's operations, and copies of the quarterly reports of the Agency's financial condition and results of operations, as prepared by the Director in the ordinary course of the Agency's operations.

(2) FINANCIAL STATEMENTS.—The Agency shall prepare annually a statement of—

- (A) assets and liabilities and surplus or deficit;
- (B) income and expenses; and
- (C) sources and application of funds.

(3) FINANCIAL MANAGEMENT SYSTEMS.—The Agency shall implement and maintain financial management systems that—

- (A) comply substantially with Federal financial management systems requirements and applicable Federal accounting standards; and
- (B) use a general ledger system that accounts for activity at the transaction level.

(4) ASSERTION OF INTERNAL CONTROLS.—The Director shall provide to the Comptroller General of the United States an assertion as to the effectiveness of the internal controls that apply to financial reporting by the Agency, using the standards established in section 3512(c) of title 31, United States Code.

(5) RULE OF CONSTRUCTION.—This subsection may not be construed as implying any obligation on the part of the Director to consult with or obtain the consent or approval of the Director of the Office of Management and Budget with respect to any report, plan, forecast, or other information referred to in paragraph (1) or any jurisdiction or oversight over the affairs or operations of the Agency.

(h) AUDIT OF AGENCY.—

(1) IN GENERAL.—The Comptroller General shall annually audit the financial transactions of the Agency in accordance with the United States generally accepted government auditing standards as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Agency are normally kept. The representatives of the Government Accountability Office shall have access to the personnel and to all books, accounts, documents, papers, records (including electronic records), reports, files, and all other papers, automated data, things, or property belonging to or under the control of or used or employed by the Agency pertaining to its financial transactions and necessary to facilitate the audit, and such representatives shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, documents, records, reports, files, papers, and property of the Agency shall remain in possession and custody of the Agency. The Comptroller General may obtain and duplicate any such books, accounts, documents, records, working papers, automated data and files, or other information relevant to such audit without cost to the Comptroller General and the Comptroller General's right of access to such information shall be enforceable pursuant to section 716(c) of title 31, United States Code.

(2) REPORT.—The Comptroller General shall submit to the Congress a report of each annual audit conducted under this subsection. The report to the Congress shall set forth the scope of the audit and shall include the statement of assets and liabilities and surplus or deficit, the statement of income and expenses, the statement of sources and application of funds, and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Agency, together with such recommendations with respect thereto as the Comptroller General may deem advisable. A copy of each report shall be furnished to the President and to the Agency at the time submitted to the Congress.

(3) ASSISTANCE AND COSTS.—For the purpose of conducting an audit under this subsection, the Comptroller General may, in the discretion of the Comptroller General, employ by contract, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes. Upon the request of the Comptroller General, the Director of the Agency shall transfer to the Government Accountability Office from funds available, the amount requested by the Comptroller General to cover the full costs of any audit and report conducted by the Comptroller

General. The Comptroller General shall credit funds transferred to the account established for salaries and expenses of the Government Accountability Office, and such amount shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report.

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FEDERAL CREDIT UNION ACT

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TITLE I—FEDERAL CREDIT UNIONS

* * * * *

FEES

SEC. 105. (a) In accordance with rules prescribed by the Board, each Federal credit union shall pay to the Administration an annual operating fee which may be composed of one or more charges identified as to the function or functions for which assessed.

(b) The fee assessed under this section shall be determined according to a schedule, or schedules, or other method determined by the Board to be appropriate, which gives due consideration to the expenses of the Administration in carrying out its responsibilities under this Act and to the ability of Federal credit unions to pay the fee. The Board shall, among other things, determine the periods for which the fee shall be assessed and the date or dates for the payment of the fee or increments thereof.

(c) If the annual operating fee is composed of separate charges, no supervision charge shall be payable by a Federal credit union, and the Board may waive payment of any or all other charges comprising the fee, with respect to the year in which its charter is issued, or in which final distribution is made in its liquidation or the charter is canceled.

(d) **[All]** (1) *All* operating fees shall be deposited with the Treasurer of the United States **[for the account of the Administration and may be expended by the Board to defray the expenses incurred in carrying out the provisions of this Act including the examination and supervision of Federal credit unions]** *and may be expended by the Board only to the extent as provided in advance by appropriations Acts, to cover the costs incurred in carrying out the provisions of this Act with respect to the costs of the examination and supervision of Federal credit unions and the proportion of the administrative costs of the Board related to the examination and supervision of Federal credit unions.*

(2)(A) *The Board may only use amounts in the NCUA Operating Fund to the extent as provided in advance by appropriations Acts, including to pay for the costs incurred by the Board in carrying out the examination and supervision of Federal credit unions and the proportion of the administrative costs of the Board related to the examination and supervision of Federal credit unions.*

(B) *Subparagraph (A) shall not apply to the Board's activities carried out pursuant to title II.*

(e)(1) Upon request of the Board, the Secretary of the Treasury shall invest and reinvest such portions of the annual operating fees deposited under subsection (d) as the Board determines are not needed for current operations.

(2) Such investments may be made only in interest bearing securities of the United States with maturities requested by the Board bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

(3) All income derived from such investments and reinvestments shall be deposited to the account of the Administration described in subsection (d).

* * * * *

CERTAIN POWERS OF BOARD

SEC. 120. (a) The Board may prescribe rules and regulations for the administration of this Act (including, but not by way of limitation, the merger, consolidation, and dissolution of corporations organized under this Act). Any central credit union chartered by the Board shall be subject to such rules, regulations, and orders as the Board deems appropriate and, except as otherwise specifically provided in such rules, regulations, or orders, shall be vested with or subject to the same rights, privileges, duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to all Federal credit unions under this Act.

(b)(1) The Board may suspend or revoke the charter of any Federal credit union, or place the same in involuntary liquidation and appoint a liquidating agent therefor, upon its finding that the organization is bankrupt or insolvent, or has violated any of the provisions of its charter, its bylaws, this Act, or any regulations issued thereunder.

(2) The Board, through such persons as it shall designate, may examine any Federal credit union in voluntary liquidation and, upon its finding that such voluntary liquidation is not being conducted in an orderly or efficient manner or in the best interests of its members, may terminate such voluntary liquidation and place such organization in involuntary liquidation and appoint a liquidating agent therefor.

(3) Such liquidating agent shall have power and authority, subject to the control and supervision of the Board and under such rules and regulations as the Board may prescribe, (A) to receive and take possession of the books, records, assets, and property of every description of the Federal credit union in liquidation, to sell, enforce collection of, and liquidate all such assets and property, to compound all bad or doubtful debts, and to sue in his own name or in the name of the Federal credit union in liquidation, and defend such actions as may be brought against him as liquidating agent or against the Federal credit union; (B) to receive, examine, and pass upon all claims against the Federal credit union in liquidation, including claims of members on member accounts; (C) to make distribution and payment to creditors and members as their interests may appear; and (D) to execute such documents and pa-

pers and to do such other acts and things which he may deem necessary or desirable to discharge his duties hereunder.

(4) Subject to the control and supervision of the Board and under such rules and regulations as the Board may prescribe, the liquidating agent of a Federal credit union in involuntary liquidation shall (A) cause notice to be given to creditors and members to present their claims and make legal proof thereof, which notice shall be published once a week in each of three successive weeks in a newspaper of general circulation in each county in which the Federal credit union in liquidation maintained an office or branch for the transaction of business on the date it ceased unrestricted operations; except that whenever the aggregate book value of the assets and property of a Federal credit union in involuntary liquidation is less than \$1,000, unless the Board shall find that its books and records do not contain a true and accurate record of its liabilities, he shall declare such Federal credit union in liquidation to be a "no publication" liquidation, and publication of notice to creditors and members shall not be required in such case; (B) from time to time make a ratable dividend on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction and, after the assets of such organization have been liquidated, make further dividends on all claims previously proved or adjudicated, and he may accept in lieu of a formal proof of claim on behalf of any creditor or member the statement of any amount due to such creditor or member as shown on the books and records of the credit union; but all claims not filed before payment of the final dividend shall be barred and claims rejected or disallowed by the liquidating agent shall be likewise barred unless suit be instituted thereon within three months after notice of rejection or disallowance; and (C) in a "no publication" liquidation, determine from all sources available to him, and within the limits of available funds of the Federal credit union, the amounts due to creditors and members, and after sixty days shall have elapsed from the date of his appointment distribute the funds of the Federal credit union to creditors and members ratably and as their interests may appear.

(5) Upon certification by the liquidating agent in the case of an involuntary liquidation, and upon such proof as shall be satisfactory to the Board in the case of a voluntary liquidation, that distribution has been made and that liquidation has been completed, as provided herein, the Board shall cancel the charter of such Federal credit union; but the corporate existence of the Federal credit union shall continue for a period of three years from the date of such cancellation of its charter, during which period the liquidating agent, or his duly appointed successor, or such persons as the Board shall designate, may act on behalf of the Federal credit union for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, collecting and distributing its assets, and doing all other acts required to adjust and wind up its business and affairs, and it may sue and be sued in its corporate name.

(c) After the expiration of five years from the date of cancellation of the charter of a Federal credit union the Board may, in its discretion, destroy any or all books and records of such Federal credit union in its possession or under its control.

(d) The Board is authorized and empowered to execute any and all functions and perform any and all duties vested in it hereby, through such persons as it shall designate or employ; and it may delegate to any person or persons, including any institution operating under the general supervision of the Administration, the performance and discharge of any authority, power, or function vested in it by this Act.

(e) All books and records of Federal credit unions shall be kept and reports shall be made in accordance with forms approved by the Board.

(f)(1) The Board is authorized to make investigations and to conduct researches and studies of the problems of persons of small means in obtaining credit at reasonable rates of interest, and of the methods and benefits of cooperative saving and lending among such persons. It is further authorized to make reports of such investigations and to publish and disseminate the same.

(2)(A) The Board is authorized to conduct directly, or to make grants to or contracts with colleges or universities, State or local educational agencies, or other appropriate public or private nonprofit organizations to conduct, programs for the training of persons engaged, or preparing to engage, in the operation of credit unions, and in related consumer counseling programs, serving the poor. It is authorized to establish a program of experimental, developmental, demonstration, and pilot projects, either directly or by grants to public or private nonprofit organizations, including credit unions, or by contracts with such organizations or other private organizations, designed to promote more effective operation of credit unions, and related consumer counseling programs, serving the poor.

(B) In carrying out its authority under this paragraph, the Board shall consult with officials of the Office of Economic Opportunity and other appropriate Federal agencies responsible for the administration of projects or programs concerned with problems of the poor. The development and operation of programs and projects under this paragraph shall involve maximum feasible participation of residents of the areas and members of the groups served by such programs and projects, with community action agencies established under the provisions of the Economic Opportunity Act of 1964 serving, to the extent feasible, as the means through which such participation is achieved.

(C) In order to carry out the purposes of this paragraph, there is authorized to be appropriated, as a supplement to any funds that may be expended by the Board pursuant to sections 105 and 106 for such purposes, not to exceed \$300,000 for the fiscal year ending June 30, 1970, and not to exceed \$1,000,000 for the fiscal year ending June 30, 1971.

(g) Any officer or employee of the Administration is authorized, when designated for the purpose by the Board, to administer oaths and affirmations and to take affidavits and depositions touching upon any matter within the jurisdiction of the Administration.

(h) The Board is authorized, empowered, and directed to require that every person appointed or elected by any Federal credit union to any position requiring the receipt, payment, or custody of money or other personal property owned by a Federal credit union, or in its custody or control as collateral or otherwise, give bond in a cor-

porate surety company holding a certificate of authority from the Secretary of the Treasury under chapter 93 of title 31, United States Code, as an acceptable surety on Federal bonds. Any such bond or bonds shall be in a form approved by the Board with a view to providing surety coverage to the Federal credit union with reference to loss by reason of acts of fraud or dishonesty including forgery, theft, embezzlement, wrongful abstraction, or misapplication on the part of the person, directly or through connivance with others, and such other surety coverages as the Board may determine to be reasonably appropriate or as elsewhere required by this Act. Any such bond or bonds shall be in such an amount in relation to the money or other personal property involved or in relation to the assets of the Federal credit union as the Board may from time to time prescribe by regulation for the purpose of requiring reasonable coverage. In lieu of individual bonds the Board may approve the use of a form of schedule or blanket bond which covers all of the officers and employees of a Federal credit union whose duties include the receipt, payment, or custody of money or other personal property for or on behalf of the Federal credit union. The Board may also approve the use of a form of excess coverage bond whereby a Federal credit union may obtain an amount of coverage in excess of the basic surety coverage.

(i) In addition to the authority conferred upon them by other sections of this Act, the Board is authorized in carrying out its functions under this Act—

(1) to appoint such personnel as may be necessary to enable the Administration to carry out its functions;

(2) to expend such funds, enter into such contracts with public and private organizations and persons, make such payments in advance or by way of reimbursement, acquire and dispose of, by lease or purchase, real or personal property, without regard to the provisions of any other law applicable to executive or independent agencies of the United States, and perform such other functions or acts as it may deem necessary or appropriate to carry out the provisions of this Act, in accordance with the rules and regulations or policies established by the Board not inconsistent with this Act; and

(3) to pay stipends, including allowances for travel to and from the place of residence, to any individual to study in a program assisted under this Act upon a determination by the Board that assistance to such individual in such studies will be in furtherance of the purposes of this Act.

(j) STAFF.—

(1) APPOINTMENT AND COMPENSATION.—The Board shall fix the compensation and number of, and appoint and direct, employees of the Board. Rates of basic pay for employees of the Board may be set and adjusted by the Board without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

(2) ADDITIONAL COMPENSATION AND BENEFITS.—The Board may provide additional compensation and benefits to employees of the Board if the same type of compensation or benefits are then being provided by any other Federal bank regulatory agency or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or reg-

ulation. In setting and adjusting the total amount of compensation and benefits for employees of the Board, the Board shall seek to maintain comparability with other Federal bank regulatory agencies.

(3) FUNDING.—The salaries and expenses of the Board and employees of the Board *related to the examination and supervision of Federal credit unions under this Act and the proportion of the administrative costs of the Board related to the examination and supervision of Federal credit unions under this Act* shall be paid from fees and assessments (including income earned on insurance deposits) levied on [insured credit unions under this Act] *Federal credit unions under this title, only to the extent as provided in advance by appropriations Acts.*

* * * * *

TITLE II—SHARE INSURANCE

* * * * *

REPORTS OF CONDITION; CERTIFIED STATEMENTS; PREMIUMS FOR INSURANCE

SEC. 202. (a)(1) Each insured credit union shall make reports of condition to the Board upon dates which shall be selected by them. Such reports of condition shall be in such form and shall contain such information as the Board may require. The reporting dates selected for reports of condition shall be the same for all insured credit unions except that when any of said reporting dates is a non-business day for any credit union the preceding business day shall be its reporting date. The total amount of the member accounts of each insured credit union as of each reporting date shall be reported in such reports of condition in accordance with regulations prescribed by the Board. Each report of condition shall contain a declaration by the president, by a vice president, by the treasurer, or by any other officer designated by the board of directors of the reporting credit union to make such declaration, that the report is true and correct to the best of such officer's knowledge and belief. Unless such requirement is waived by the Board, the correctness of each report of condition shall be attested by the signatures of three of the officers of the reporting credit union with the declaration that the report has been examined by them and to the best of their knowledge and belief is true and correct.

(2) The Board may call for such other reports as it may from time to time require.

(3) The Board may require reports of condition to be published in such manner, not inconsistent with any applicable law, as it may direct. Any insured credit union which maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error, fails to submit or publish any report required under this subsection or section 106, within the period of time specified by the Board, or submits or publishes any false or misleading report or information, or inadvertently transmits or publishes any report which is minimally late, shall be subject to a penalty of not more than \$2,000 for each day during which such failure continues or such false or misleading information is not corrected. The insured credit union shall have the burden of

proving that an error was inadvertent and that a report was inadvertently transmitted or published late. Any insured credit union which fails to submit or publish any report required under this subsection or section 106, within the period of time specified by the Board, or submits or publishes any false or misleading report or information, in a manner not described in the 2nd preceding sentence shall be subject to a penalty of not more than \$20,000 for each day during which such failure continues or such false or misleading information is not corrected. Notwithstanding the preceding sentence, if any insured credit union knowingly or with reckless disregard for the accuracy of any information or report described in such sentence submits or publishes any false or misleading report or information, the Board may assess a penalty of not more than \$1,000,000 or 1 percent of total assets of such credit union, whichever is less, per day for each day during which such failure continues or such false or misleading information is not corrected. Any penalty imposed under any of the 4 preceding sentences shall be assessed and collected by the Board in the manner provided in section 206(k)(2) (for penalties imposed under such section) and any such assessment (including the determination of the amount of the penalty) shall be subject to the provisions of such section. Any insured credit union against which any penalty is assessed under this subsection shall be afforded an agency hearing if such insured credit union submits a request for such hearing within 20 days after the issuance of the notice of assessment. Section 206(j) shall apply to any proceeding under this subsection.

(4) The Board may accept any report of condition made to any commission, board, or authority having supervision of a State-chartered credit union and may furnish to any such commission, board, or authority reports of condition made to the Board.

(5) Reports required under title I of this Act shall be so prepared that they can be used for share insurance purposes. To the maximum extent feasible, the Board shall use for insurance purposes reports submitted to State regulatory agencies by State-chartered credit unions.

(6) AUDIT REQUIREMENT.—

(A) IN GENERAL.—Before the end of the 120-day period beginning on the date of the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and notwithstanding any other provision of Federal or State law, the Board shall prescribe, by regulation, audit standards which require an outside, independent audit of any insured credit union by a certified public accountant for any fiscal year (of such credit union)—

(i) for which such credit union has not conducted an annual supervisory committee audit;

(ii) for which such credit union has not received a complete and satisfactory supervisory committee audit; or

(iii) during which such credit union has experienced persistent and serious recordkeeping deficiencies, as determined by the Board.

(B) UNSAFE OR UNSOUND PRACTICE.—The Board may treat the failure of any insured credit union to obtain an outside, independent audit for any fiscal year for which

such audit is required under subparagraph (A) or (D) as an unsafe or unsound practice within the meaning of section 206(b).

(C) ACCOUNTING PRINCIPLES.—

(i) IN GENERAL.—Accounting principles applicable to reports or statements required to be filed with the Board by each insured credit union shall be uniform and consistent with generally accepted accounting principles.

(ii) BOARD DETERMINATION.—If the Board determines that the application of any generally accepted accounting principle to any insured credit union is not appropriate, the Board may prescribe an accounting principle for application to the credit union that is no less stringent than generally accepted accounting principles.

(iii) DE MINIMUS EXCEPTION.—This subparagraph shall not apply to any insured credit union, the total assets of which are less than \$10,000,000, unless prescribed by the Board or an appropriate State credit union supervisor.

(D) LARGE CREDIT UNION AUDIT REQUIREMENT.—

(i) IN GENERAL.—Each insured credit union having total assets of \$500,000,000 or more shall have an annual independent audit of the financial statements of the credit union, performed in accordance with generally accepted auditing standards by an independent certified public accountant or public accountant licensed by the appropriate State or jurisdiction to perform those services.

(ii) VOLUNTARY AUDITS.—If a Federal credit union that is not required to conduct an audit under clause (i), and that has total assets of more than \$10,000,000 conducts such an audit for any purpose, using an independent auditor who is compensated for his or her audit services with respect to that audit, the audit shall be performed consistent with the accountancy laws of the appropriate State or jurisdiction, including licensing requirements.

(7) REPORT TO INDEPENDENT AUDITOR.—

(A) IN GENERAL.—Each insured credit union which has engaged the services of an independent auditor to audit such depository institution within the past 2 years shall transmit to such auditor a copy of the most recent report of condition made by such credit union (pursuant to this Act or any other provision of law) and a copy of the most recent report of examination received by such credit union.

(B) ADDITIONAL INFORMATION.—In addition to the copies of the reports required to be provided to an auditor under subparagraph (A), each insured credit union shall provide such auditor with—

(i) a copy of any supervisory memorandum of understanding with such credit union and any written agreement between the Board or a State regulatory

agency and the credit union which is in effect during the period covered by the audit; and

(ii) a report of any action initiated or taken by the Board during such period under subsection (e), (f), (g), (i), (l), or (q) of section 206, or any similar action taken by a State regulatory agency under State law, or any other civil money penalty assessed by the Board under this Act, with respect to—

(I) the credit union; or

(II) any institution-affiliated party.

(8) DATA SHARING WITH OTHER AGENCIES AND PERSONS.—In addition to reports of examination, reports of condition, and other reports required to be regularly provided to the Board (with respect to all insured credit unions, including a credit union for which the Corporation has been appointed conservator or liquidating agent) or an appropriate State commission, board, or authority having supervision of a State-chartered credit union, the Board may, in the discretion of the Board, furnish any report of examination or other confidential supervisory information concerning any credit union or other entity examined by the Board under authority of any Federal law, to—

(A) any other Federal or State agency or authority with supervisory or regulatory authority over the credit union or other entity;

(B) any officer, director, or receiver of such credit union or entity; and

(C) any other person that the Board determines to be appropriate.

(b) CERTIFIED STATEMENT.—

(1) STATEMENT REQUIRED.—

(A) IN GENERAL.—For each calendar year, in the case of an insured credit union with total assets of not more than \$50,000,000, and for each semi-annual period in the case of an insured credit union with total assets of \$50,000,000 or more, an insured credit union shall file with the Board, at such time as the Board prescribes, a certified statement showing the total amount of insured shares in the credit union at the close of the relevant period and both the amount of its deposit or adjustment of deposit and the amount of the insurance charge due to the Fund for that period, both as computed under subsection (c).

(B) EXCEPTION FOR NEWLY INSURED CREDIT UNION.—Subparagraph (A) shall not apply with respect to a credit union that became insured during the reporting period.

(2) FORM.—The certified statements required to be filed with the Board pursuant to this subsection shall be in such form and shall set forth such supporting information as the Board shall require.

(3) CERTIFICATION.—The president of the credit union or any officer designated by the board of directors shall certify, with respect to each statement required to be filed with the Board pursuant to this subsection, that to the best of his or her knowledge and belief the statement is true, correct, complete,

and in accordance with this title and the regulations issued under this title.

(c)(1)(A)(i) Each insured credit union shall pay to and maintain with the National Credit Union Share Insurance Fund a deposit in an amount equaling 1 per centum of the credit union's insured shares.

(ii) The Board may, in its discretion, authorize insured credit unions to initially fund such deposit over a period of time in excess of one year if necessary to avoid adverse effects on the condition of insured credit unions.

(iii) PERIODIC ADJUSTMENT.—The amount of each insured credit union's deposit shall be adjusted as follows, in accordance with procedures determined by the Board, to reflect changes in the credit union's insured shares:

(I) annually, in the case of an insured credit union with total assets of not more than \$50,000,000; and

(II) semi-annually, in the case of an insured credit union with total assets of \$50,000,000 or more.

(B)(i) The deposit shall be returned to an insured credit union in the event that its insurance coverage is terminated, it converts to insurance coverage from another source, or in the event the operations of the fund are transferred from the National Credit Union Administration Board.

(ii) The deposit shall be returned in accordance with procedures and valuation methods determined by the Board, but in no event shall the deposit be returned any later than one year after the final date on which no shares of the credit union are insured by the Board.

(iii) The deposit shall not be returned in the event of liquidation on account of bankruptcy or insolvency.

(iv) **[The]** *To the extent provided for in advance by appropriations Acts, the deposit funds may be used by the fund if necessary to meet its expenses, in which case the amount so used shall be expensed and shall be replenished by insured credit unions in accordance with procedures established by the Board. This clause shall not apply to the Board's activities carried out pursuant to this title.*

(2) INSURANCE PREMIUM CHARGES.—

(A) IN GENERAL.—Each insured credit union shall, at such times as the Board prescribes (but not more than twice in any calendar year), pay to the Fund a premium charge for insurance in an amount stated as a percentage of insured shares (which shall be the same for all insured credit unions).

(B) RELATION OF PREMIUM CHARGE TO EQUITY RATIO OF FUND.—The Board may assess a premium charge only if—

(i) the Fund's equity ratio is less than 1.3 percent; and

(ii) the premium charge does not exceed the amount necessary to restore the equity ratio to 1.3 percent.

(C) PREMIUM CHARGE REQUIRED IF EQUITY RATIO FALLS BELOW 1.2 PERCENT.—If the Fund's equity ratio is less than

1.2 percent, the Board shall, subject to subparagraph (B), assess a premium charge in such an amount as the Board determines to be necessary to restore the equity ratio to, and maintain that ratio at, 1.2 percent.

(D) FUND RESTORATION PLANS.—

(i) IN GENERAL.—Whenever—

(I) the Board projects that the equity ratio of the Fund will, within 6 months of such determination, fall below the minimum amount specified in subparagraph (C); or

(II) the equity ratio of the Fund actually falls below the minimum amount specified in subparagraph (C) without any determination under subclause (I) having been made,

the Board shall establish and implement a restoration plan within 90 days that meets the requirements of clause (ii) and such other conditions as the Board determines to be appropriate.

(ii) REQUIREMENTS OF RESTORATION PLAN.—A restoration plan meets the requirements of this clause if the plan provides that the equity ratio of the Fund will meet or exceed the minimum amount specified in subparagraph (C) before the end of the 8-year period beginning upon the implementation of the plan (or such longer period as the Board may determine to be necessary due to extraordinary circumstances).

(iii) TRANSPARENCY.—Not more than 30 days after the Board establishes and implements a restoration plan under clause (i), the Board shall publish in the Federal Register a detailed analysis of the factors considered and the basis for the actions taken with regard to the plan.

(3) DISTRIBUTIONS FROM FUND REQUIRED.—

(A) IN GENERAL.—The Board shall, subject to the requirements of section 217(e), effect a pro rata distribution to insured credit unions after each calendar year if, as of the end of that calendar year—

(i) any loans to the Fund from the Federal Government, and any interest on those loans, have been repaid;

(ii) the Fund's equity ratio exceeds the normal operating level; and

(iii) the Fund's available assets ratio exceeds 1.0 percent.

(B) AMOUNT OF DISTRIBUTION.—The Board shall distribute under subparagraph (A) the maximum possible amount that—

(i) does not reduce the Fund's equity ratio below the normal operating level; and

(ii) does not reduce the Fund's available assets ratio below 1.0 percent.

(C) CALCULATION BASED ON CERTIFIED STATEMENTS.—In calculating the Fund's equity ratio and available assets ratio for purposes of this paragraph, the Board shall determine the aggregate amount of the insured shares in all in-

sured credit unions from insured credit unions certified statements under subsection (b) for the final reporting period of the calendar year referred to in subparagraph (A).

(4) **TIMELINESS AND ACCURACY OF DATA.**—In calculating the available assets ratio and equity ratio of the Fund, the Board shall use the most current and accurate data reasonably available.

(d)

(1) If, in the judgment of the Board, a loan to the insurance fund, or to the stabilization fund described in section 217 of this title, is required at any time for purposes of this subchapter, the Secretary of the Treasury shall make the loan, but loans under this paragraph shall not exceed in the aggregate \$6,000,000,000 outstanding at any one time. Except as otherwise provided in this subsection, section 217, and in subsection (e) of this section, each loan under this paragraph shall be made on such terms as may be fixed by agreement between the Board and the Secretary of the Treasury.

(2) **PENALTY FOR FAILURE TO MAKE ACCURATE CERTIFIED STATEMENT OR TO PAY DEPOSIT OR PREMIUM.**—

(A) **FIRST TIER.**—Any insured credit union which—

(i) maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error, fails to submit any certified statement under subsection (b)(1) within the period of time required or submits a false or misleading certified statement under such subsection; or

(ii) submits the statement at a time which is minimally after the time required,

shall be subject to a penalty of not more than \$2,000 for each day during which such failure continues or such false and misleading information is not corrected. The insured credit union shall have the burden of proving that an error was inadvertent or that a statement was inadvertently submitted late.

(B) **SECOND TIER.**—Any insured credit union which—

(i) fails to submit any certified statement under subsection (b)(1) within the period of time required or submits a false or misleading certified statement in a manner not described in subparagraph (A); or

(ii) fails or refuses to pay any deposit or premium for insurance required under this title,

shall be subject to a penalty of not more than \$20,000 for each day during which such failure continues, such false and misleading information is not corrected, or such deposit or premium is not paid.

(C) **THIRD TIER.**—Notwithstanding subparagraphs (A) and (B), if any insured credit union knowingly or with reckless disregard for the accuracy of any certified statement under subsection (b)(1) submits a false or misleading certified statement under such subsection, the Board may assess a penalty of not more than \$1,000,000 or not more than 1 percent of the total assets of the credit union, whichever is less, per day for each day during which the

failure continues or the false or misleading information in such statement is not corrected.

(D) ASSESSMENT PROCEDURE.—Any penalty imposed under this paragraph shall be assessed and collected by the Board in the manner provided in section 206(k)(2) (for penalties imposed under such section) and any such assessment (including the determination of the amount of the penalty) shall be subject to the provisions of such section.

(E) HEARING.—Any insured credit union against which any penalty is assessed under this paragraph shall be afforded an agency hearing if the credit union submits a request for such hearing within 20 days after the issuance of the notice of the assessment. Section 206(j) shall apply to any proceeding under this subparagraph.

(F) SPECIAL RULE FOR DISPUTED PAYMENTS.—No penalty may be assessed for the failure of any insured credit union to pay any deposit or premium for insurance if—

(i) the failure is due to a dispute between the credit union and the Board over the amount of the deposit or premium which is due from the credit union; and

(ii) the credit union deposits security satisfactory to the Board for payment of the deposit or insurance premium upon final determination of the dispute.

(3) No insured credit union shall pay any dividends on its insured shares or distribute any of its assets while it remains in default in the payment of its deposit or any premium charge for insurance due to the fund. Any director or officer of any insured credit union who knowingly participates in the declaration or payment of any such dividend or in any such distribution shall, upon conviction, be fined not more than \$1,000 or imprisoned not more than one year, or both. The provisions of this paragraph shall not be applicable in any case in which the default is due to a dispute between the credit union and the Board over the amount of its deposit or the premium charge due to the fund if the credit union deposits security satisfactory to the Board for payment of its deposit or the premium charge upon final determination of the issue.

(4) TEMPORARY INCREASES AUTHORIZED.—

(A) RECOMMENDATIONS FOR INCREASE.—During the period beginning on the date of enactment of this paragraph and ending on December 31, 2010, if, upon the written recommendation of the Board (upon a vote of not less than two-thirds of the members of the Board) and the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board), the Secretary of the Treasury (in consultation with the President) determines that additional amounts above the \$6,000,000,000 amount specified in paragraph (1) are necessary, such amount shall be increased to the amount so determined to be necessary, not to exceed \$30,000,000,000.

(B) REPORT REQUIRED.—If the borrowing authority of the Board is increased above \$6,000,000,000 pursuant to subparagraph (A), the Board shall promptly submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of

the House of Representatives describing the reasons and need for the additional borrowing authority and its intended uses.

(e) The Board, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured credit union the amount of any unpaid deposit or premium charge for insurance lawfully payable by the credit union to the fund, whether or not such credit union shall have made any report of condition under subsection (a) of this section or filed any certified statement required under subsection (b) of this section and whether or not suit shall have been brought to compel the credit union to make any such report or to file any such statement. No action or proceeding shall be brought for the recovery of any deposit or premium charge due to the fund, or for the recovery of any amount paid to the fund in excess of the amount due it, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made. Where the insured credit union has made or filed with the Board a false or fraudulent certified statement with the intent to evade, in whole or in part, the payment of its deposit or any premium charge, the claim shall not be deemed to have accrued until the discovery by the Board of the fact that the certified statement is false or fraudulent.

(f) Should any Federal credit union fail to make any report of condition under subsection (a) of this section or to file any certified statement required to be filed under subsection (b) of this section or to pay its deposit or any premium charge for insurance required to be paid under any provision of this title, and should the credit union fail to correct such failure within thirty days after written notice has been given by the Board to an officer of the credit union, citing this subsection and stating that the credit union has failed to make any such report or file any such statement or pay any such deposit or premium charge as required by law, all the rights, privileges, and franchises of the credit union granted to it under title I of this Act shall be thereby forfeited. Whether or not the penalty provided in this subsection has been incurred shall be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which the principal office of such credit union is located, under direction of and by the Board in its own name, before the credit union shall be declared dissolved. The remedies provided in this subsection and in subsections (d) and (e) of this section shall not be construed as limiting any other remedies against any insured credit union but shall be in addition thereto.

(g) Each insured credit union shall maintain such records as will readily permit verification of the correctness of its reports of condition, certified statements, and deposit and premium charges for insurance. However, no insured credit union shall be required to retain such records for such purpose for a period in excess of five years from the date of the making of any such report, the filing of any such statement, or the payment of any deposit or adjustment thereof or any premium charge, except that when there is a dispute between the insured credit union and the Board over the amount of any deposit or adjustment thereof or any premium charge for in-

insurance the credit union shall retain such records until final determination of the issue.

(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) AVAILABLE ASSETS RATIO.—The term “available assets ratio”, when applied to the Fund, means the ratio of—

(A) the amount determined by subtracting—

(i) direct liabilities of the Fund and contingent liabilities for which no provision for losses has been made, from

(ii) the sum of cash and the market value of unencumbered investments authorized under section 203(c), to

(B) the aggregate amount of the insured shares in all insured credit unions.

(2) EQUITY RATIO.—The term “equity ratio”, which shall be calculated using the financial statements of the Fund alone, without any consolidation or combination with the financial statements of any other fund or entity, means the ratio of—

(A) the amount of Fund capitalization, including insured credit unions’ 1 percent capitalization deposits and the retained earnings balance of the Fund (net of direct liabilities of the Fund and contingent liabilities for which no provision for losses has been made); to

(B) the aggregate amount of the insured shares in all insured credit unions.

(3) INSURED SHARES.—The term “insured shares”, when applied to this section, includes share, share draft, share certificate, and other similar accounts as determined by the Board, but does not include amounts exceeding the insured account limit set forth in section 207(k)(1).

(4) NORMAL OPERATING LEVEL.—The term “normal operating level”, when applied to the Fund, means an equity ratio specified by the Board, which shall be not less than 1.2 percent and not more than 1.5 percent.

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REQUIREMENTS GOVERNING INSURED CREDIT UNIONS

SEC. 205. (a) INSURANCE LOGO.—

(1) INSURED CREDIT UNIONS.—

(A) IN GENERAL.—Each insured credit union shall display at each place of business maintained by that credit union a sign or signs relating to the insurance of the share accounts of the institution, in accordance with regulations to be prescribed by the Board.

(B) STATEMENT TO BE INCLUDED.—Each sign required under subparagraph (A) shall include a statement that insured share accounts are backed by the full faith and credit of the United States Government.

(2) REGULATIONS.—The Board shall prescribe regulations to carry out this subsection, including regulations governing the substance of signs required by paragraph (1) and the manner of display or use of such signs.

(3) PENALTIES.—For each day that an insured credit union continues to violate this subsection or any regulation issued under this subsection, it shall be subject to a penalty of not more than \$100, which the Board may recover for its use.

(b)(1) Except as provided in paragraph (2), no insured credit union shall, without the prior approval of the Board—

(A) merge or consolidate with any noninsured credit union or institution;

(B) assume liability to pay any member accounts in, or similar liabilities of, any noninsured credit union or institution;

(C) transfer assets to any noninsured credit union or institution in consideration of the assumption of liabilities for any portion of the member accounts in such insured credit union; or

(D) convert into a noninsured credit union or institution.

(2) CONVERSION OF INSURED CREDIT UNIONS TO MUTUAL SAVINGS BANKS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), an insured credit union may convert to a mutual savings bank or savings association (if the savings association is in mutual form), as those terms are defined in section 3 of the Federal Deposit Insurance Act, without the prior approval of the Board, subject to the requirements and procedures set forth in the laws and regulations governing mutual savings banks and savings associations.

(B) CONVERSION PROPOSAL.—A proposal for a conversion described in subparagraph (A) shall first be approved, and a date set for a vote thereon by the members (either at a meeting to be held on that date or by written ballot to be filed on or before that date), by a majority of the directors of the insured credit union. Approval of the proposal for conversion shall be by the affirmative vote of a majority of the members of the insured credit union who vote on the proposal.

(C) NOTICE OF PROPOSAL TO MEMBERS.—An insured credit union that proposes to convert to a mutual savings bank or savings association under subparagraph (A) shall submit notice to each of its members who is eligible to vote on the matter of its intent to convert—

(i) 90 days before the date of the member vote on the conversion;

(ii) 60 days before the date of the member vote on the conversion; and

(iii) 30 days before the date of the member vote on the conversion.

(D) NOTICE OF PROPOSAL TO BOARD.—The Board may require an insured credit union that proposes to convert to a mutual savings bank or savings association under subparagraph (A) to submit a notice to the Board of its intent to convert during the 90-day period preceding the date of the completion of the conversion.

(E) INAPPLICABILITY OF ACT UPON CONVERSION.—Upon completion of a conversion described in subparagraph (A), the credit union shall no longer be subject to any of the provisions of this Act.

(F) LIMIT ON COMPENSATION OF OFFICIALS.—

(i) IN GENERAL.—No director or senior management official of an insured credit union may receive any economic benefit in connection with a conversion of the credit union as described in subparagraph (A), other than—

(I) director fees; and

(II) compensation and other benefits paid to directors or senior management officials of the converted institution in the ordinary course of business.

(ii) SENIOR MANAGEMENT OFFICIAL.—For purposes of this subparagraph, the term “senior management official” means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer (as defined by the appropriate Federal banking agency pursuant to section 32 (f) of the Federal Deposit Insurance Act).

(G) CONSISTENT RULES.—

(i) IN GENERAL.—Not later than 6 months after the date of enactment of the Credit Union Membership Access Act, the Administration shall promulgate final rules applicable to charter conversions described in this paragraph that are consistent with rules promulgated by other financial regulators, including the Office of the Comptroller of the Currency. The rules required by this clause shall provide that charter conversion by an insured credit union shall be subject to regulation that is no more or less restrictive than that applicable to charter conversions by other financial institutions.

(ii) OVERSIGHT OF MEMBER VOTE.—The member vote concerning charter conversion under this paragraph shall be administered by the Administration, and shall be verified by the Federal or State regulatory agency that would have jurisdiction over the institution after the conversion. If either the Administration or that regulatory agency disapproves of the methods by which the member vote was taken or procedures applicable to the member vote, the member vote shall be taken again, as directed by the Administration or the agency.

(3) Except with the prior written approval of the Board, no insured credit union shall merge or consolidate with any other insured credit union or, either directly or indirectly, acquire the assets of, or assume liability to pay any member accounts in, any other insured credit union.

(c) In granting or withholding approval or consent under subsection (b) of this section, the Board shall consider—

(1) the history, financial condition, and management policies of the credit union;

(2) the adequacy of the credit union’s reserves;

(3) the economic advisability of the transaction;

(4) the general character and fitness of the credit union’s management;

(5) the convenience and needs of the members to be served by the credit union; and

(6) whether the credit union is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

(d) PROHIBITION.—

(1) IN GENERAL.—Except with prior written consent of the Board—

(A) any person who has been convicted of any criminal offense involving dishonesty or a breach of trust, or has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, may not—

(i) become, or continue as, an institution-affiliated party with respect to any insured credit union; or

(ii) otherwise participate, directly or indirectly, in the conduct of the affairs of any insured credit union; and

(B) any insured credit union may not permit any person referred to in subparagraph (A) to engage in any conduct or continue any relationship prohibited under such subparagraph.

(2) MINIMUM 10-YEAR PROHIBITION PERIOD FOR CERTAIN OFFENSES.—

(A) IN GENERAL.—If the offense referred to in paragraph (1)(A) in connection with any person referred to in such paragraph is—

(i) an offense under—

(I) section 215, 656, 657, 1005, 1006, 1007, 1008, 1014, 1032, 1344, 1517, 1956, or 1957 of title 18, United States Code; or

(II) section 1341 or 1343 of such title which affects any financial institution (as defined in section 20 of such title); or

(ii) the offense of conspiring to commit any such offense,

the Board may not consent to any exception to the application of paragraph (1) to such person during the 10-year period beginning on the date the conviction or the agreement of the person becomes final.

(B) EXCEPTION BY ORDER OF SENTENCING COURT.—

(i) IN GENERAL.—On motion of the Board, the court in which the conviction or the agreement of a person referred to in subparagraph (A) has been entered may grant an exception to the application of paragraph (1) to such person if granting the exception is in the interest of justice.

(ii) PERIOD FOR FILING.—A motion may be filed under clause (i) at any time during the 10-year period described in subparagraph (A) with regard to the person on whose behalf such motion is made.

(3) PENALTY.—Whoever knowingly violates paragraph (1) or (2) shall be fined not more than \$1,000,000 for each day such

prohibition is violated or imprisoned for not more than 5 years, or both.

(e)(1) The Board shall promulgate rules establishing minimum standards with which each insured credit union must comply with respect to the installation, maintenance, and operation of security devices and procedures, reasonable in cost, to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts.

(2) The rules shall establish the time limits within which insured credit unions shall comply with the standards and shall require the submission of periodic reports with respect to the installation, maintenance, and operation of security devices and procedures.

(3) An insured credit union which violates a rule promulgated pursuant to this subsection shall be subject to a civil penalty which shall not exceed \$100 for each day of the violation.

(f)(1) Every insured credit union is authorized to maintain, and make loans with respect to, share draft accounts in accordance with rules and regulations prescribed by the Board. Except as provided in paragraph (2), an insured credit union may pay dividends on share draft accounts and may permit the owners of such share draft accounts to make withdrawals by negotiable or transferable instruments or other orders for the purpose of making transfers to third parties.

(2) Paragraph (1) shall apply only with respect to share draft accounts in which the entire beneficial interest is held by one or more individuals or members or by an organization which is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and which is not operated for profit, and with respect to deposits of public funds by an officer, employee, or agent of the United States, any State, county, municipality, or political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, any territory or possession of the United States, or any political subdivision thereof.

(g)(1) If the applicable rate prescribed in this subsection exceeds the rate an insured credit union would be permitted to charge in the absence of this subsection, such credit union may, notwithstanding any State constitution or statute which is hereby preempted for the purposes of this subsection, take, receive, reserve, and charge on any loan, interest at a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where such insured credit union is located or at the rate allowed by the laws of the State, territory, or district where such credit union is located, whichever may be greater. *A loan that is valid when made as to its maximum rate of interest in accordance with this subsection shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.*

(2) If the rate prescribed in paragraph (1) exceeds the rate such credit union would be permitted to charge in the absence of this subsection, and such State fixed rate is thereby preempted by the rate described in paragraph (1), the taking, receiving, reserving, or charging a greater rate than is allowed by paragraph (1), when knowingly done, shall be deemed a forfeiture of the entire interest

which the loan carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of interest paid from the credit union taking or receiving such interest.

(h) Notwithstanding any other provision of law, the Board may authorize a merger or consolidation of an insured credit union which is insolvent or is in danger of insolvency with any other insured credit union or may authorize an insured credit union to purchase any of the assets of, or assume any of the liabilities of, any other insured credit union which is insolvent or in danger of insolvency if the Board is satisfied that—

- (1) an emergency requiring expeditious action exists with respect to such other insured credit union;
- (2) other alternatives are not reasonably available; and
- (3) the public interest would best be served by approval of such merger, consolidation, purchase, or assumption.

(i)(1) Notwithstanding any other provision of this Act or of State law, the Board may authorize an institution whose deposits or accounts are insured by the Federal Deposit Insurance Corporation to purchase any of the assets of or assume any of the liabilities of an insured credit union which is insolvent or in danger of insolvency, except that prior to exercising this authority the Board must attempt to effect the merger or consolidation of an insured credit union which is insolvent or in danger of insolvency with another insured credit union, as provided in subsection (h).

(2) For purposes of the authority contained in paragraph (1), insured accounts of the credit union may upon consummation of the purchase and assumption be converted to insured deposits or other comparable accounts in the acquiring institution, and the Board and the National Credit Union Share Insurance Fund shall be absolved of any liability to the credit union's members with respect to those accounts.

(j) PRIVILEGES NOT AFFECTED BY DISCLOSURE TO BANKING AGENCY OR SUPERVISOR.—

(1) IN GENERAL.—The submission by any person of any information to the Administration, any State credit union supervisor, or foreign banking authority for any purpose in the course of any supervisory or regulatory process of such Board, supervisor, or authority shall not be construed as waiving, destroying, or otherwise affecting any privilege such person may claim with respect to such information under Federal or State law as to any person or entity other than such Board, supervisor, or authority.

(2) RULE OF CONSTRUCTION.—No provision of paragraph (1) may be construed as implying or establishing that—

(A) any person waives any privilege applicable to information that is submitted or transferred under any circumstance to which paragraph (1) does not apply; or

(B) any person would waive any privilege applicable to any information by submitting the information to the Ad-

ministration, any State credit union supervisor, or foreign banking authority, but for this subsection.

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REVISED STATUTES OF THE UNITED STATES

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TITLE LXII—NATIONAL BANKS.

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CHAPTER THREE—REGULATION OF THE BANKING BUSINESS.

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SEC. 5197. Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a different rate is limited for banks organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 per centum, or 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. The maximum amount of interest or discount to be charged at a branch of an association located outside of the States of the United States and the District of Columbia shall be at the rate allowed by the laws of the country, territory, dependency, province, dominion, insular possession, or other political subdivision where the branch is located. And the purchase, discount, or sale of a bona-fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight-drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest. *A loan that is valid when made as to its maximum rate of interest in accordance with this section shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.*

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CHAPTER FOUR—DISSOLUTION AND RECEIVERSHIP.

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SEC. 5240. The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every national bank as often as the Comptroller of the Currency shall deem necessary. The examiner making the examination of any national bank shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency: *Provided*, That in making the examination of any national bank the examiners shall include such an examination of the affairs of all its affiliates other than member banks as shall be necessary to disclose fully the relations between such bank and such affiliates and the effect of such relations upon the affairs of such bank; and in the event of the refusal to give any information required in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, all the rights, privileges, and franchises of the bank shall be subject to forfeiture in accordance with section 2 of the Federal Reserve Act, as amended (U.S.C., title 12, secs. 141, 222–225, 281–286, and 502). The Comptroller of the Currency shall have power, and he is hereby authorized, to publish the report of his examination of any national banking association or affiliate which shall not within one hundred and twenty days after notification of the recommendations or suggestions of the Comptroller, based on said examination, have complied with the same to his satisfaction. Ninety days' notice prior to such publicity shall be given to the bank or affiliate.

The examiner making the examination of any affiliate of a national bank shall have power to make a thorough examination of all the affairs of the affiliate, and in doing so he shall have power to administer oaths and to examine any of the officers, directors, employees, and agents thereof under oath and to make a report of his findings to the Comptroller of the Currency. If any affiliate of a national bank refuses to pay any assessments, fees, or other charges imposed by the Comptroller of the Currency pursuant to this section or fails to make such payment not later than 60 days after the date on which they are imposed, the Comptroller of the Currency may impose such assessments, fees, or charges against the affiliated national bank, and such assessments, fees, or charges shall be paid by such national bank. If the affiliation is with 2 or more national banks, such assessments, fees, or charges may be imposed on, and collected from, any or all of such national banks in such proportions as the Comptroller of the Currency may prescribe. The examiners and assistant examiners making the examinations of national banking associations and affiliates thereof herein provided for and the chief examiners, reviewing examiners and other persons whose services may be required in connection with such examinations or the reports thereof, shall be employed by the Comptroller of the Currency with the approval of the Secretary of the Treasury; the employment and compensation of examiners, chief examiners, reviewing examiners, assistant examiners, and of

the other employees of the office of the Comptroller of the Currency whose compensation is and shall be paid from assessments on banks or affiliates thereof or from other fees or charges imposed pursuant to this section shall be set and adjusted subject to chapter 71 of title 5, United States Code, and without regard to the provisions of other laws applicable to officers or employees of the United States. The funds derived from such assessments, fees, or charges may be deposited by the Comptroller of the Currency in accordance with the provisions of section 5234 of the Revised Statutes (U.S.C., title 12, sec. 192) and shall not be construed to be Government funds or appropriated monies; and the Comptroller of the Currency is authorized and empowered to prescribe regulations governing the computation and assessment of the expenses of examinations herein provided for and the collection of such assessments from the banks and/or affiliates examined or of other fees or charges imposed pursuant to this section. Such funds shall not be subject to apportionment for the purpose of chapter 15 of title 31, United States Code, or under any other authority. If any affiliate of a national bank shall refuse to permit an examiner to make an examination of the affiliate or shall refuse to give any information required in the course of any such examination, the national bank with which it is affiliated shall be subject to a penalty of not more than \$5,000 for each day that any such refusal shall continue. Such penalty may be assessed by the Comptroller of the Currency and collected in the same manner as expenses of examinations.

Notwithstanding any of the preceding provisions of this section or section 301(f)(1) of title 31, United States Code, to the contrary, the Comptroller of the Currency shall, subject to chapter 71 of title 5, United States Code, fix the compensation and number of, and appoint and direct, all employees of the Office of the Comptroller of the Currency. Rates of basic pay for all employees of the Office may be set and adjusted by the Comptroller without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code. The Comptroller may provide additional compensation and benefits to employees of the Office if the same type of compensation or benefits are then being provided by any other Federal bank regulatory agency or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulations. In setting and adjusting the total amount of compensation and benefits for employees of the Office, the Comptroller shall consult with, and seek to maintain comparability with, other Federal banking agencies.

[The Comptroller of the Currency may impose and collect assessments, fees, or other charges as necessary or appropriate to carry out the responsibilities of the office of the Comptroller. Such assessments, fees, and other charges shall be set to meet the Comptroller's expenses in carrying out authorized activities. **]**

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Board of Governors of the Federal Reserve System, provide for special examination of member banks within its district. The expense of such examinations may, in the discretion of the Board of Governors of the Federal Reserve System, be assessed against the banks examined,

and, when so assessed, shall be paid by the banks examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Board of Governors of the Federal Reserve System such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

(A) No national bank shall be subject to any visitorial powers except as authorized by Federal law, vested in the courts of justice or such as shall be, or have been exercised or directed by Congress or by either House thereof or by any committee of Congress or of either House duly authorized.

(B) Notwithstanding subparagraph (A), lawfully authorized State auditors and examiners may, at reasonable times and upon reasonable notice to a bank, review its records solely to ensure compliance with applicable State unclaimed property or escheat laws upon reasonable cause to believe that the bank has failed to comply with such laws.

The Board of Governors of the Federal Reserve System shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Board of Governors of the Federal Reserve System shall order a special examination and report of the condition of any Federal reserve bank. The Comptroller of the Currency, upon the request of the Board of Governors of the Federal Reserve System, is authorized to assign examiners appointed under this section to examine foreign operations of State banks which are members of the Federal Reserve System.

[SEC. 5240A. The Comptroller of the Currency may collect an assessment, fee, or other charge from any entity described in section 3(q)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(1)), as the Comptroller determines is necessary or appropriate to carry out the responsibilities of the Office of the Comptroller of the Currency. In establishing the amount of an assessment, fee, or charge collected from an entity under this section, Funds derived from any assessment, fee, or charge collected or payment made pursuant to this section may be deposited by the Comptroller of the Currency in accordance with the provisions of section 5234. Such funds shall not be construed to be Government funds or appropriated monies, and shall not be subject to apportionment for purposes of chapter 15 of title 31, United States Code, or any other provision of law. The authority of the Comptroller of the Currency under this section shall be in addition to the authority under section 5240.

[The Comptroller of the Currency shall have sole authority to determine the manner in which the obligations of the Office of the Comptroller of the Currency shall be incurred and its disbursements and expenses allowed and paid, in accordance with this section, except as provided in chapter 71 of title 5, United States Code (with respect to compensation).]

SEC. 5240A.

(a) IN GENERAL.—In establishing the amount of an assessment, fee, or charge collected from an entity under subsection (b), the Comptroller of the Currency may take into account the nature and

scope of the activities of the entity, the amount and type of assets that the entity holds, the financial and managerial condition of the entity, and any other factor, as the Comptroller of the Currency determines is appropriate.

(b) *APPROPRIATIONS REQUIREMENT.*—

(1) *RECOVERY OF COSTS OF ANNUAL APPROPRIATION.*—*The Comptroller of the Currency shall impose and collect assessments, fees, or other charges that are designed to recover the costs to the Government of the annual appropriation to the Office of the Comptroller of the Currency by Congress.*

(2) *OFFSETTING COLLECTIONS.*—*Assessments and other fees described under paragraph (1) for any fiscal year—*

(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Office of the Comptroller of the Currency; and

(B) except as provided in paragraph (3), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

(3) *LAPSE OF APPROPRIATION.*—*If on the first day of a fiscal year an appropriation to the Office of the Comptroller of the Currency has not been enacted, the Comptroller of the Currency shall continue to collect (as offsetting collections) the assessments and other fees described under paragraph (1) at the rate in effect during the preceding fiscal year, until 60 days after the date such an appropriation is enacted.*

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FEDERAL RESERVE ACT

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SEC. 11C. APPROPRIATIONS REQUIREMENT FOR NON-MONETARY POLICY RELATED ADMINISTRATIVE COSTS.

(a) *APPROPRIATIONS REQUIREMENT.*—

(1) *RECOVERY OF COSTS OF ANNUAL APPROPRIATION.*—*The Board of Governors of the Federal Reserve System and the Federal reserve banks shall collect assessments and other fees, as provided under this Act, that are designed to recover the costs to the Government of the annual appropriation to the Board of Governors of the Federal Reserve System by Congress. The Board of Governors of the Federal Reserve System and the Federal reserve banks may only incur obligations or allow and pay expenses with respect to non-monetary policy related administrative costs pursuant to an appropriations Act.*

(2) *OFFSETTING COLLECTIONS.*—*Assessments and other fees described under paragraph (1) for any fiscal year—*

(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Board of Governors of the Federal Reserve System; and

(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

(3) *LIMITATION.*—*This subsection shall only apply to the non-monetary policy related administrative costs of the Board of Governors of the Federal Reserve System.*

(b) *DEFINITIONS.*—*For purposes of this section:*

(1) *MONETARY POLICY.*—The term “monetary policy” means a strategy for producing a generally acceptable exchange medium that supports the productive employment of economic resources by reliably serving as both a unit of account and store of value.

(2) *NON-MONETARY POLICY RELATED ADMINISTRATIVE COSTS.*—The term “non-monetary policy related administrative costs” means administrative costs not related to the conduct of monetary policy, and includes—

(A) direct operating expenses for supervising and regulating entities supervised and regulated by the Board of Governors of the Federal Reserve System, including conducting examinations, conducting stress tests, communicating with the entities regarding supervisory matters and laws, and regulations;

(B) operating expenses for activities integral to carrying out supervisory and regulatory responsibilities, such as training staff in the supervisory function, research and analysis functions including library subscription services, and collecting and processing regulatory reports filed by supervised institutions; and

(C) support, overhead, and pension expenses related to the items described under subparagraphs (A) and (B).

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SECURITIES EXCHANGE ACT OF 1934

TITLE I—REGULATION OF SECURITIES EXCHANGES

* * * * *

PROXIES

SEC. 14. (a)(1) It shall be unlawful for any person, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, to solicit or to permit the use of his name to solicit any proxy or consent or authorization in respect of any security (other than an exempted security) registered pursuant to section 12 of this title.

(2) The rules and regulations prescribed by the Commission under paragraph (1) may include—

(A) a requirement that a solicitation of proxy, consent, or authorization by (or on behalf of) an issuer include a nominee submitted by a shareholder to serve on the board of directors of the issuer; and

(B) a requirement that an issuer follow a certain procedure in relation to a solicitation described in subparagraph (A).

(b)(1) It shall be unlawful for any member of a national securities exchange, or any broker or dealer registered under this title, or any bank, association, or other entity that exercises fiduciary powers, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, to give, or to refrain from giving a

proxy, consent, authorization, or information statement in respect of any security registered pursuant to section 12 of this title, or any security issued by an investment company registered under the Investment Company Act of 1940, and carried for the account of a customer.

(2) With respect to banks, the rules and regulations prescribed by the Commission under paragraph (1) shall not require the disclosure of the names of beneficial owners of securities in an account held by the bank on the date of enactment of this paragraph unless the beneficial owner consents to the disclosure. The provisions of this paragraph shall not apply in the case of a bank which the Commission finds has not made a good faith effort to obtain such consent from such beneficial owners.

(c) Unless proxies, consents, or authorizations in respect of a security registered pursuant to section 12 of this title, or a security issued by an investment company registered under the Investment Company Act of 1940, are solicited by or on behalf of the management of the issuer from the holders of record of such security in accordance with the rules and regulations prescribed under subsection (a) of this section, prior to any annual or other meeting of the holders of such security, such issuer shall, in accordance with rules and regulations prescribed by the Commission, file with the Commission and transmit to all holders of record of such security information substantially equivalent to the information which would be required to be transmitted if a solicitation were made, but no information shall be required to be filed or transmitted pursuant to this subsection before July 1, 1964.

(d)(1) It shall be unlawful for any person, directly or indirectly, by use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, to make a tender offer for, or a request or invitation for tenders of, any class of any equity security which is registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940, if, after consummation thereof, such person would, directly or indirectly, be the beneficial owner of more than 5 per centum of such class, unless at the time copies of the offer or request or invitation are first published or sent or given to security holders such person has filed with the Commission a statement containing such of the information specified in section 13(d) of this title, and such additional information as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors. All requests or invitations for tenders or advertisements making a tender offer or requesting or inviting tenders, of such a security shall be filed as a part of such statement and shall contain such of the information contained in such statement as the Commission may by rules and regulations prescribe. Copies of any additional material soliciting or requesting such tender offers subsequent to the initial solicitation or request shall contain such information as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors, and shall be filed with the Commis-

sion not later than the time copies of such material are first published or sent or given to security holders. Copies of all statements, in the form in which such material is furnished to security holders and the Commission, shall be sent to the issuer not later than the date such material is first published or sent or given to any security holders.

(2) When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a "person" for purposes of this subsection.

(3) In determining, for purposes of this subsection, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

(4) Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(5) Securities deposited pursuant to a tender offer or request or invitation for tenders may be withdrawn by or on behalf of the depositor at any time until the expiration of seven days after the time definitive copies of the offer or request or invitation are first published or sent or given to security holders, and at any time after sixty days from the date of the original tender offer or request or invitation, except as the Commission may otherwise prescribe by rules, regulations, or order as necessary or appropriate in the public interest or for the protection of investors.

(6) Where any person makes a tender offer, or request or invitation for tenders, for less than all the outstanding equity securities of a class, and where a greater number of securities is deposited pursuant thereto within ten days after copies of the offer or request or invitation are first published or sent or given to security holders than such person is bound or willing to take up and pay for, the securities taken up shall be taken up as nearly as may be pro rata, disregarding fractions, according to the number of securities deposited by each depositor. The provisions of this subsection shall also apply to securities deposited within ten days after notice of an increase in the consideration offered to security holders, as described in paragraph (7), is first published or sent or given to security holders.

(7) Where any person varies the terms of a tender offer or request or invitation for tenders before the expiration thereof by increasing the consideration offered to holders of such securities, such person shall pay the increased consideration to each security holder whose securities are taken up and paid for pursuant to the tender offer or request or invitation for tenders whether or not such securities have been taken up by such person before the variation of the tender offer or request or invitation.

(8) The provisions of this subsection shall not apply to any offer for, or request or invitation for tenders of, any security—

(A) if the acquisition of such security, together with all other acquisitions by the same person of securities of the same class

during the preceding twelve months, would not exceed 2 per centum of that class;

(B) by the issuer of such security; or

(C) which the Commission, by rules or regulations or by order, shall exempt from the provisions of this subsection as not entered into for the purpose of, and not having the effect of, changing or influencing the control of the issuer or otherwise as not comprehended within the purposes of this subsection.

(e) It shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer or request or invitation for tenders, or any solicitation of security holders in opposition to or in favor of any such offer, request, or invitation. The Commission shall, for the purposes of this subsection, by rules and regulations define, and prescribe means reasonably designed to prevent, such acts and practices as are fraudulent, deceptive, or manipulative.

(f) If, pursuant to any arrangement or understanding with the person or persons acquiring securities in a transaction subject to subsection (d) of this section or subsection (d) of section 13 of this title, any persons are to be elected or designated as directors of the issuer, otherwise than at a meeting of security holders, and the persons so elected or designated will constitute a majority of the directors of the issuer, then, prior to the time any such person takes office as a director, and in accordance with rules and regulations prescribed by the Commission, the issuer shall file with the Commission, and transmit to all holders of record of securities of the issuer who would be entitled to vote at a meeting for election of directors, information substantially equivalent to the information which would be required by subsection (a) or (c) of this section to be transmitted if such person or persons were nominees for election as directors at a meeting of such security holders.

(g)(1)(A) At the time of filing such preliminary proxy solicitation material as the Commission may require by rule pursuant to subsection (a) of this section that concerns an acquisition, merger, consolidation, or proposed sale or other disposition of substantially all the assets of a company, the person making such filing, other than a company registered under the Investment Company Act of 1940, shall pay to the Commission the following fees:

(i) for preliminary proxy solicitation material involving an acquisition, merger, or consolidation, if there is a proposed payment of cash or transfer of securities or property to shareholders, a fee at a rate that, subject to paragraph (4), is equal to \$92 per \$1,000,000 of such proposed payment, or of the value of such securities or other property proposed to be transferred; and

(ii) for preliminary proxy solicitation material involving a proposed sale or other disposition of substantially all of the assets of a company, a fee at a rate that, subject to paragraph (4), is equal to \$92 per \$1,000,000 of the cash or of the value

of any securities or other property proposed to be received upon such sale or disposition.

(B) The fee imposed under subparagraph (A) shall be reduced with respect to securities in an amount equal to any fee paid to the Commission with respect to such securities in connection with the proposed transaction under section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)), or the fee paid under that section shall be reduced in an amount equal to the fee paid to the Commission in connection with such transaction under this subsection. Where two or more companies involved in an acquisition, merger, consolidation, sale, or other disposition of substantially all the assets of a company must file such proxy material with the Commission, each shall pay a proportionate share of such fee.

(2) At the time of filing such preliminary information statement as the Commission may require by rule pursuant to subsection (c) of this section, the issuer shall pay to the Commission the same fee as required for preliminary proxy solicitation material under paragraph (1) of this subsection.

(3) At the time of filing such statement as the Commission may require by rule pursuant to subsection (d)(1) of this section, the person making the filing shall pay to the Commission a fee at a rate that, subject to paragraph (4), is equal to \$92 per \$1,000,000 of the aggregate amount of cash or of the value of securities or other property proposed to be offered. The fee shall be reduced with respect to securities in an amount equal to any fee paid with respect to such securities in connection with the proposed transaction under section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)), or the fee paid under that section shall be reduced in an amount equal to the fee paid to the Commission in connection with such transaction under this subsection.

(4) ANNUAL ADJUSTMENT.—For each fiscal year, the Commission shall by order adjust the rate required by paragraphs (1) and (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) for such fiscal year.

(5) FEE COLLECTION.—Fees collected pursuant to this subsection for fiscal year 2012 and each fiscal year thereafter shall be deposited and credited as general revenue of the Treasury and shall not be available for obligation.

(6) REVIEW; EFFECTIVE DATE; PUBLICATION.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (4) shall be published and take effect in accordance with section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)).

(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than \$1,000,000.

(8) Notwithstanding any other provision of law, the Commission may impose fees, charges, or prices for matters not involving any acquisition, merger, consolidation, sale, or other disposition of assets described in this subsection, as authorized by section 9701 of title 31, United States Code, or otherwise.

(h) PROXY SOLICITATIONS AND TENDER OFFERS IN CONNECTION WITH LIMITED PARTNERSHIP ROLLUP TRANSACTIONS.—

(1) PROXY RULES TO CONTAIN SPECIAL PROVISIONS.—It shall be unlawful for any person to solicit any proxy, consent, or authorization concerning a limited partnership rollup transaction, or to make any tender offer in furtherance of a limited partnership rollup transaction, unless such transaction is conducted in accordance with rules prescribed by the Commission under subsections (a) and (d) as required by this subsection. Such rules shall—

(A) permit any holder of a security that is the subject of the proposed limited partnership rollup transaction to engage in preliminary communications for the purpose of determining whether to solicit proxies, consents, or authorizations in opposition to the proposed limited partnership rollup transaction, without regard to whether any such communication would otherwise be considered a solicitation of proxies, and without being required to file soliciting material with the Commission prior to making that determination, except that—

(i) nothing in this subparagraph shall be construed to limit the application of any provision of this title prohibiting, or reasonably designed to prevent, fraudulent, deceptive, or manipulative acts or practices under this title; and

(ii) any holder of not less than 5 percent of the outstanding securities that are the subject of the proposed limited partnership rollup transaction who engages in the business of buying and selling limited partnership interests in the secondary market shall be required to disclose such ownership interests and any potential conflicts of interests in such preliminary communications;

(B) require the issuer to provide to holders of the securities that are the subject of the limited partnership rollup transaction such list of the holders of the issuer's securities as the Commission may determine in such form and subject to such terms and conditions as the Commission may specify;

(C) prohibit compensating any person soliciting proxies, consents, or authorizations directly from security holders concerning such a limited partnership rollup transaction—

(i) on the basis of whether the solicited proxy, consent, or authorization either approves or disapproves the proposed limited partnership rollup transaction; or

(ii) contingent on the approval, disapproval, or completion of the limited partnership rollup transaction;

(D) set forth disclosure requirements for soliciting material distributed in connection with a limited partnership rollup transaction, including requirements for clear, concise, and comprehensible disclosure with respect to—

(i) any changes in the business plan, voting rights, form of ownership interest, or the compensation of the general partner in the proposed limited partnership

rollup transaction from each of the original limited partnerships;

(ii) the conflicts of interest, if any, of the general partner;

(iii) whether it is expected that there will be a significant difference between the exchange values of the limited partnerships and the trading price of the securities to be issued in the limited partnership rollup transaction;

(iv) the valuation of the limited partnerships and the method used to determine the value of the interests of the limited partners to be exchanged for the securities in the limited partnership rollup transaction;

(v) the differing risks and effects of the limited partnership rollup transaction for investors in different limited partnerships proposed to be included, and the risks and effects of completing the limited partnership rollup transaction with less than all limited partnerships;

(vi) the statement by the general partner required under subparagraph (E);

(vii) such other matters deemed necessary or appropriate by the Commission;

(E) require a statement by the general partner as to whether the proposed limited partnership rollup transaction is fair or unfair to investors in each limited partnership, a discussion of the basis for that conclusion, and an evaluation and a description by the general partner of alternatives to the limited partnership rollup transaction, such as liquidation;

(F) provide that, if the general partner or sponsor has obtained any opinion (other than an opinion of counsel), appraisal, or report that is prepared by an outside party and that is materially related to the limited partnership rollup transaction, such soliciting materials shall contain or be accompanied by clear, concise, and comprehensible disclosure with respect to—

(i) the analysis of the transaction, scope of review, preparation of the opinion, and basis for and methods of arriving at conclusions, and any representations and undertakings with respect thereto;

(ii) the identity and qualifications of the person who prepared the opinion, the method of selection of such person, and any material past, existing, or contemplated relationships between the person or any of its affiliates and the general partner, sponsor, successor, or any other affiliate;

(iii) any compensation of the preparer of such opinion, appraisal, or report that is contingent on the transaction's approval or completion; and

(iv) any limitations imposed by the issuer on the access afforded to such preparer to the issuer's personnel, premises, and relevant books and records;

(G) provide that, if the general partner or sponsor has obtained any opinion, appraisal, or report as described in

subparagraph (F) from any person whose compensation is contingent on the transaction's approval or completion or who has not been given access by the issuer to its personnel and premises and relevant books and records, the general partner or sponsor shall state the reasons therefor;

(H) provide that, if the general partner or sponsor has not obtained any opinion on the fairness of the proposed limited partnership rollup transaction to investors in each of the affected partnerships, such soliciting materials shall contain or be accompanied by a statement of such partner's or sponsor's reasons for concluding that such an opinion is not necessary in order to permit the limited partners to make an informed decision on the proposed transaction;

(I) require that the soliciting material include a clear, concise, and comprehensible summary of the limited partnership rollup transaction (including a summary of the matters referred to in clauses (i) through (vii) of subparagraph (D) and a summary of the matter referred to in subparagraphs (F), (G), and (H)), with the risks of the limited partnership rollup transaction set forth prominently in the fore part thereof;

(J) provide that any solicitation or offering period with respect to any proxy solicitation, tender offer, or information statement in a limited partnership rollup transaction shall be for not less than the lesser of 60 calendar days or the maximum number of days permitted under applicable State law; and

(K) contain such other provisions as the Commission determines to be necessary or appropriate for the protection of investors in limited partnership rollup transactions.

(2) EXEMPTIONS.—The Commission may, consistent with the public interest, the protection of investors, and the purposes of this title, exempt by rule or order any security or class of securities, any transaction or class of transactions, or any person or class of persons, in whole or in part, conditionally or unconditionally, from the requirements imposed pursuant to paragraph (1) or from the definition contained in paragraph (4).

(3) EFFECT ON COMMISSION AUTHORITY.—Nothing in this subsection limits the authority of the Commission under subsection (a) or (d) or any other provision of this title or precludes the Commission from imposing, under subsection (a) or (d) or any other provision of this title, a remedy or procedure required to be imposed under this subsection.

(4) DEFINITION OF LIMITED PARTNERSHIP ROLLUP TRANSACTION.—Except as provided in paragraph (5), as used in this subsection, the term “limited partnership rollup transaction” means a transaction involving the combination or reorganization of one or more limited partnerships, directly or indirectly, in which—

(A) some or all of the investors in any of such limited partnerships will receive new securities, or securities in another entity, that will be reported under a transaction reporting plan declared effective before the date of enactment of this subsection by the Commission under section 11A;

(B) any of the investors' limited partnership securities are not, as of the date of filing, reported under a transaction reporting plan declared effective before the date of enactment of this subsection by the Commission under section 11A;

(C) investors in any of the limited partnerships involved in the transaction are subject to a significant adverse change with respect to voting rights, the term of existence of the entity, management compensation, or investment objectives; and

(D) any of such investors are not provided an option to receive or retain a security under substantially the same terms and conditions as the original issue.

(5) EXCLUSIONS FROM DEFINITION.—Notwithstanding paragraph (4), the term “limited partnership rollup transaction” does not include—

(A) a transaction that involves only a limited partnership or partnerships having an operating policy or practice of retaining cash available for distribution and reinvesting proceeds from the sale, financing, or refinancing of assets in accordance with such criteria as the Commission determines appropriate;

(B) a transaction involving only limited partnerships wherein the interests of the limited partners are repurchased, recalled, or exchanged in accordance with the terms of the preexisting limited partnership agreements for securities in an operating company specifically identified at the time of the formation of the original limited partnership;

(C) a transaction in which the securities to be issued or exchanged are not required to be and are not registered under the Securities Act of 1933;

(D) a transaction that involves only issuers that are not required to register or report under section 12, both before and after the transaction;

(E) a transaction, except as the Commission may otherwise provide by rule for the protection of investors, involving the combination or reorganization of one or more limited partnerships in which a non-affiliated party succeeds to the interests of a general partner or sponsor, if—

(i) such action is approved by not less than 66⅔ percent of the outstanding units of each of the participating limited partnerships; and

(ii) as a result of the transaction, the existing general partners will receive only compensation to which they are entitled as expressly provided for in the preexisting limited partnership agreements; or

(F) a transaction, except as the Commission may otherwise provide by rule for the protection of investors, in which the securities offered to investors are securities of another entity that are reported under a transaction reporting plan declared effective before the date of enactment of this subsection by the Commission under section 11A, if—

(i) such other entity was formed, and such class of securities was reported and regularly traded, not less than 12 months before the date on which soliciting material is mailed to investors; and

(ii) the securities of that entity issued to investors in the transaction do not exceed 20 percent of the total outstanding securities of the entity, exclusive of any securities of such class held by or for the account of the entity or a subsidiary of the entity.

(i) **DISCLOSURE OF PAY VERSUS PERFORMANCE.**—The Commission shall, by rule, require each issuer to disclose in any proxy or consent solicitation material for an annual meeting of the shareholders of the issuer a clear description of any compensation required to be disclosed by the issuer under section 229.402 of title 17, Code of Federal Regulations (or any successor thereto), including, for any issuer other than an emerging growth company, information that shows the relationship between executive compensation actually paid and the financial performance of the issuer, taking into account any change in the value of the shares of stock and dividends of the issuer and any distributions. The disclosure under this subsection may include a graphic representation of the information required to be disclosed.

(j) **DISCLOSURE OF HEDGING BY EMPLOYEES AND DIRECTORS.**—The Commission shall, by rule, require each issuer to disclose in any proxy or consent solicitation material for an annual meeting of the shareholders of the issuer whether any employee or member of the board of directors of the issuer, or any designee of such employee or member, is permitted to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of equity securities—

(1) granted to the employee or member of the board of directors by the issuer as part of the compensation of the employee or member of the board of directors; or

(2) held, directly or indirectly, by the employee or member of the board of directors.

(k) **PROHIBITION ON REQUIRING A SINGLE BALLOT.**—*The Commission may not require that a solicitation of a proxy, consent, or authorization to vote a security of an issuer in an election of members of the board of directors of the issuer be made using a single ballot or card that lists both individuals nominated by (or on behalf of) the issuer and individuals nominated by (or on behalf of) other proponents and permits the person granting the proxy, consent, or authorization to select from among individuals in both groups.*

* * * * *

SEC. 15G. CREDIT RISK RETENTION.

(a) **DEFINITIONS.**—In this section—

(1) the term “Federal banking agencies” means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation;

(2) the term “insured depository institution” has the same meaning as in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c));

(3) the term “securitizer” means—

(A) an issuer of an asset-backed security; or

(B) a person who organizes and initiates an asset-backed securities transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuer; **[and]**

(4) the term “originator” means a person who—

(A) through the extension of credit or otherwise, creates a financial asset that collateralizes an asset-backed security; and

(B) sells an asset directly or indirectly to a securitizer**[.]**; and

(5) the term “asset-backed security” refers only to an asset-backed security that is comprised wholly of residential mortgages.

(b) REGULATIONS REQUIRED.—

[(1) IN GENERAL.—]Not later than 270 days after the date of enactment of this section, the Federal banking agencies and the Commission shall jointly prescribe regulations to require any securitizer to retain an economic interest in a portion of the credit risk for any asset that the securitizer, through the issuance of an asset-backed security, transfers, sells, or conveys to a third party.

[(2) RESIDENTIAL MORTGAGES.—]Not later than 270 days after the date of the enactment of this section, the Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Federal Housing Finance Agency, shall jointly prescribe regulations to require any securitizer to retain an economic interest in a portion of the credit risk for any residential mortgage asset that the securitizer, through the issuance of an asset-backed security, transfers, sells, or conveys to a third party.

(c) STANDARDS FOR REGULATIONS.—

(1) STANDARDS.—The regulations prescribed under subsection (b) shall—

(A) prohibit a securitizer from directly or indirectly hedging or otherwise transferring the credit risk that the securitizer is required to retain with respect to an asset;

(B) require a securitizer to retain—

(i) not less than 5 percent of the credit risk for any asset—

(I) that is not a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer; or

(II) that is a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer, if 1 or more of the assets that collateralize the asset-backed security are not qualified residential mortgages; or

(ii) less than 5 percent of the credit risk for an asset that is not a qualified residential mortgage that is transferred, sold, or conveyed through the issuance of an asset-backed security by the securitizer, if the origi-

nator of the asset meets the underwriting standards prescribed under paragraph (2)(B);

(C) specify—

(i) the permissible forms of risk retention for purposes of this section;

(ii) the minimum duration of the risk retention required under this section; and

(iii) that a securitizer is not required to retain any part of the credit risk for an asset that is transferred, sold or conveyed through the issuance of an asset-backed security by the securitizer, if all of the assets that collateralize the asset-backed security are qualified residential mortgages;

(D) apply, regardless of whether the securitizer is an insured depository institution;

(E) with respect to a commercial mortgage, specify the permissible types, forms, and amounts of risk retention that would meet the requirements of subparagraph (B), which in the determination of the Federal banking agencies and the Commission may include—

(i) retention of a specified amount or percentage of the total credit risk of the asset;

(ii) retention of the first-loss position by a third-party purchaser that specifically negotiates for the purchase of such first loss position, holds adequate financial resources to back losses, provides due diligence on all individual assets in the pool before the issuance of the asset-backed securities, and meets the same standards for risk retention as the Federal banking agencies and the Commission require of the securitizer;

(iii) a determination by the Federal banking agencies and the Commission that the underwriting standards and controls for the asset are adequate; and

(iv) provision of adequate representations and warranties and related enforcement mechanisms; and

(F) establish appropriate standards for retention of an economic interest with respect to collateralized debt obligations, securities collateralized by collateralized debt obligations, and similar instruments collateralized by other asset-backed securities; and

(G) provide for—

(i) a total or partial exemption of any securitization, as may be appropriate in the public interest and for the protection of investors;

(ii) a total or partial exemption for the securitization of an asset issued or guaranteed by the United States, or an agency of the United States, as the Federal banking agencies and the Commission jointly determine appropriate in the public interest and for the protection of investors, except that, for purposes of this clause, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are not agencies of the United States;

(iii) a total or partial exemption for any asset-backed security that is a security issued or guaranteed by any State of the United States, or by any political subdivision of a State or territory, or by any public instrumentality of a State or territory that is exempt from the registration requirements of the Securities Act of 1933 by reason of section 3(a)(2) of that Act (15 U.S.C. 77c(a)(2)), or a security defined as a qualified scholarship funding bond in section 150(d)(2) of the Internal Revenue Code of 1986, as may be appropriate in the public interest and for the protection of investors; and

(iv) the allocation of risk retention obligations between a securitizer and an originator in the case of a securitizer that purchases assets from an originator, as the Federal banking agencies and the Commission jointly determine appropriate.

(2) ASSET CLASSES.—

(A) ASSET CLASSES.—The regulations prescribed under subsection (b) shall establish asset classes with separate rules for securitizers of different classes of assets, including residential mortgages, commercial mortgages, commercial loans, auto loans, and any other class of assets that the Federal banking agencies and the Commission deem appropriate.

(B) CONTENTS.—For each asset class established under subparagraph (A), the regulations prescribed under subsection (b) shall include underwriting standards established by the Federal banking agencies that specify the terms, conditions, and characteristics of a loan within the asset class that indicate a low credit risk with respect to the loan.

(d) ORIGINATORS.—In determining how to allocate risk retention obligations between a securitizer and an originator under subsection (c)(1)(E)(iv), the Federal banking agencies and the Commission shall—

(1) reduce the percentage of risk retention obligations required of the securitizer by the percentage of risk retention obligations required of the originator; and

(2) consider—

(A) whether the assets sold to the securitizer have terms, conditions, and characteristics that reflect low credit risk;

(B) whether the form or volume of transactions in securitization markets creates incentives for imprudent origination of the type of loan or asset to be sold to the securitizer; and

(C) the potential impact of the risk retention obligations on the access of consumers and businesses to credit on reasonable terms, which may not include the transfer of credit risk to a third party.

(e) EXEMPTIONS, EXCEPTIONS, AND ADJUSTMENTS.—

(1) IN GENERAL.—The Federal banking agencies and the Commission may jointly adopt or issue exemptions, exceptions, or adjustments to the rules issued under this section, including exemptions, exceptions, or adjustments for classes of institu-

tions or assets relating to the risk retention requirement and the prohibition on hedging under subsection (c)(1).

(2) APPLICABLE STANDARDS.—Any exemption, exception, or adjustment adopted or issued by the Federal banking agencies and the Commission under this paragraph shall—

(A) help ensure high quality underwriting standards for the securitizers and originators of assets that are securitized or available for securitization; and

(B) encourage appropriate risk management practices by the securitizers and originators of assets, improve the access of consumers and businesses to credit on reasonable terms, or otherwise be in the public interest and for the protection of investors.

(3) CERTAIN INSTITUTIONS AND PROGRAMS EXEMPT.—

(A) FARM CREDIT SYSTEM INSTITUTIONS.—Notwithstanding any other provision of this section, the requirements of this section shall not apply to any loan or other financial asset made, insured, guaranteed, or purchased by any institution that is subject to the supervision of the Farm Credit Administration, including the Federal Agricultural Mortgage Corporation.

(B) OTHER FEDERAL PROGRAMS.—This section shall not apply to any residential, multifamily, or health care facility mortgage loan asset, or securitization based directly or indirectly on such an asset, which is insured or guaranteed by the United States or an agency of the United States. For purposes of this subsection, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal home loan banks shall not be considered an agency of the United States.

(4) EXEMPTION FOR QUALIFIED RESIDENTIAL MORTGAGES.—

(A) IN GENERAL.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency shall jointly issue regulations to exempt qualified residential mortgages from the risk retention requirements of this subsection.

(B) QUALIFIED RESIDENTIAL MORTGAGE.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency shall jointly define the term “qualified residential mortgage” for purposes of this subsection, taking into consideration underwriting and product features that historical loan performance data indicate result in a lower risk of default, such as—

(i) documentation and verification of the financial resources relied upon to qualify the mortgagor;

(ii) standards with respect to—

(I) the residual income of the mortgagor after all monthly obligations;

(II) the ratio of the housing payments of the mortgagor to the monthly income of the mortgagor;

(III) the ratio of total monthly installment payments of the mortgagor to the income of the mortgagor;

(iii) mitigating the potential for payment shock on adjustable rate mortgages through product features and underwriting standards;

(iv) mortgage guarantee insurance or other types of insurance or credit enhancement obtained at the time of origination, to the extent such insurance or credit enhancement reduces the risk of default; and

(v) prohibiting or restricting the use of balloon payments, negative amortization, prepayment penalties, interest-only payments, and other features that have been demonstrated to exhibit a higher risk of borrower default.

(C) LIMITATION ON DEFINITION.—The Federal banking agencies, the Commission, the Secretary of Housing and Urban Development, and the Director of the Federal Housing Finance Agency in defining the term “qualified residential mortgage”, as required by subparagraph (B), shall define that term to be no broader than the definition “qualified mortgage” as the term is defined under section 129C(c)(2) of the Truth in Lending Act, as amended by the Consumer Financial Protection Act of 2010, and regulations adopted thereunder.

(5) CONDITION FOR QUALIFIED RESIDENTIAL MORTGAGE EXEMPTION.—The regulations issued under paragraph (4) shall provide that an asset-backed security that is collateralized by tranches of other asset-backed securities shall not be exempt from the risk retention requirements of this subsection.

(6) CERTIFICATION.—The Commission shall require an issuer to certify, for each issuance of an asset-backed security collateralized exclusively by qualified residential mortgages, that the issuer has evaluated the effectiveness of the internal supervisory controls of the issuer with respect to the process for ensuring that all assets that collateralize the asset-backed security are qualified residential mortgages.

(f) ENFORCEMENT.—The regulations issued under this section shall be enforced by—

(1) the appropriate Federal banking agency, with respect to any securitizer that is an insured depository institution; and

(2) the Commission, with respect to any securitizer that is not an insured depository institution.

(g) AUTHORITY OF COMMISSION.—The authority of the Commission under this section shall be in addition to the authority of the Commission to otherwise enforce the securities laws.

[(h) AUTHORITY TO COORDINATE ON RULEMAKING.—The Chairperson of the Financial Stability Oversight Council shall coordinate all joint rulemaking required under this section.]

[(i)] (h) EFFECTIVE DATE OF REGULATIONS.—The regulations issued under this section shall become [effective—]

[(1) with respect to] *effective with respect to* securitizers and originators of asset-backed securities backed by residential mortgages, 1 year after the date on which final rules under this section are published in the Federal Register[; and].

[(2) with respect to securitizers and originators of all other classes of asset-backed securities, 2 years after the date on which final rules under this section are published in the Federal Register.]

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SEC. 31. TRANSACTION FEES.

(a) **RECOVERY OF COSTS OF ANNUAL APPROPRIATION.**—The Commission shall, in accordance with this section, collect transaction fees and assessments that are designed to recover the costs to the Government of the annual appropriation to the Commission by Congress.

(b) **EXCHANGE-TRADED SECURITIES.**—Subject to subsection (j), each national securities exchange shall pay to the Commission a fee at a rate equal to \$15 per \$1,000,000 of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) transacted on such national securities exchange.

(c) **OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.**—Subject to subsection (j), each national securities association shall pay to the Commission a fee at a rate equal to \$15 per \$1,000,000 of the aggregate dollar amount of sales transacted by or through any member of such association otherwise than on a national securities exchange of securities (other than bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) registered on a national securities exchange or subject to prompt last sale reporting pursuant to the rules of the Commission or a registered national securities association.

(d) **ASSESSMENTS ON SECURITY FUTURES TRANSACTIONS.**—Each national securities exchange and national securities association shall pay to the Commission an assessment equal to \$0.009 for each round turn transaction (treated as including one purchase and one sale of a contract of sale for future delivery) on a security future traded on such national securities exchange or by or through any member of such association otherwise than on a national securities exchange, except that for fiscal year 2007 and each succeeding fiscal year such assessment shall be equal to \$0.0042 for each such transaction.

(e) **DATES FOR PAYMENTS.**—The fees and assessments required by subsections (b), (c), and (d) of this section shall be paid—

(1) on or before March 15, with respect to transactions and sales occurring during the period beginning on the preceding September 1 and ending at the close of the preceding December 31; and

(2) on or before September 25, with respect to transactions and sales occurring during the period beginning on the preceding January 1 and ending at the close of the preceding August 31.

(f) **EXEMPTIONS.**—The Commission, by rule, may exempt any sale of securities or any class of sales of securities from any fee or assessment imposed by this section, if the Commission finds that such exemption is consistent with the public interest, the equal

regulation of markets and brokers and dealers, and the development of a national market system.

(g) PUBLICATION.—The Commission shall publish in the Federal Register notices of the fee or assessment rates applicable under this section for each fiscal year not later than 30 days after the date on which an Act making a regular appropriation to the Commission for such fiscal year is enacted, together with any estimates or projections on which such fees are based.

(h) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this section shall be applied pro rata to amounts and balances of less than \$1,000,000.

(i) DEPOSIT OF FEES.—

(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b), (c), and (d) for any fiscal year—

(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

(B) except as provided in subsection (k), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

(2) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to subsections (b), (c), and (d) for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

(j) ADJUSTMENTS TO FEE RATES.—

(1) ANNUAL ADJUSTMENT.—Subject to subsections (i)(1)(B) and (k), for each fiscal year, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including assessments collected under subsection (d) of this section) that are equal to the regular appropriation to the Commission by Congress for such fiscal year.

(2) MID-YEAR ADJUSTMENT.—Subject to subsections (i)(1)(B) and (k), for each fiscal year, the Commission shall determine, by March 1 of such fiscal year, whether, based on the actual aggregate dollar volume of sales during the first 5 months of such fiscal year, the baseline estimate of the aggregate dollar volume of sales used under paragraph (1) for such fiscal year is reasonably likely to be 10 percent (or more) greater or less than the actual aggregate dollar volume of sales for such fiscal year. If the Commission so determines, the Commission shall by order, no later than March 1, adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the revised estimate of the aggregate dollar amount of sales for the remainder of such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including fees collected during such five-month period and assessments collected under subsection (d) of this section) that are equal to the regular appropriation to the Commission by Congress for such fiscal year. In making such revised estimate, the Commission shall, after consultation with the Congressional Budget Office and the Office

of Management and Budget, use the same methodology required by subsection (l).

(3) REVIEW.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (1) or (2) and published under subsection (g) shall not be subject to judicial review.

(4) EFFECTIVE DATE.—

(A) ANNUAL ADJUSTMENT.—Subject to subsections (i)(1)(B) and (k), an adjusted rate prescribed under paragraph (1) shall take effect on the later of—

(i) the first day of the fiscal year to which such rate applies; or

(ii) 60 days after the date on which an Act making a regular appropriation to the Commission for such fiscal year is enacted.

(B) MID-YEAR ADJUSTMENT.—An adjusted rate prescribed under paragraph (2) shall take effect on April 1 of the fiscal year to which such rate applies.

(k) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 60 days after the date such a regular appropriation is enacted.

(l) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(m) TRANSMITTAL OF COMMISSION BUDGET REQUESTS.—

(1) BUDGET REQUIRED.—For fiscal year 2012, and each fiscal year thereafter, the Commission shall prepare and submit a budget to the President. Whenever the Commission submits a budget estimate or request to the President or the Office of Management and Budget, the Commission shall concurrently transmit copies of the estimate or request to the Committee on Appropriations of the Senate, the Committee on Appropriations of the House of Representatives, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives.

(2) SUBMISSION TO CONGRESS.—The President shall submit each budget submitted under paragraph (1) to Congress, in unaltered form, together with the annual budget for the Administration submitted by the President.

(3) CONTENTS.—The Commission shall include in each budget submitted under paragraph (1)—

(A) an itemization of the amount of funds necessary to carry out the functions of the Commission.

(B) an amount to be designated as contingency funding to be used by the Commission to address unanticipated needs; and

(C) a designation of any activities of the Commission for which multi-year budget authority would be suitable.

(n) *OVERPAYMENT.*—*If a national securities exchange or national securities association pays to the Commission an amount in excess of fees and assessments due under this section and informs the Commission of such amount paid in excess within 10 years of the date of the payment, the Commission shall offset future fees and assessments due by such exchange or association in an amount equal to such excess amount.*

* * * * *

SMALL BUSINESS INVESTMENT INCENTIVE ACT OF 1980

* * * * *

TITLE V—CAPITAL FORMATION

* * * * *

ANNUAL GOVERNMENT-BUSINESS FORUM ON CAPITAL FORMATION

SEC. 503. (a) Pursuant to the consultation called for in section 502, the Securities and Exchange Commission (acting through the Office of the Advocate for Small Business Capital Formation and in consultation with the Small Business Capital Formation Advisory Committee) shall conduct an annual Government-business forum to review the current status of problems and programs relating to small business capital formation.

(b) The Commission shall invite other Federal agencies, such as the Department of the Treasury, the Board of Governors of the Federal Reserve System, the Small Business Administration, organizations representing State securities commissioners, and leading small business and professional organizations concerned with capital formation, to participate in the planning for such forums.

(c) The Commission may request any of the Federal departments, agencies, or organizations such as those specified in subsection (b), or other groups or individuals, to prepare statements and reports to be delivered at such forums. Such departments and agencies shall cooperate in this effort.

(d) A summary of the proceedings of such forums and any findings or recommendations thereof shall be prepared and transmitted to the participants, appropriate committees of the Congress, and others whom may be interested in the subject matter.

(e) *The Commission shall—*

(1) *review the findings and recommendations of the forum;*
and

(2) *each time the forum submits a finding or recommendation to the Commission, promptly issue a public statement—*

- (A) *assessing the finding or recommendation of the forum; and*
 (B) *disclosing the action, if any, the Commission intends to take with respect to the finding or recommendation.*

INVESTMENT COMPANY ACT OF 1940

TITLE I—INVESTMENT COMPANIES

* * * * *

DEFINITION OF INVESTMENT COMPANY

SEC. 3. (a)(1) When used in this title, “investment company” means any issuer which—

(A) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities;

(B) is engaged or proposes to engage in the business of issuing face-amount certificates of the installment type, or has been engaged in such business and has any such certificate outstanding; or

(C) is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 per centum of the value of such issuer’s total assets (exclusive of Government securities and cash items) on an unconsolidated basis.

(2) As used in this section, “investment securities” includes all securities except (A) Government securities, (B) securities issued by employees’ securities companies, and (C) securities issued by majority-owned subsidiaries of the owner which (i) are not investment companies, and (ii) are not relying on the exception from the definition of investment company in paragraph (1) or (7) of subsection (c).

(b) Notwithstanding paragraph (1)(C) of subsection (a), none of the following persons is an investment company within the meaning of this title:

(1) Any issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities.

(2) Any issuer which the Commission, upon application by such issuer, finds and by order declares to be primarily engaged in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities either directly or (A) through majority-owned subsidiaries or (B) through controlled companies conducting similar types of businesses. The filing of an application under this paragraph in good faith by an issuer other than a registered investment company shall exempt the applicant for a period of sixty days from all provisions of this title applicable to investment companies as such. For cause shown, the Commission by order may extend such period of exemption for an additional period or periods. Whenever the Commission, upon its own motion or upon application, finds that the circumstances which gave rise to the

issuance of an order granting an application under this paragraph no longer exist, the Commission shall by order revoke such order.

(3) Any issuer all the outstanding securities of which (other than short-term paper and directors' qualifying shares) are directly or indirectly owned by a company excepted from the definition of investment company by paragraph (1) or (2) of this subsection.

(c) Notwithstanding subsection (a), none of the following persons is an investment company within the meaning of this title:

(1) Any issuer whose outstanding securities (other than short-term paper) are beneficially owned by not more than one hundred persons (*or, with respect to a qualifying venture capital fund, 500 persons*) and which is not making and does not presently propose to make a public offering of its securities. Such issuer shall be deemed to be an investment company for purposes of the limitations set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end investment company to any such issuer. For purposes of this paragraph:

(A) Beneficial ownership by a company shall be deemed to be beneficial ownership by one person, except that, if the company owns 10 per centum or more of the outstanding voting securities of the issuer, and is or, but for the exception provided for in this paragraph or paragraph (7), would be an investment company, the beneficial ownership shall be deemed to be that of the holders of such company's outstanding securities (other than short-term paper).

(B) Beneficial ownership by any person who acquires securities or interests in securities of an issuer described in the first sentence of this paragraph shall be deemed to be beneficial ownership by the person from whom such transfer was made, pursuant to such rules and regulations as the Commission shall prescribe as necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title, where the transfer was caused by legal separation, divorce, death, or other involuntary event.

(C) *The term "qualifying venture capital fund" means any venture capital fund (as defined pursuant to section 203(l)(1) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)(1)) with no more than \$50,000,000 in aggregate capital contributions and uncalled committed capital, as such dollar amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.*

(2)(A) Any person primarily engaged in the business of underwriting and distributing securities issued by other persons, selling securities to customers, acting as broker, and acting as market intermediary, or any one or more of such activities,

whose gross income normally is derived principally from such business and related activities.

(B) For purposes of this paragraph—

(i) the term “market intermediary” means any person that regularly holds itself out as being willing contemporaneously to engage in, and that is regularly engaged in, the business of entering into transactions on both sides of the market for a financial contract or one or more such financial contracts; and

(ii) the term “financial contract” means any arrangement that—

(I) takes the form of an individually negotiated contract, agreement, or option to buy, sell, lend, swap, or repurchase, or other similar individually negotiated transaction commonly entered into by participants in the financial markets;

(II) is in respect of securities, commodities, currencies, interest or other rates, other measures of value, or any other financial or economic interest similar in purpose or function to any of the foregoing; and

(III) is entered into in response to a request from a counter party for a quotation, or is otherwise entered into and structured to accommodate the objectives of the counter party to such arrangement.

(3) Any bank or insurance company; any savings and loan association, building and loan association, cooperative bank, homestead association, or similar institution, or any receiver, conservator, liquidator, liquidating agent, or similar official or person thereof or therefor; or any common trust fund or similar fund maintained by a bank exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank in its capacity as a trustee, executor, administrator, or guardian, if—

(A) such fund is employed by the bank solely as an aid to the administration of trusts, estates, or other accounts created and maintained for a fiduciary purpose;

(B) except in connection with the ordinary advertising of the bank’s fiduciary services, interests in such fund are not—

(i) advertised; or

(ii) offered for sale to the general public; and

(C) fees and expenses charged by such fund are not in contravention of fiduciary principles established under applicable Federal or State law.

(4) Any person substantially all of whose business is confined to making small loans, industrial banking, or similar businesses.

(5) Any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses: (A) Purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services; (B) making loans to manufacturers, whole-

salers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services; and (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.

(6) Any company primarily engaged, directly or through majority-owned subsidiaries, in one or more of the businesses described in paragraphs (3), (4), and (5), or in one or more of such businesses (from which not less than 25 percent of such company's gross income during its last fiscal year was derived) together with an additional business or businesses other than investing, reinvesting, owning, holding, or trading in securities.

(7)(A) Any issuer, the outstanding securities of which are owned exclusively by persons who, at the time of acquisition of such securities, are qualified purchasers, and which is not making and does not at that time propose to make a public offering of such securities. Securities that are owned by persons who received the securities from a qualified purchaser as a gift or bequest, or in a case in which the transfer was caused by legal separation, divorce, death, or other involuntary event, shall be deemed to be owned by a qualified purchaser, subject to such rules, regulations, and orders as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

(B) Notwithstanding subparagraph (A), an issuer is within the exception provided by this paragraph if—

(i) in addition to qualified purchasers, outstanding securities of that issuer are beneficially owned by not more than 100 persons who are not qualified purchasers, if—

(I) such persons acquired any portion of the securities of such issuer on or before September 1, 1996; and

(II) at the time at which such persons initially acquired the securities of such issuer, the issuer was excepted by paragraph (1); and

(ii) prior to availing itself of the exception provided by this paragraph—

(I) such issuer has disclosed to each beneficial owner, as determined under paragraph (1), that future investors will be limited to qualified purchasers, and that ownership in such issuer is no longer limited to not more than 100 persons; and

(II) concurrently with or after such disclosure, such issuer has provided each beneficial owner, as determined under paragraph (1), with a reasonable opportunity to redeem any part or all of their interests in the issuer, notwithstanding any agreement to the contrary between the issuer and such persons, for that person's proportionate share of the issuer's net assets.

(C) Each person that elects to redeem under subparagraph (B)(ii)(II) shall receive an amount in cash equal to that person's proportionate share of the issuer's net assets, unless the issuer elects to provide such person with the option of receiving, and such person agrees to receive, all or a portion of such person's share in assets of the issuer. If the issuer elects to provide such persons with such an opportunity, disclosure con-

cerning such opportunity shall be made in the disclosure required by subparagraph (B)(ii)(I).

(D) An issuer that is excepted under this paragraph shall nonetheless be deemed to be an investment company for purposes of the limitations set forth in subparagraphs (A)(i) and (B)(i) of section 12(d)(1) relating to the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end investment company to any such issuer.

(E) For purposes of determining compliance with this paragraph and paragraph (1), an issuer that is otherwise excepted under this paragraph and an issuer that is otherwise excepted under paragraph (1) shall not be treated by the Commission as being a single issuer for purposes of determining whether the outstanding securities of the issuer excepted under paragraph (1) are beneficially owned by not more than 100 persons or whether the outstanding securities of the issuer excepted under this paragraph are owned by persons that are not qualified purchasers. Nothing in this subparagraph shall be construed to establish that a person is a bona fide qualified purchaser for purposes of this paragraph or a bona fide beneficial owner for purposes of paragraph (1).

(9) Any person substantially all of whose business consists of owning or holding oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests.

(10)(A) Any company organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes—

(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual; or

(ii) which is or maintains a fund described in subparagraph (B).

(B) For the purposes of subparagraph (A)(ii), a fund is described in this subparagraph if such fund is a pooled income fund, collective trust fund, collective investment fund, or similar fund maintained by a charitable organization exclusively for the collective investment and reinvestment of one or more of the following:

(i) assets of the general endowment fund or other funds of one or more charitable organizations;

(ii) assets of a pooled income fund;

(iii) assets contributed to a charitable organization in exchange for the issuance of charitable gift annuities;

(iv) assets of a charitable remainder trust or of any other trust, the remainder interests of which are irrevocably dedicated to any charitable organization;

(v) assets of a charitable lead trust;

(vi) assets of a trust, the remainder interests of which are revocably dedicated to or for the benefit of 1 or more charitable organizations, if the ability to revoke the dedication is limited to circumstances involving—

(I) an adverse change in the financial circumstances of a settlor or an income beneficiary of the trust;

(II) a change in the identity of the charitable organization or organizations having the remainder interest, provided that the new beneficiary is also a charitable organization; or

(III) both the changes described in subclauses (I) and (II);

(vii) assets of a trust not described in clauses (i) through (v), the remainder interests of which are revocably dedicated to a charitable organization, subject to subparagraph (C); or

(viii) such assets as the Commission may prescribe by rule, regulation, or order in accordance with section 6(c).

(C) A fund that contains assets described in clause (vii) of subparagraph (B) shall be excluded from the definition of an investment company for a period of 3 years after the date of enactment of this subparagraph, but only if—

(i) such assets were contributed before the date which is 60 days after the date of enactment of this subparagraph; and

(ii) such assets are commingled in the fund with assets described in one or more of clauses (i) through (vi) and (viii) of subparagraph (B).

(D) For purposes of this paragraph—

(i) a trust or fund is “maintained” by a charitable organization if the organization serves as a trustee or administrator of the trust or fund or has the power to remove the trustees or administrators of the trust or fund and to designate new trustees or administrators;

(ii) the term “pooled income fund” has the same meaning as in section 642(c)(5) of the Internal Revenue Code of 1986;

(iii) the term “charitable organization” means an organization described in paragraphs (1) through (5) of section 170(c) or section 501(c)(3) of the Internal Revenue Code of 1986;

(iv) the term “charitable lead trust” means a trust described in section 170(f)(2)(B), 2055(e)(2)(B), or 2522(c)(2)(B) of the Internal Revenue Code of 1986;

(v) the term “charitable remainder trust” means a charitable remainder annuity trust or a charitable remainder unitrust, as those terms are defined in section 664(d) of the Internal Revenue Code of 1986; and

(vi) the term “charitable gift annuity” means an annuity issued by a charitable organization that is described in section 501(m)(5) of the Internal Revenue Code of 1986.

(11) Any employee’s stock bonus, pension, or profit-sharing trust which meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986; or any governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933; or any collective trust fund maintained by a bank consisting solely of assets of one or more of such trusts, government plans, or church plans, companies or accounts that are excluded from the definition of an investment company under paragraph (14) of this subsection; or any separate account the assets of which are derived solely from (A) contributions under

pension or profit-sharing plans which meet the requirements of section 401 of the Internal Revenue Code of 1986 or the requirements for deduction of the employer's contribution under section 404(a)(2) of such Code, (B) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 by section 3(a)(2)(C) of such Act, and (C) advances made by an insurance company in connection with the operation of such separate account.

(12) Any voting trust the assets of which consist exclusively of securities of a single issuer which is not an investment company.

(13) Any security holders' protective committee or similar issuer having outstanding and issuing no securities other than certificates of deposit and short-term paper.

(14) Any church plan described in section 414(e) of the Internal Revenue Code of 1986, if, under any such plan, no part of the assets may be used for, or diverted to, purposes other than the exclusive benefit of plan participants or beneficiaries, or any company or account that is—

(A) established by a person that is eligible to establish and maintain such a plan under section 414(e) of the Internal Revenue Code of 1986; and

(B) substantially all of the activities of which consist of—

(i) managing or holding assets contributed to such church plans or other assets which are permitted to be commingled with the assets of church plans under the Internal Revenue Code of 1986; or

(ii) administering or providing benefits pursuant to church plans.

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TRUTH IN LENDING ACT

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TITLE I—CONSUMER CREDIT COST DISCLOSURE

CHAPTER 1—GENERAL PROVISIONS

* * * * *

§ 103. Definitions and rules of construction

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this title.

(b) BUREAU.—The term “Bureau ” means the Bureau of Consumer Financial Protection.

(c) The term “Bureau ” refers to the Bureau of Governors of the Federal Reserve System.

(d) The term “organization” means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(e) The term “person” means a natural person or an organization.

(f) The term “credit” means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(g) The term “creditor” refers only to a person who both (1) regularly extends, whether in connection with loans, sales of property or services, or otherwise, consumer credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, and (2) is the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement. Notwithstanding the preceding sentence, in the case of an open-end credit plan involving a credit card, the card issuer and any person who honors the credit card and offers a discount which is a finance charge are creditors. For the purpose of the requirements imposed under chapter 4 and sections 127(a)(5), 127(a)(6), 127(a)(7), 127(b)(1), 127(b)(2), 127(b)(3), 127(b)(8), and 127(b)(10) of chapter 2 of this title, the term “creditor” shall also include card issuers whether or not the amount due is payable by agreement in more than four installments or the payment of a finance charge is or may be required, and the Bureau shall, by regulation, apply these requirements to such card issuers, to the extent appropriate, even though the requirements are by their terms applicable only to creditors offering open-end credit plans. Any person who originates 2 or more mortgages referred to in subsection (aa) in any 12-month period or any person who originates 1 or more such mortgages through a mortgage broker shall be considered to be a creditor for purposes of this title. The term “creditor” includes a private educational lender (as that term is defined in section 140) for purposes of this title.

(h) The term “credit sale” refers to any sale in which the seller is a creditor. The term includes any contract in the form of a bailment or lease if the bailee or lessee contracts to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the property and services involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the property upon full compliance with his obligations under the contract.

(i) The adjective “consumer”, used with reference to a credit transaction, characterizes the transaction as one in which the party to whom credit is offered or extended is a natural person, and the money, property, or services which are the subject of the transaction are primarily for personal, family, or household purposes.

(j) The terms “open end credit plan” and “open end consumer credit plan” mean a plan under which the creditor reasonably contemplates repeated transactions, which prescribes the terms of such transactions, and which provides for a finance charge which may be computed from time to time on the outstanding unpaid balance. A credit plan or open end consumer credit plan which is an open end credit plan or open end consumer credit plan within the meaning of the preceding sentence is an open end credit plan or open end consumer credit plan even if credit information is verified from time to time.

(k) The term “adequate notice”, as used in section 133, means a printed notice to a cardholder which sets forth the pertinent facts clearly and conspicuously so that a person against whom it is to operate could reasonably be expected to have noticed it and understood its meaning. Such notice may be given to a cardholder by printing the notice on any credit card, or on each periodic statement of account, issued to the cardholder, or by any other means reasonably assuring the receipt thereof by the cardholder.

(l) The term “credit card” means any card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

(m) The term “accepted credit card” means any credit card which the cardholder has requested and received or has signed or has used, or authorized another to use, for the purpose of obtaining money, property, labor, or services on credit.

(n) The term “cardholder” means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

(o) The term “card issuer” means any person who issues a credit card, or the agent of such person with respect to such card.

(p) The term “unauthorized use”, as used in section 133, means a use of a credit card by a person other than the cardholder who does not have actual, implied, or apparent authority for such use and from which the cardholder receives no benefit.

(q) The term “discount” as used in section 167 means a reduction made from the regular price. The term “discount” as used in section 167 shall not mean a surcharge.

(r) The term “surcharge” as used in section 103 and section 167 means any means of increasing the regular price to a cardholder which is not imposed upon customers paying by cash, check, or similar means.

(s) The term “State” refers to any State, the Commonwealth of Puerto Rico, the District of Columbia, and any territory or possession of the United States.

(t) The term “agricultural purposes” includes the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products by a natural person who cultivates, plants, propagates, or nurtures those agricultural products, including but not limited to the acquisition of farmland, real property with a farm residence, and personal property and services used primarily in farming.

(u) The term “agricultural products” includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any products thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured products thereof.

(v) The term “material disclosures” means the disclosure, as required by this title, of the annual percentage rate, the method of determining the finance charge and the balance upon which a finance charge will be imposed, the amount of the finance charge, the amount to be financed, the total of payments, the number and amount of payments, the due dates or periods of payments sched-

uled to repay the indebtedness, and the disclosures required by section 129(a).

(w) The term “dwelling” means a residential structure or mobile home which contains one to four family housing units, or individual units of condominiums or cooperatives.

(x) The term “residential mortgage transaction” means a transaction in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained against the consumer’s dwelling to finance the acquisition or initial construction of such dwelling.

(y) As used in this section and section 167, the term “regular price” means the tag or posted price charged for the property or service if a single price is tagged or posted, or the price charged for the property or service when payment is made by use of an open-end credit plan or a credit card if either (1) no price is tagged or posted, or (2) two prices are tagged or posted, one of which is charged when payment is made by use of an open-end credit plan or a credit card and the other when payment is made by use of cash, check, or similar means. For purposes of this definition, payment by check, draft, or other negotiable instrument which may result in the debiting of an open-end credit plan or a credit cardholder’s open-end account shall not be considered payment made by use of the plan or the account.

(z) Any reference to any requirement imposed under this title or any provision thereof includes reference to the regulations of the Bureau under this title or the provision thereof in question.

[(bb)] (aa) HIGH-COST MORTGAGE.—

(1) DEFINITION.—

(A) IN GENERAL.—The term “high-cost mortgage”, and a mortgage referred to in this subsection, means a consumer credit transaction that is secured by the consumer’s principal dwelling, other than a reverse mortgage transaction, if—

(i) in the case of a credit transaction secured—

(I) by a first mortgage on the consumer’s principal dwelling, the annual percentage rate at consummation of the transaction will exceed by more than 6.5 percentage points [(8.5 percentage points, if the dwelling is personal property and the transaction is for less than \$50,000)] *(10 percentage points if the dwelling is personal property or is a transaction that does not include the purchase of real property on which a dwelling is to be placed, and the transaction is for less than \$75,000 (as such amount is adjusted by the Consumer Law Enforcement Agency to reflect the change in the Consumer Price Index))* the average prime offer rate, as defined in section 129C(b)(2)(B), for a comparable transaction; or

(II) by a subordinate or junior mortgage on the consumer’s principal dwelling, the annual percentage rate at consummation of the transaction will exceed by more than 8.5 percentage points the av-

erage prime offer rate, as defined in section 129C(b)(2)(B), for a comparable transaction;

(ii) the total points and fees payable in connection with the transaction, other than bona fide third party charges not retained by the mortgage originator, creditor, or an affiliate of the creditor or mortgage originator, exceed—

(I) in the case of a transaction for \$20,000 or more, 5 percent of the total transaction amount; **[or]**

(II) in the case of a transaction for less than \$20,000, the lesser of 8 percent of the total transaction amount or \$1,000 (or such other dollar amount as the Bureau shall prescribe by regulation); or

(III) in the case of a transaction for less than \$75,000 (as such amount is adjusted by the Consumer Law Enforcement Agency to reflect the change in the Consumer Price Index) in which the dwelling is personal property (or is a consumer credit transaction that does not include the purchase of real property on which a dwelling is to be placed) the greater of 5 percent of the total transaction amount or \$3,000 (as such amount is adjusted by the Consumer Law Enforcement Agency to reflect the change in the Consumer Price Index); or

(iii) the credit transaction documents permit the creditor to charge or collect prepayment fees or penalties more than 36 months after the transaction closing or such fees or penalties exceed, in the aggregate, more than 2 percent of the amount prepaid.

(B) **INTRODUCTORY RATES TAKEN INTO ACCOUNT.**—For purposes of subparagraph (A)(i), the annual percentage rate of interest shall be determined based on the following interest rate:

(i) In the case of a fixed-rate transaction in which the annual percentage rate will not vary during the term of the loan, the interest rate in effect on the date of consummation of the transaction.

(ii) In the case of a transaction in which the rate of interest varies solely in accordance with an index, the interest rate determined by adding the index rate in effect on the date of consummation of the transaction to the maximum margin permitted at any time during the loan agreement.

(iii) In the case of any other transaction in which the rate may vary at any time during the term of the loan for any reason, the interest charged on the transaction at the maximum rate that may be charged during the term of the loan.

(C) **MORTGAGE INSURANCE.**—For the purposes of computing the total points and fees under paragraph (4), the total points and fees shall exclude—

(i) any premium provided by an agency of the Federal Government or an agency of a State;

(ii) any amount that is not in excess of the amount payable under policies in effect at the time of origination under section 203(c)(2)(A) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)), provided that the premium, charge, or fee is required to be refundable on a pro-rated basis and the refund is automatically issued upon notification of the satisfaction of the underlying mortgage loan; and

(iii) any premium paid by the consumer after closing.

(2)(A) After the 2-year period beginning on the effective date of the regulations promulgated under section 155 of the Riegle Community Development and Regulatory Improvement Act of 1994, and no more frequently than biennially after the first increase or decrease under this subparagraph, the Bureau may by regulation increase or decrease the number of percentage points specified in paragraph (1)(A), if the Bureau determines that the increase or decrease is—

(i) consistent with the consumer protections against abusive lending provided by the amendments made by subtitle B of title I of the Riegle Community Development and Regulatory Improvement Act of 1994; and

(ii) warranted by the need for credit.

(B) An increase or decrease under subparagraph (A)—

(i) may not result in the number of percentage points referred to in paragraph (1)(A)(i)(I) being less than 6 percentage points or greater than 10 percentage points; and

(ii) may not result in the number of percentage points referred to in paragraph (1)(A)(i)(II) being less than 8 percentage points or greater than 12 percentage points.

(C) In determining whether to increase or decrease the number of percentage points referred to in subparagraph (A), the Bureau shall consult with representatives of consumers, including low-income consumers, and lenders.

(3) The amount specified in paragraph (1)(B)(ii) shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index, as reported on June 1 of the year preceding such adjustment.

(4) For purposes of paragraph (1)(B), points and fees shall include—

(A) all items included in the finance charge, except interest or the time-price differential;

(B) all compensation paid directly or indirectly by a consumer or creditor to a mortgage originator from any source, including a mortgage originator that is also the creditor in a table-funded transaction;

(C) each of the charges listed in section 106(e) (except an escrow for future payment of taxes), unless—

(i) the charge is reasonable;

(ii) the creditor receives no direct or indirect compensation; and

(iii) the charge is paid to a third party unaffiliated with the creditor; and

(D) premiums or other charges payable at or before closing for any credit life, credit disability, credit unemployment, or credit property insurance, or any other accident, loss-of-income, life or health insurance, or any payments directly or indirectly for any debt cancellation or suspension agreement or contract, except that insurance premiums or debt cancellation or suspension fees calculated and paid in full on a monthly basis shall not be considered financed by the creditor;

(E) the maximum prepayment fees and penalties which may be charged or collected under the terms of the credit transaction;

(F) all prepayment fees or penalties that are incurred by the consumer if the loan refinances a previous loan made or currently held by the same creditor or an affiliate of the creditor; and

(G) such other charges as the Bureau determines to be appropriate.

(5) CALCULATION OF POINTS AND FEES FOR OPEN-END CONSUMER CREDIT PLANS.—In the case of open-end consumer credit plans, points and fees shall be calculated, for purposes of this section and section 129, by adding the total points and fees known at or before closing, including the maximum prepayment penalties which may be charged or collected under the terms of the credit transaction, plus the minimum additional fees the consumer would be required to pay to draw down an amount equal to the total credit line.

(6) This subsection shall not be construed to limit the rate of interest or the finance charge that a person may charge a consumer for any extension of credit.

[(aa)] (bb) The disclosure of an amount or percentage which is greater than the amount or percentage required to be disclosed under this title does not in itself constitute a violation of this title.

(cc) The term “reverse mortgage transaction” means a non-recourse transaction in which a mortgage, deed of trust, or equivalent consensual security interest is created against the consumer’s principal dwelling—

(1) securing one or more advances; and

(2) with respect to which the payment of any principal, interest, and shared appreciation or equity is due and payable (other than in the case of default) only after—

(A) the transfer of the dwelling;

(B) the consumer ceases to occupy the dwelling as a principal dwelling; or

(C) the death of the consumer.

[(cc)] (dd) DEFINITIONS RELATING TO MORTGAGE ORIGATION AND RESIDENTIAL MORTGAGE LOANS.—

(1) COMMISSION.—Unless otherwise specified, the term “Commission” means the Federal Trade Commission.

(2) MORTGAGE ORIGINATOR.—The term “mortgage originator”—

(A) means any person who, for direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain—

(i) takes a residential mortgage loan application;

(ii) assists a consumer in obtaining or applying to obtain a residential mortgage loan; or

(iii) offers or negotiates terms of a residential mortgage loan;

(B) includes any person who represents to the public, through advertising or other means of communicating or providing information (including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items), that such person can or will provide any of the services or perform any of the activities described in subparagraph (A);

(C) does not include any person who is (i) not otherwise described in subparagraph (A) or (B) and who performs purely administrative or clerical tasks on behalf of a person who is described in any such subparagraph, or (ii) **[an employee of a retailer of manufactured homes who is not described in clause (i) or (iii) of subparagraph (A) and who does not advise a consumer on loan terms (including rates, fees, and other costs)]** *a retailer of manufactured or modular homes or its employees unless such retailer or its employees receive compensation or gain for engaging in activities described in subparagraph (A) that is in excess of any compensation or gain received in a comparable cash transaction;*

(D) does not include a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with applicable State law, unless such person or entity is compensated by a lender, a mortgage broker, or other mortgage originator or by any agent of such lender, mortgage broker, or other mortgage originator;

(E) does not include, with respect to a residential mortgage loan, a person, estate, or trust that provides mortgage financing for the sale of 3 properties in any 12-month period to purchasers of such properties, each of which is owned by such person, estate, or trust and serves as security for the loan, provided that such loan—

(i) is not made by a person, estate, or trust that has constructed, or acted as a contractor for the construction of, a residence on the property in the ordinary course of business of such person, estate, or trust;

(ii) is fully amortizing;

(iii) is with respect to a sale for which the seller determines in good faith and documents that the buyer has a reasonable ability to repay the loan;

(iv) has a fixed rate or an adjustable rate that is adjustable after 5 or more years, subject to reasonable annual and lifetime limitations on interest rate increases; and

(v) meets any other criteria the Bureau may prescribe;

(F) does not include the creditor (except the creditor in a table-funded transaction) under paragraph (1), (2), or (4) of section 129B(c); and

(G) does not include a servicer or servicer employees, agents and contractors, including but not limited to those who offer or negotiate terms of a residential mortgage loan for purposes of renegotiating, modifying, replacing and subordinating principal of existing mortgages where borrowers are behind in their payments, in default or have a reasonable likelihood of being in default or falling behind.

(3) **NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY.**—The term “Nationwide Mortgage Licensing System and Registry” has the same meaning as in the Secure and Fair Enforcement for Mortgage Licensing Act of 2008.

(4) **OTHER DEFINITIONS RELATING TO MORTGAGE ORIGINATOR.**—For purposes of this subsection, a person “assists a consumer in obtaining or applying to obtain a residential mortgage loan” by, among other things, advising on residential mortgage loan terms (including rates, fees, and other costs), preparing residential mortgage loan packages, or collecting information on behalf of the consumer with regard to a residential mortgage loan.

(5) **RESIDENTIAL MORTGAGE LOAN.**—The term “residential mortgage loan” means any consumer credit transaction that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or on residential real property that includes a dwelling, other than a consumer credit transaction under an open end credit plan or, for purposes of sections 129B and 129C and section 128(a) (16), (17), (18), and (19), and sections 128(f) and 130(k), and any regulations promulgated thereunder, an extension of credit relating to a plan described in section 101(53D) of title 11, United States Code.

(6) **SECRETARY.**—The term “Secretary”, when used in connection with any transaction or person involved with a residential mortgage loan, means the Secretary of Housing and Urban Development.

(7) **SERVICER.**—The term “servicer” has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605(i)(2)).

[(dd)] (ee) BONA FIDE DISCOUNT POINTS AND PREPAYMENT PENALTIES.—For the purposes of determining the amount of points and fees for purposes of subsection (aa), either the amounts described in paragraph (1) or (2) of the following paragraphs, but not both, shall be excluded:

(1) Up to and including 2 bona fide discount points payable by the consumer in connection with the mortgage, but only if the interest rate from which the mortgage’s interest rate will be discounted does not exceed by more than 1 percentage point—

(A) the average prime offer rate, as defined in section 129C; or

(B) if secured by a personal property loan, the average rate on a loan in connection with which insurance is provided under title I of the National Housing Act (12 U.S.C. 1702 et seq.).

(2) Unless 2 bona fide discount points have been excluded under paragraph (1), up to and including 1 bona fide discount point payable by the consumer in connection with the mort-

gage, but only if the interest rate from which the mortgage's interest rate will be discounted does not exceed by more than 2 percentage points—

(A) the average prime offer rate, as defined in section 129C; or

(B) if secured by a personal property loan, the average rate on a loan in connection with which insurance is provided under title I of the National Housing Act (12 U.S.C. 1702 et seq.).

(3) For purposes of paragraph (1), the term “bona fide discount points” means loan discount points which are knowingly paid by the consumer for the purpose of reducing, and which in fact result in a bona fide reduction of, the interest rate or time-price differential applicable to the mortgage.

(4) Paragraphs (1) and (2) shall not apply to discount points used to purchase an interest rate reduction unless the amount of the interest rate reduction purchased is reasonably consistent with established industry norms and practices for secondary mortgage market transactions.

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CHAPTER 2—CREDIT TRANSACTIONS

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§ 129C. Minimum standards for residential mortgage loans

(a) ABILITY TO REPAY.—

(1) IN GENERAL.—In accordance with regulations prescribed by the Board, no creditor may make a residential mortgage loan unless the creditor makes a reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan, according to its terms, and all applicable taxes, insurance (including mortgage guarantee insurance), and assessments.

(2) MULTIPLE LOANS.—If the creditor knows, or has reason to know, that 1 or more residential mortgage loans secured by the same dwelling will be made to the same consumer, the creditor shall make a reasonable and good faith determination, based on verified and documented information, that the consumer has a reasonable ability to repay the combined payments of all loans on the same dwelling according to the terms of those loans and all applicable taxes, insurance (including mortgage guarantee insurance), and assessments.

(3) BASIS FOR DETERMINATION.—A determination under this subsection of a consumer's ability to repay a residential mortgage loan shall include consideration of the consumer's credit history, current income, expected income the consumer is reasonably assured of receiving, current obligations, debt-to-income ratio or the residual income the consumer will have after paying non-mortgage debt and mortgage-related obligations, employment status, and other financial resources other than the consumer's equity in the dwelling or real property that secures repayment of the loan. A creditor shall determine the

ability of the consumer to repay using a payment schedule that fully amortizes the loan over the term of the loan.

(4) **INCOME VERIFICATION.**—A creditor making a residential mortgage loan shall verify amounts of income or assets that such creditor relies on to determine repayment ability, including expected income or assets, by reviewing the consumer's Internal Revenue Service Form W-2, tax returns, payroll receipts, financial institution records, or other third-party documents that provide reasonably reliable evidence of the consumer's income or assets. In order to safeguard against fraudulent reporting, any consideration of a consumer's income history in making a determination under this subsection shall include the verification of such income by the use of—

(A) Internal Revenue Service transcripts of tax returns;

or

(B) a method that quickly and effectively verifies income documentation by a third party subject to rules prescribed by the Board.

(5) **EXEMPTION.**—With respect to loans made, guaranteed, or insured by Federal departments or agencies identified in subsection (b)(3)(B)(ii), such departments or agencies may exempt refinancings under a streamlined refinancing from this income verification requirement as long as the following conditions are met:

(A) The consumer is not 30 days or more past due on the prior existing residential mortgage loan.

(B) The refinancing does not increase the principal balance outstanding on the prior existing residential mortgage loan, except to the extent of fees and charges allowed by the department or agency making, guaranteeing, or insuring the refinancing.

(C) Total points and fees (as defined in section 103(aa)(4), other than bona fide third party charges not retained by the mortgage originator, creditor, or an affiliate of the creditor or mortgage originator) payable in connection with the refinancing do not exceed 3 percent of the total new loan amount.

(D) The interest rate on the refinanced loan is lower than the interest rate of the original loan, unless the borrower is refinancing from an adjustable rate to a fixed-rate loan, under guidelines that the department or agency shall establish for loans they make, guarantee, or issue.

(E) The refinancing is subject to a payment schedule that will fully amortize the refinancing in accordance with the regulations prescribed by the department or agency making, guaranteeing, or insuring the refinancing.

(F) The terms of the refinancing do not result in a balloon payment, as defined in subsection (b)(2)(A)(ii).

(G) Both the residential mortgage loan being refinanced and the refinancing satisfy all requirements of the department or agency making, guaranteeing, or insuring the refinancing.

(6) **NONSTANDARD LOANS.**—

(A) **VARIABLE RATE LOANS THAT DEFER REPAYMENT OF ANY PRINCIPAL OR INTEREST.**—For purposes of determining,

under this subsection, a consumer's ability to repay a variable rate residential mortgage loan that allows or requires the consumer to defer the repayment of any principal or interest, the creditor shall use a fully amortizing repayment schedule.

(B) INTEREST-ONLY LOANS.—For purposes of determining, under this subsection, a consumer's ability to repay a residential mortgage loan that permits or requires the payment of interest only, the creditor shall use the payment amount required to amortize the loan by its final maturity.

(C) CALCULATION FOR NEGATIVE AMORTIZATION.—In making any determination under this subsection, a creditor shall also take into consideration any balance increase that may accrue from any negative amortization provision.

(D) CALCULATION PROCESS.—For purposes of making any determination under this subsection, a creditor shall calculate the monthly payment amount for principal and interest on any residential mortgage loan by assuming—

(i) the loan proceeds are fully disbursed on the date of the consummation of the loan;

(ii) the loan is to be repaid in substantially equal monthly amortizing payments for principal and interest over the entire term of the loan with no balloon payment, unless the loan contract requires more rapid repayment (including balloon payment), in which case the calculation shall be made (I) in accordance with regulations prescribed by the Board, with respect to any loan which has an annual percentage rate that does not exceed the average prime offer rate for a comparable transaction, as of the date the interest rate is set, by 1.5 or more percentage points for a first lien residential mortgage loan; and by 3.5 or more percentage points for a subordinate lien residential mortgage loan; or (II) using the contract's repayment schedule, with respect to a loan which has an annual percentage rate, as of the date the interest rate is set, that is at least 1.5 percentage points above the average prime offer rate for a first lien residential mortgage loan; and 3.5 percentage points above the average prime offer rate for a subordinate lien residential mortgage loan; and

(iii) the interest rate over the entire term of the loan is a fixed rate equal to the fully indexed rate at the time of the loan closing, without considering the introductory rate.

(E) REFINANCE OF HYBRID LOANS WITH CURRENT LENDER.—In considering any application for refinancing an existing hybrid loan by the creditor into a standard loan to be made by the same creditor in any case in which there would be a reduction in monthly payment and the mortgagor has not been delinquent on any payment on the existing hybrid loan, the creditor may—

(i) consider the mortgagor's good standing on the existing mortgage;

(ii) consider if the extension of new credit would prevent a likely default should the original mortgage reset and give such concerns a higher priority as an acceptable underwriting practice; and

(iii) offer rate discounts and other favorable terms to such mortgagor that would be available to new customers with high credit ratings based on such underwriting practice.

(7) FULLY-INDEXED RATE DEFINED.—For purposes of this subsection, the term “fully indexed rate” means the index rate prevailing on a residential mortgage loan at the time the loan is made plus the margin that will apply after the expiration of any introductory interest rates.

(8) REVERSE MORTGAGES AND BRIDGE LOANS.—This subsection shall not apply with respect to any reverse mortgage or temporary or bridge loan with a term of 12 months or less, including to any loan to purchase a new dwelling where the consumer plans to sell a different dwelling within 12 months.

(9) SEASONAL INCOME.—If documented income, including income from a small business, is a repayment source for a residential mortgage loan, a creditor may consider the seasonality and irregularity of such income in the underwriting of and scheduling of payments for such credit.

(b) PRESUMPTION OF ABILITY TO REPAY.—

(1) IN GENERAL.—Any creditor with respect to any residential mortgage loan, and any assignee of such loan subject to liability under this title, may presume that the loan has met the requirements of subsection (a), if the loan is a qualified mortgage.

(2) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

(A) QUALIFIED MORTGAGE.—The term “qualified mortgage” means any residential mortgage loan—

(i) for which the regular periodic payments for the loan may not—

(I) result in an increase of the principal balance;

or

(II) except as provided in subparagraph (E), allow the consumer to defer repayment of principal;

(ii) except as provided in subparagraph (E), the terms of which do not result in a balloon payment, where a “balloon payment” is a scheduled payment that is more than twice as large as the average of earlier scheduled payments;

(iii) for which the income and financial resources relied upon to qualify the obligors on the loan are verified and documented;

(iv) in the case of a fixed rate loan, for which the underwriting process is based on a payment schedule that fully amortizes the loan over the loan term and takes into account all applicable taxes, insurance, and assessments;

(v) in the case of an adjustable rate loan, for which the underwriting is based on the maximum rate per-

mitted under the loan during the first 5 years, and a payment schedule that fully amortizes the loan over the loan term and takes into account all applicable taxes, insurance, and assessments;

(vi) that complies with any guidelines or regulations established by the Board relating to ratios of total monthly debt to monthly income or alternative measures of ability to pay regular expenses after payment of total monthly debt, taking into account the income levels of the borrower and such other factors as the Board may determine relevant and consistent with the purposes described in paragraph (3)(B)(i);

(vii) for which the total points and fees (as defined in subparagraph (C)) payable in connection with the loan do not exceed 3 percent of the total loan amount;

(viii) for which the term of the loan does not exceed 30 years, except as such term may be extended under paragraph (3), such as in high-cost areas; and

(ix) in the case of a reverse mortgage (except for the purposes of subsection (a) of section 129C, to the extent that such mortgages are exempt altogether from those requirements), a reverse mortgage which meets the standards for a qualified mortgage, as set by the Board in rules that are consistent with the purposes of this subsection.

(B) AVERAGE PRIME OFFER RATE.—The term “average prime offer rate” means the average prime offer rate for a comparable transaction as of the date on which the interest rate for the transaction is set, as published by the Board..

(C) POINTS AND FEES.—

(i) IN GENERAL.—For purposes of subparagraph (A), the term “points and fees” means points and fees as defined by section 103(aa)(4) (other than bona fide third party charges not retained by the mortgage originator, creditor, or an affiliate of the creditor or mortgage originator).

(ii) COMPUTATION.—For purposes of computing the total points and fees under this subparagraph, the total points and fees shall exclude either of the amounts described in the following subclauses, but not both:

(I) Up to and including 2 bona fide discount points payable by the consumer in connection with the mortgage, but only if the interest rate from which the mortgage’s interest rate will be discounted does not exceed by more than 1 percentage point the average prime offer rate.

(II) Unless 2 bona fide discount points have been excluded under subclause (I), up to and including 1 bona fide discount point payable by the consumer in connection with the mortgage, but only if the interest rate from which the mortgage’s interest rate will be discounted does not exceed by

more than 2 percentage points the average prime offer rate.

(iii) BONA FIDE DISCOUNT POINTS DEFINED.—For purposes of clause (ii), the term “bona fide discount points” means loan discount points which are knowingly paid by the consumer for the purpose of reducing, and which in fact result in a bona fide reduction of, the interest rate or time-price differential applicable to the mortgage.

(iv) INTEREST RATE REDUCTION.—Subclauses (I) and (II) of clause (ii) shall not apply to discount points used to purchase an interest rate reduction unless the amount of the interest rate reduction purchased is reasonably consistent with established industry norms and practices for secondary mortgage market transactions.

(D) SMALLER LOANS.—The Board shall prescribe rules adjusting the criteria under subparagraph (A)(vii) in order to permit lenders that extend smaller loans to meet the requirements of the presumption of compliance under paragraph (1). In prescribing such rules, the Board shall consider the potential impact of such rules on rural areas and other areas where home values are lower.

(E) BALLOON LOANS.—The Board may, by regulation, provide that the term “qualified mortgage” includes a balloon loan—

(i) that meets all of the criteria for a qualified mortgage under subparagraph (A) (except clauses (i)(II), (ii), (iv), and (v) of such subparagraph);

(ii) for which the creditor makes a determination that the consumer is able to make all scheduled payments, except the balloon payment, out of income or assets other than the collateral;

(iii) for which the underwriting is based on a payment schedule that fully amortizes the loan over a period of not more than 30 years and takes into account all applicable taxes, insurance, and assessments; and

(iv) that is extended by a creditor that—

(I) operates in rural or underserved areas;

(II) together with all affiliates, has total annual residential mortgage loan originations that do not exceed a limit set by the Board;

(III) retains the balloon loans in portfolio; and

(IV) meets any asset size threshold and any other criteria as the Board may establish, consistent with the purposes of this subtitle.

(3) REGULATIONS.—

(A) IN GENERAL.—The Board shall prescribe regulations to carry out the purposes of this subsection.

(B) REVISION OF SAFE HARBOR CRITERIA.—

(i) IN GENERAL.—The Board may prescribe regulations that revise, add to, or subtract from the criteria that define a qualified mortgage upon a finding that such regulations are necessary or proper to ensure that responsible, affordable mortgage credit remains

available to consumers in a manner consistent with the purposes of this section, necessary and appropriate to effectuate the purposes of this section and section 129B, to prevent circumvention or evasion thereof, or to facilitate compliance with such sections.

(ii) LOAN DEFINITION.—The following agencies shall, in consultation with the Board, prescribe rules defining the types of loans they insure, guarantee, or administer, as the case may be, that are qualified mortgages for purposes of paragraph (2)(A), and such rules may revise, add to, or subtract from the criteria used to define a qualified mortgage under paragraph (2)(A), upon a finding that such rules are consistent with the purposes of this section and section 129B, to prevent circumvention or evasion thereof, or to facilitate compliance with such sections:

(I) The Department of Housing and Urban Development, with regard to mortgages insured under the National Housing Act (12 U.S.C. 1707 et seq.).

(II) The Department of Veterans Affairs, with regard to a loan made or guaranteed by the Secretary of Veterans Affairs.

(III) The Department of Agriculture, with regard to loans guaranteed by the Secretary of Agriculture pursuant to 42 U.S.C. 1472(h).

(IV) The Rural Housing Service, with regard to loans insured by the Rural Housing Service.

(c) PROHIBITION ON CERTAIN PREPAYMENT PENALTIES.—

(1) PROHIBITION ON CERTAIN LOANS.—

(A) IN GENERAL.—A residential mortgage loan that is not a “qualified mortgage”, as defined under subsection (b)(2), may not contain terms under which a consumer must pay a prepayment penalty for paying all or part of the principal after the loan is consummated.

(B) EXCLUSIONS.—For purposes of this subsection, a “qualified mortgage” may not include a residential mortgage loan that—

(i) has an adjustable rate; or

(ii) has an annual percentage rate that exceeds the average prime offer rate for a comparable transaction, as of the date the interest rate is set—

(I) by 1.5 or more percentage points, in the case of a first lien residential mortgage loan having a original principal obligation amount that is equal to or less than the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date of such interest rate set, pursuant to the 6th sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2));

(II) by 2.5 or more percentage points, in the case of a first lien residential mortgage loan having a original principal obligation amount that is more

than the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date of such interest rate set, pursuant to the 6th sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)); and

(III) by 3.5 or more percentage points, in the case of a subordinate lien residential mortgage loan.

(2) PUBLICATION OF AVERAGE PRIME OFFER RATE AND APR THRESHOLDS.—The Board—

(A) shall publish, and update at least weekly, average prime offer rates;

(B) may publish multiple rates based on varying types of mortgage transactions; and

(C) shall adjust the thresholds established under subclause (I), (II), and (III) of paragraph (1)(B)(ii) as necessary to reflect significant changes in market conditions and to effectuate the purposes of the Mortgage Reform and Anti-Predatory Lending Act.

(3) PHASED-OUT PENALTIES ON QUALIFIED MORTGAGES.—A qualified mortgage (as defined in subsection (b)(2)) may not contain terms under which a consumer must pay a prepayment penalty for paying all or part of the principal after the loan is consummated in excess of the following limitations:

(A) During the 1-year period beginning on the date the loan is consummated, the prepayment penalty shall not exceed an amount equal to 3 percent of the outstanding balance on the loan.

(B) During the 1-year period beginning after the period described in subparagraph (A), the prepayment penalty shall not exceed an amount equal to 2 percent of the outstanding balance on the loan.

(C) During the 1-year period beginning after the 1-year period described in subparagraph (B), the prepayment penalty shall not exceed an amount equal to 1 percent of the outstanding balance on the loan.

(D) After the end of the 3-year period beginning on the date the loan is consummated, no prepayment penalty may be imposed on a qualified mortgage.

(4) OPTION FOR NO PREPAYMENT PENALTY REQUIRED.—A creditor may not offer a consumer a residential mortgage loan product that has a prepayment penalty for paying all or part of the principal after the loan is consummated as a term of the loan without offering the consumer a residential mortgage loan product that does not have a prepayment penalty as a term of the loan.

(d) SINGLE PREMIUM CREDIT INSURANCE PROHIBITED.—No creditor may finance, directly or indirectly, in connection with any residential mortgage loan or with any extension of credit under an open end consumer credit plan secured by the principal dwelling of the consumer, any credit life, credit disability, credit unemployment, or credit property insurance, or any other accident, loss-of-income, life, or health insurance, or any payments directly or indi-

rectly for any debt cancellation or suspension agreement or contract, except that—

(1) insurance premiums or debt cancellation or suspension fees calculated and paid in full on a monthly basis shall not be considered financed by the creditor; and

(2) this subsection shall not apply to credit unemployment insurance for which the unemployment insurance premiums are reasonable, the creditor receives no direct or indirect compensation in connection with the unemployment insurance premiums, and the unemployment insurance premiums are paid pursuant to another insurance contract and not paid to an affiliate of the creditor.

(e) ARBITRATION.—

(1) IN GENERAL.—No residential mortgage loan and no extension of credit under an open end consumer credit plan secured by the principal dwelling of the consumer may include terms which require arbitration or any other nonjudicial procedure as the method for resolving any controversy or settling any claims arising out of the transaction.

(2) POST-CONTROVERSY AGREEMENTS.—Subject to paragraph (3), paragraph (1) shall not be construed as limiting the right of the consumer and the creditor or any assignee to agree to arbitration or any other nonjudicial procedure as the method for resolving any controversy at any time after a dispute or claim under the transaction arises.

(3) NO WAIVER OF STATUTORY CAUSE OF ACTION.—No provision of any residential mortgage loan or of any extension of credit under an open end consumer credit plan secured by the principal dwelling of the consumer, and no other agreement between the consumer and the creditor relating to the residential mortgage loan or extension of credit referred to in paragraph (1), shall be applied or interpreted so as to bar a consumer from bringing an action in an appropriate district court of the United States, or any other court of competent jurisdiction, pursuant to section 130 or any other provision of law, for damages or other relief in connection with any alleged violation of this section, any other provision of this title, or any other Federal law.

(f) MORTGAGES WITH NEGATIVE AMORTIZATION.—No creditor may extend credit to a borrower in connection with a consumer credit transaction under an open or closed end consumer credit plan secured by a dwelling or residential real property that includes a dwelling, other than a reverse mortgage, that provides or permits a payment plan that may, at any time over the term of the extension of credit, result in negative amortization unless, before such transaction is consummated—

(1) the creditor provides the consumer with a statement that—

(A) the pending transaction will or may, as the case may be, result in negative amortization;

(B) describes negative amortization in such manner as the Board shall prescribe;

(C) negative amortization increases the outstanding principal balance of the account; and

- (D) negative amortization reduces the consumer's equity in the dwelling or real property; and
- (2) in the case of a first-time borrower with respect to a residential mortgage loan that is not a qualified mortgage, the first-time borrower provides the creditor with sufficient documentation to demonstrate that the consumer received homeownership counseling from organizations or counselors certified by the Secretary of Housing and Urban Development as competent to provide such counseling.
- (g) **PROTECTION AGAINST LOSS OF ANTI-DEFICIENCY PROTECTION.**—
- (1) **DEFINITION.**—For purposes of this subsection, the term “anti-deficiency law” means the law of any State which provides that, in the event of foreclosure on the residential property of a consumer securing a mortgage, the consumer is not liable, in accordance with the terms and limitations of such State law, for any deficiency between the sale price obtained on such property through foreclosure and the outstanding balance of the mortgage.
- (2) **NOTICE AT TIME OF CONSUMMATION.**—In the case of any residential mortgage loan that is, or upon consummation will be, subject to protection under an anti-deficiency law, the creditor or mortgage originator shall provide a written notice to the consumer describing the protection provided by the anti-deficiency law and the significance for the consumer of the loss of such protection before such loan is consummated.
- (3) **NOTICE BEFORE REFINANCING THAT WOULD CAUSE LOSS OF PROTECTION.**—In the case of any residential mortgage loan that is subject to protection under an anti-deficiency law, if a creditor or mortgage originator provides an application to a consumer, or receives an application from a consumer, for any type of refinancing for such loan that would cause the loan to lose the protection of such anti-deficiency law, the creditor or mortgage originator shall provide a written notice to the consumer describing the protection provided by the anti-deficiency law and the significance for the consumer of the loss of such protection before any agreement for any such refinancing is consummated.
- (h) **POLICY REGARDING ACCEPTANCE OF PARTIAL PAYMENT.**—In the case of any residential mortgage loan, a creditor shall disclose prior to settlement or, in the case of a person becoming a creditor with respect to an existing residential mortgage loan, at the time such person becomes a creditor—
- (1) the creditor's policy regarding the acceptance of partial payments; and
- (2) if partial payments are accepted, how such payments will be applied to such mortgage and if such payments will be placed in escrow.
- (i) **TIMESHARE PLANS.**—This section and any regulations promulgated under this section do not apply to an extension of credit relating to a plan described in section 101(53D) of title 11, United States Code.
- (j) **SAFE HARBOR FOR CERTAIN LOANS HELD ON PORTFOLIO.**—
- (1) **SAFE HARBOR FOR CREDITORS THAT ARE DEPOSITORY INSTITUTIONS.**—

(A) *IN GENERAL.*—A creditor that is a depository institution shall not be subject to suit for failure to comply with subsection (a), (c)(1), or (f)(2) of this section or section 129H with respect to a residential mortgage loan, and the banking regulators shall treat such loan as a qualified mortgage, if—

(i) the creditor has, since the origination of the loan, held the loan on the balance sheet of the creditor; and

(ii) all prepayment penalties with respect to the loan comply with the limitations described under subsection (c)(3).

(B) *EXCEPTION FOR CERTAIN TRANSFERS.*—In the case of a depository institution that transfers a loan originated by that institution to another depository institution by reason of the bankruptcy or failure of the originating depository institution or the purchase of the originating depository institution, the depository institution transferring such loan shall be deemed to have complied with the requirement under subparagraph (A)(i).

(2) *SAFE HARBOR FOR MORTGAGE ORIGINATORS.*—A mortgage originator shall not be subject to suit for a violation of section 129B(c)(3)(B) for steering a consumer to a residential mortgage loan if—

(A) the creditor of such loan is a depository institution and has informed the mortgage originator that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan; and

(B) the mortgage originator informs the consumer that the creditor intends to hold the loan on the balance sheet of the creditor for the life of the loan.

(3) *DEFINITIONS.*—For purposes of this subsection:

(A) *BANKING REGULATORS.*—The term “banking regulators” means the Federal banking agencies, the Bureau, and the National Credit Union Administration.

(B) *DEPOSITORY INSTITUTION.*—The term “depository institution” has the meaning given that term under section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 505(b)(1)).

(C) *FEDERAL BANKING AGENCIES.*—The term “Federal banking agencies” has the meaning given that term under section 3 of the Federal Deposit Insurance Act.

§ 129D. Escrow or impound accounts relating to certain consumer credit transactions

(a) *IN GENERAL.*—Except as provided in subsection (b), (c), (d), or (e), a creditor, in connection with the consummation of a consumer credit transaction secured by a first lien on the principal dwelling of the consumer, other than a consumer credit transaction under an open end credit plan or a reverse mortgage, shall establish, before the consummation of such transaction, an escrow or impound account for the payment of taxes and hazard insurance, and, if applicable, flood insurance, mortgage insurance, ground rents, and any other required periodic payments or premiums with respect to the property or the loan terms, as provided in, and in accordance with, this section.

(b) **WHEN REQUIRED.**—No impound, trust, or other type of account for the payment of property taxes, insurance premiums, or other purposes relating to the property may be required as a condition of a real property sale contract or a loan secured by a first deed of trust or mortgage on the principal dwelling of the consumer, other than a consumer credit transaction under an open end credit plan or a reverse mortgage, except when—

(1) any such impound, trust, or other type of escrow or impound account for such purposes is required by Federal or State law;

(2) a loan is made, guaranteed, or insured by a State or Federal governmental lending or insuring agency;

(3) the transaction is secured by a first mortgage or lien on the consumer's principal dwelling having an original principal obligation amount that—

(A) does not exceed the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date such interest rate set, pursuant to the sixth sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)), and the annual percentage rate will exceed the average prime offer rate as defined in section 129C by 1.5 or more percentage points; or

(B) exceeds the amount of the maximum limitation on the original principal obligation of mortgage in effect for a residence of the applicable size, as of the date such interest rate set, pursuant to the sixth sentence of section 305(a)(2) the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)), and the annual percentage rate will exceed the average prime offer rate as defined in section 129C by 2.5 or more percentage points; or

(4) so required pursuant to regulation.

(c) **EXEMPTIONS.**—The **[Board] Bureau** may, by regulation, exempt from the requirements of subsection (a) a creditor that—

(1) operates in rural or underserved areas;

(2) together with all affiliates, has total annual mortgage loan originations that do not exceed a limit set by the **[Board] Bureau**;

(3) retains its mortgage loan originations in portfolio; and

(4) meets any asset size threshold and any other criteria the **[Board] Bureau** may establish, consistent with the purposes of this subtitle.

(d) **DURATION OF MANDATORY ESCROW OR IMPOUND ACCOUNT.**—An escrow or impound account established pursuant to subsection (b) shall remain in existence for a minimum period of 5 years, beginning with the date of the consummation of the loan, unless and until—

(1) such borrower has sufficient equity in the dwelling securing the consumer credit transaction so as to no longer be required to maintain private mortgage insurance;

(2) such borrower is delinquent;

(3) such borrower otherwise has not complied with the legal obligation, as established by rule; or

(4) the underlying mortgage establishing the account is terminated.

(e) LIMITED EXEMPTIONS FOR LOANS SECURED BY SHARES IN A COOPERATIVE OR IN WHICH AN ASSOCIATION MUST MAINTAIN A MASTER INSURANCE POLICY.—Escrow accounts need not be established for loans secured by shares in a cooperative. Insurance premiums need not be included in escrow accounts for loans secured by dwellings or units, where the borrower must join an association as a condition of ownership, and that association has an obligation to the dwelling or unit owners to maintain a master policy insuring the dwellings or units.

(f) CLARIFICATION ON ESCROW ACCOUNTS FOR LOANS NOT MEETING STATUTORY TEST.—For mortgages not covered by the requirements of subsection (b), no provision of this section shall be construed as precluding the establishment of an impound, trust, or other type of account for the payment of property taxes, insurance premiums, or other purposes relating to the property—

- (1) on terms mutually agreeable to the parties to the loan;
- (2) at the discretion of the lender or servicer, as provided by the contract between the lender or servicer and the borrower;
- or

- (3) pursuant to the requirements for the escrowing of flood insurance payments for regulated lending institutions in section 102(d) of the Flood Disaster Protection Act of 1973.

(g) ADMINISTRATION OF MANDATORY ESCROW OR IMPOUND ACCOUNTS.—

- (1) IN GENERAL.—Except as may otherwise be provided for in this title or in regulations prescribed by the **[Board]** *Bureau*, escrow or impound accounts established pursuant to subsection (b) shall be established in a federally insured depository institution or credit union.

- (2) ADMINISTRATION.—Except as provided in this section or regulations prescribed under this section, an escrow or impound account subject to this section shall be administered in accordance with—

- (A) the Real Estate Settlement Procedures Act of 1974 and regulations prescribed under such Act;

- (B) the Flood Disaster Protection Act of 1973 and regulations prescribed under such Act; and

- (C) the law of the State, if applicable, where the real property securing the consumer credit transaction is located.

- (3) APPLICABILITY OF PAYMENT OF INTEREST.—If prescribed by applicable State or Federal law, each creditor shall pay interest to the consumer on the amount held in any impound, trust, or escrow account that is subject to this section in the manner as prescribed by that applicable State or Federal law.

- (4) PENALTY COORDINATION WITH RESPA.—Any action or omission on the part of any person which constitutes a violation of the Real Estate Settlement Procedures Act of 1974 or any regulation prescribed under such Act for which the person has paid any fine, civil money penalty, or other damages shall not give rise to any additional fine, civil money penalty, or other damages under this section, unless the action or omission also constitutes a direct violation of this section.

(h) DISCLOSURES RELATING TO MANDATORY ESCROW OR IMPOUND ACCOUNT.—In the case of any impound, trust, or escrow account

that is required under subsection (b), the creditor shall disclose by written notice to the consumer at least 3 business days before the consummation of the consumer credit transaction giving rise to such account or in accordance with timeframes established in prescribed regulations the following information:

(1) The fact that an escrow or impound account will be established at consummation of the transaction.

(2) The amount required at closing to initially fund the escrow or impound account.

(3) The amount, in the initial year after the consummation of the transaction, of the estimated taxes and hazard insurance, including flood insurance, if applicable, and any other required periodic payments or premiums that reflects, as appropriate, either the taxable assessed value of the real property securing the transaction, including the value of any improvements on the property or to be constructed on the property (whether or not such construction will be financed from the proceeds of the transaction) or the replacement costs of the property.

(4) The estimated monthly amount payable to be escrowed for taxes, hazard insurance (including flood insurance, if applicable) and any other required periodic payments or premiums.

(5) The fact that, if the consumer chooses to terminate the account in the future, the consumer will become responsible for the payment of all taxes, hazard insurance, and flood insurance, if applicable, as well as any other required periodic payments or premiums on the property unless a new escrow or impound account is established.

(6) Such other information as the **[Board]** *Bureau* determines necessary for the protection of the consumer.

(i) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

(1) **FLOOD INSURANCE.**—The term “flood insurance” means flood insurance coverage provided under the national flood insurance program pursuant to the National Flood Insurance Act of 1968.

(2) **HAZARD INSURANCE.**—The term “hazard insurance” shall have the same meaning as provided for “hazard insurance”, “casualty insurance”, “homeowner’s insurance”, or other similar term under the law of the State where the real property securing the consumer credit transaction is located.

(j) **DISCLOSURE NOTICE REQUIRED FOR CONSUMERS WHO WAIVE ESCROW SERVICES.**—

(1) **IN GENERAL.**—If—

(A) an impound, trust, or other type of account for the payment of property taxes, insurance premiums, or other purposes relating to real property securing a consumer credit transaction is not established in connection with the transaction; or

(B) a consumer chooses, and provides written notice to the creditor or servicer of such choice, at any time after such an account is established in connection with any such transaction and in accordance with any statute, regulation, or contractual agreement, to close such account,

the creditor or servicer shall provide a timely and clearly written disclosure to the consumer that advises the consumer of the responsibilities of the consumer and implications for the consumer in the absence of any such account.

(2) **DISCLOSURE REQUIREMENTS.**—Any disclosure provided to a consumer under paragraph (1) shall include the following:

(A) Information concerning any applicable fees or costs associated with either the non-establishment of any such account at the time of the transaction, or any subsequent closure of any such account.

(B) A clear and prominent statement that the consumer is responsible for personally and directly paying the non-escrowed items, in addition to paying the mortgage loan payment, in the absence of any such account, and the fact that the costs for taxes, insurance, and related fees can be substantial.

(C) A clear explanation of the consequences of any failure to pay non-escrowed items, including the possible requirement for the forced placement of insurance by the creditor or servicer and the potentially higher cost (including any potential commission payments to the servicer) or reduced coverage for the consumer in the event of any such creditor-placed insurance.

(D) Such other information as the **[Board]** *Bureau* determines necessary for the protection of the consumer.

(k) **SAFE HARBOR FOR LOANS HELD BY SMALLER CREDITORS.**—

(1) **IN GENERAL.**—*A creditor shall not be in violation of subsection (a) with respect to a loan if—*

(A) *the creditor has consolidated assets of \$10,000,000,000 or less; and*

(B) *the creditor holds the loan on the balance sheet of the creditor for the 3-year period beginning on the date of the origination of the loan.*

(2) **EXCEPTION FOR CERTAIN TRANSFERS.**—*In the case of a creditor that transfers a loan to another person by reason of the bankruptcy or failure of the creditor, the purchase of the creditor, or a supervisory act or recommendation from a State or Federal regulator, the creditor shall be deemed to have complied with the requirement under paragraph (1)(B).*

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FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989

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TITLE IX—REGULATORY ENFORCEMENT AUTHORITY AND CRIMINAL ENHANCEMENTS

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Subtitle E—Civil Penalties For Violations Involving Financial Institutions

SEC. 951. CIVIL PENALTIES.

(a) **IN GENERAL.**—Whoever violates any provision of law to which this section is made applicable by subsection (c) shall be subject to a civil penalty in an amount assessed by the court in a civil action under this section.

(b) **MAXIMUM AMOUNT OF PENALTY.**—

(1) **GENERALLY.**—The amount of the civil penalty shall not exceed \$1,000,000.

(2) **SPECIAL RULE FOR CONTINUING VIOLATIONS.**—In the case of a continuing violation, the amount of the civil penalty may exceed the amount described in paragraph (1) but may not exceed the lesser of \$1,000,000 per day or \$5,000,000.

(3) **SPECIAL RULE FOR VIOLATIONS CREATING GAIN OR LOSS.**—
(A) If any person derives pecuniary gain from the violation, or if the violation results in pecuniary loss to a person other than the violator, the amount of the civil penalty may exceed the amounts described in paragraphs (1) and (2) but may not exceed the amount of such gain or loss.

(B) As used in this paragraph, the term “person” includes the Bank Insurance Fund, the Savings Association Insurance Fund, and after the merger of such funds, the Deposit Insurance Fund, and the National Credit Union Share Insurance Fund.

(c) **VIOLATIONS TO WHICH PENALTY IS APPLICABLE.**—This section applies to a violation of, or a conspiracy to violate—

(1) section 215, 656, 657, 1005, 1006, 1007, 1014, or 1344 of title 18, United States Code;

(2) section 287, 1001, 1032, 1341 or 1343 of title 18, United States Code, **[affecting a federally insured financial institution]** *against a federally insured financial institution or by a federally insured financial institution against an unaffiliated third person*; or

(3) section 16(a) of the Small Business Act (15 U.S.C. 645(a)).

(d) **EFFECTIVE DATE.**—This section shall apply to violations occurring on or after August 10, 1984.

(e) **ATTORNEY GENERAL TO BRING ACTION.**—A civil action to recover a civil penalty under this section shall be commenced by the Attorney General.

(f) **BURDEN OF PROOF.**—In a civil action to recover a civil penalty under this section, the Attorney General must establish the right to recovery by a preponderance of the evidence.

(g) **ADMINISTRATIVE [SUBPOENAS] INVESTIGATIONS.**—

(1) **IN GENERAL.**—For the purpose of conducting a civil investigation in contemplation of a civil proceeding under this section, the Attorney General may—

(A) administer oaths and affirmations;

(B) take evidence; and

[(C) by subpoena, summon witnesses and require the production of any books, papers, correspondence, memoranda, or other records which the Attorney General deems relevant or material to the inquiry. Such subpoena may re-

quire the attendance of witnesses and the production of any such records from any place in the United States at any place in the United States designated by the Attorney General.】

(C) summon witnesses and require the production of any books, papers, correspondence, memoranda, or other records which the Attorney General deems relevant or material to the inquiry, if the Attorney General—

(i) requests a court order from a court of competent jurisdiction for such actions and offers specific and articulable facts showing that there are reasonable grounds to believe that the information or testimony sought is relevant and material for conducting an investigation under this section; or

(ii) either personally or through delegation no lower than the Deputy Attorney General, issues and signs a subpoena for such actions and such subpoena is supported by specific and articulable facts showing that there are reasonable grounds to believe that the information or testimony sought is relevant for conducting an investigation under this section.

(2) PROCEDURES APPLICABLE.—The same procedures and limitations as are provided with respect to civil investigative demands in subsections (g), (h), and (j) of section 1968 of title 18, United States Code, apply with respect to a subpoena issued under this subsection. Process required by such subsections to be served upon the custodian shall be served on the Attorney General. Failure to comply with an order of the court to enforce such subpoena shall be punishable as contempt.

(3) LIMITATION.—In the case of a subpoena for which the return date is less than 5 days after the date of service, no person shall be found in contempt for failure to comply by the return date if such person files a petition under paragraph (2) not later than 5 days after the date of service.

(h) STATUTE OF LIMITATIONS.—A civil action under this section may not be commenced later than 10 years after the cause of action accrues.

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REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

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SERVICING OF MORTGAGE LOANS AND ADMINISTRATION OF ESCROW ACCOUNTS

SEC. 6. (a) DISCLOSURE TO APPLICANT RELATING TO ASSIGNMENT, SALE, OR TRANSFER OF LOAN SERVICING.—Each person who makes a federally related mortgage loan shall disclose to each person who applies for the loan, at the time of application for the loan, whether the servicing of the loan may be assigned, sold, or transferred to any other person at any time while the loan is outstanding.

(b) NOTICE BY TRANSFEROR OR LOAN SERVICING AT TIME OF TRANSFER.—

(1) NOTICE REQUIREMENT.—Each servicer of any federally related mortgage loan shall notify the borrower in writing of any assignment, sale, or transfer of the servicing of the loan to any other person.

(2) TIME OF NOTICE.—

(A) IN GENERAL.—Except as provided under subparagraphs (B) and (C), the notice required under paragraph (1) shall be made to the borrower not less than 15 days before the effective date of transfer of the servicing of the mortgage loan (with respect to which such notice is made).

(B) EXCEPTION FOR CERTAIN PROCEEDINGS.—The notice required under paragraph (1) shall be made to the borrower not more than 30 days after the effective date of assignment, sale, or transfer of the servicing of the mortgage loan (with respect to which such notice is made) in any case in which the assignment, sale, or transfer of the servicing of the mortgage loan is preceded by—

(i) termination of the contract for servicing the loan for cause;

(ii) commencement of proceedings for bankruptcy of the servicer; or

(iii) commencement of proceedings by the Federal Deposit Insurance Corporation or the Resolution Trust Corporation for conservatorship or receivership of the servicer (or an entity by which the servicer is owned or controlled).

(C) EXCEPTION FOR NOTICE PROVIDED AT CLOSING.—The provisions of subparagraphs (A) and (B) shall not apply to any assignment, sale, or transfer of the servicing of any mortgage loan if the person who makes the loan provides to the borrower, at settlement (with respect to the property for which the mortgage loan is made), written notice under paragraph (3) of such transfer.

(3) CONTENTS OF NOTICE.—The notice required under paragraph (1) shall include the following information:

(A) The effective date of transfer of the servicing described in such paragraph.

(B) The name, address, and toll-free or collect call telephone number of the transferee servicer.

(C) A toll-free or collect call telephone number for (i) an individual employed by the transferor servicer, or (ii) the department of the transferor servicer, that can be contacted by the borrower to answer inquiries relating to the transfer of servicing.

(D) The name and toll-free or collect call telephone number for (i) an individual employed by the transferee servicer, or (ii) the department of the transferee servicer, that can be contacted by the borrower to answer inquiries relating to the transfer of servicing.

(E) The date on which the transferor servicer who is servicing the mortgage loan before the assignment, sale, or transfer will cease to accept payments relating to the loan and the date on which the transferee servicer will begin to accept such payments.

(F) Any information concerning the effect the transfer may have, if any, on the terms of or the continued availability of mortgage life or disability insurance or any other type of optional insurance and what action, if any, the borrower must take to maintain coverage.

(G) A statement that the assignment, sale, or transfer of the servicing of the mortgage loan does not affect any term or condition of the security instruments other than terms directly related to the servicing of such loan.

(c) NOTICE BY TRANSFeree OF LOAN SERVICING AT TIME OF TRANSFER.—

(1) NOTICE REQUIREMENT.—Each transferee servicer to whom the servicing of any federally related mortgage loan is assigned, sold, or transferred shall notify the borrower of any such assignment, sale, or transfer.

(2) TIME OF NOTICE.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the notice required under paragraph (1) shall be made to the borrower not more than 15 days after the effective date of transfer of the servicing of the mortgage loan (with respect to which such notice is made).

(B) EXCEPTION FOR CERTAIN PROCEEDINGS.—The notice required under paragraph (1) shall be made to the borrower not more than 30 days after the effective date of assignment, sale, or transfer of the servicing of the mortgage loan (with respect to which such notice is made) in any case in which the assignment, sale, or transfer of the servicing of the mortgage loan is preceded by—

(i) termination of the contract for servicing the loan for cause;

(ii) commencement of proceedings for bankruptcy of the servicer; or

(iii) commencement of proceedings by the Federal Deposit Insurance Corporation or the Resolution Trust Corporation for conservatorship or receivership of the servicer (or an entity by which the servicer is owned or controlled).

(C) EXCEPTION FOR NOTICE PROVIDED AT CLOSING.—The provisions of subparagraphs (A) and (B) shall not apply to any assignment, sale, or transfer of the servicing of any mortgage loan if the person who makes the loan provides to the borrower, at settlement (with respect to the property for which the mortgage loan is made), written notice under paragraph (3) of such transfer.

(3) CONTENTS OF NOTICE.—Any notice required under paragraph (1) shall include the information described in subsection (b)(3).

(d) TREATMENT OF LOAN PAYMENTS DURING TRANSFER PERIOD.—During the 60-day period beginning on the effective date of transfer of the servicing of any federally related mortgage loan, a late fee may not be imposed on the borrower with respect to any payment on such loan and no such payment may be treated as late for any other purposes, if the payment is received by the transferor servicer (rather than the transferee servicer who should properly receive payment) before the due date applicable to such payment.

(e) DUTY OF LOAN SERVICER TO RESPOND TO BORROWER INQUIRIES.—

(1) NOTICE OF RECEIPT OF INQUIRY.—

(A) IN GENERAL.—If any servicer of a federally related mortgage loan receives a qualified written request from the borrower (or an agent of the borrower) for information relating to the servicing of such loan, the servicer shall provide a written response acknowledging receipt of the correspondence within 5 days (excluding legal public holidays, Saturdays, and Sundays) unless the action requested is taken within such period.

(B) QUALIFIED WRITTEN REQUEST.—For purposes of this subsection, a qualified written request shall be a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, that—

(i) includes, or otherwise enables the servicer to identify, the name and account of the borrower; and

(ii) includes a statement of the reasons for the belief of the borrower, to the extent applicable, that the account is in error or provides sufficient detail to the servicer regarding other information sought by the borrower.

(2) ACTION WITH RESPECT TO INQUIRY.—Not later than 30 days (excluding legal public holidays, Saturdays, and Sundays) after the receipt from any borrower of any qualified written request under paragraph (1) and, if applicable, before taking any action with respect to the inquiry of the borrower, the servicer shall—

(A) make appropriate corrections in the account of the borrower, including the crediting of any late charges or penalties, and transmit to the borrower a written notification of such correction (which shall include the name and telephone number of a representative of the servicer who can provide assistance to the borrower);

(B) after conducting an investigation, provide the borrower with a written explanation or clarification that includes—

(i) to the extent applicable, a statement of the reasons for which the servicer believes the account of the borrower is correct as determined by the servicer; and

(ii) the name and telephone number of an individual employed by, or the office or department of, the servicer who can provide assistance to the borrower; or

(C) after conducting an investigation, provide the borrower with a written explanation or clarification that includes—

(i) information requested by the borrower or an explanation of why the information requested is unavailable or cannot be obtained by the servicer; and

(ii) the name and telephone number of an individual employed by, or the office or department of, the servicer who can provide assistance to the borrower.

(3) PROTECTION OF CREDIT RATING.—During the 60-day period beginning on the date of the servicer's receipt from any borrower of a qualified written request relating to a dispute re-

garding the borrower's payments, a servicer may not provide information regarding any overdue payment, owed by such borrower and relating to such period or qualified written request, to any consumer reporting agency (as such term is defined under section 603 of the Fair Credit Reporting Act).

(4) LIMITED EXTENSION OF RESPONSE TIME.—The 30-day period described in paragraph (2) may be extended for not more than 15 days if, before the end of such 30-day period, the servicer notifies the borrower of the extension and the reasons for the delay in responding.

(f) DAMAGES AND COSTS.—Whoever fails to comply with any provision of this section shall be liable to the borrower for each such failure in the following amounts:

(1) INDIVIDUALS.—In the case of any action by an individual, an amount equal to the sum of—

(A) any actual damages to the borrower as a result of the failure; and

(B) any additional damages, as the court may allow, in the case of a pattern or practice of noncompliance with the requirements of this section, in an amount not to exceed \$2,000.

(2) CLASS ACTIONS.—In the case of a class action, an amount equal to the sum of—

(A) any actual damages to each of the borrowers in the class as a result of the failure; and

(B) any additional damages, as the court may allow, in the case of a pattern or practice of noncompliance with the requirements of this section, in an amount not greater than \$2,000 for each member of the class, except that the total amount of damages under this subparagraph in any class action may not exceed the lesser of—

(i) \$1,000,000; or

(ii) 1 percent of the net worth of the servicer.

(3) COSTS.—In addition to the amounts under paragraph (1) or (2), in the case of any successful action under this section, the costs of the action, together with any attorneys fees incurred in connection with such action as the court may determine to be reasonable under the circumstances.

(4) NONLIABILITY.—A transferor or transferee servicer shall not be liable under this subsection for any failure to comply with any requirement under this section if, within 60 days after discovering an error (whether pursuant to a final written examination report or the servicer's own procedures) and before the commencement of an action under this subsection and the receipt of written notice of the error from the borrower, the servicer notifies the person concerned of the error and makes whatever adjustments are necessary in the appropriate account to ensure that the person will not be required to pay an amount in excess of any amount that the person otherwise would have paid.

(g) ADMINISTRATION OF ESCROW ACCOUNTS.—If the terms of any federally related mortgage loan require the borrower to make payments to the servicer of the loan for deposit into an escrow account for the purpose of assuring payment of taxes, insurance premiums, and other charges with respect to the property, the servicer shall

make payments from the escrow account for such taxes, insurance premiums, and other charges in a timely manner as such payments become due. Any balance in any such account that is within the servicer's control at the time the loan is paid off shall be promptly returned to the borrower within 20 business days or credited to a similar account for a new mortgage loan to the borrower with the same lender.

(h) **PREEMPTION OF CONFLICTING STATE LAWS.**—Notwithstanding any provision of any law or regulation of any State, a person who makes a federally related mortgage loan or a servicer shall be considered to have complied with the provisions of any such State law or regulation requiring notice to a borrower at the time of application for a loan or transfer of the servicing of a loan if such person or servicer complies with the requirements under this section regarding timing, content, and procedures for notification of the borrower.

(i) **DEFINITIONS.**—For purposes of this section:

(1) **EFFECTIVE DATE OF TRANSFER.**—The term “effective date of transfer” means the date on which the mortgage payment of a borrower is first due to the transferee servicer of a mortgage loan pursuant to the assignment, sale, or transfer of the servicing of the mortgage loan.

(2) **SERVICER.**—The term “servicer” means the person responsible for servicing of a loan (including the person who makes or holds a loan if such person also services the loan). The term does not include—

(A) the Federal Deposit Insurance Corporation or the Resolution Trust Corporation, in connection with assets acquired, assigned, sold, or transferred pursuant to section 13(c) of the Federal Deposit Insurance Act or as receiver or conservator of an insured depository institution; and

(B) the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Resolution Trust Corporation, or the Federal Deposit Insurance Corporation, in any case in which the assignment, sale, or transfer of the servicing of the mortgage loan is preceded by—

(i) termination of the contract for servicing the loan for cause;

(ii) commencement of proceedings for bankruptcy of the servicer; or

(iii) commencement of proceedings by the Federal Deposit Insurance Corporation or the Resolution Trust Corporation for conservatorship or receivership of the servicer (or an entity by which the servicer is owned or controlled).

(3) **SERVICING.**—The term “servicing” means receiving any scheduled periodic payments from a borrower pursuant to the terms of any loan, including amounts for escrow accounts described in section 10, and making the payments of principal and interest and such other payments with respect to the amounts received from the borrower as may be required pursuant to the terms of the loan.

(j) **TRANSITION.**—

(1) **ORIGINATOR LIABILITY.**—A person who makes a federally related mortgage loan shall not be liable to a borrower because of a failure of such person to comply with subsection (a) with respect to an application for a loan made by the borrower before the regulations referred to in paragraph (3) take effect.

(2) **SERVICER LIABILITY.**—A servicer of a federally related mortgage loan shall not be liable to a borrower because of a failure of the servicer to perform any duty under subsection (b), (c), (d), or (e) that arises before the regulations referred to in paragraph (3) take effect.

(3) **REGULATIONS AND EFFECTIVE DATE.**—The Bureau shall establish any requirements necessary to carry out this section. Such regulations shall include the model disclosure statement required under subsection (a)(2).

(k) **SERVICER PROHIBITIONS.**—

(1) **IN GENERAL.**—A servicer of a federally related mortgage shall not—

(A) obtain force-placed hazard insurance unless there is a reasonable basis to believe the borrower has failed to comply with the loan contract's requirements to maintain property insurance;

(B) charge fees for responding to valid qualified written requests (as defined in regulations which the Bureau of Consumer Financial Protection shall prescribe) under this section;

(C) fail to take timely action to respond to a borrower's requests to correct errors relating to allocation of payments, final balances for purposes of paying off the loan, or avoiding foreclosure, or other standard servicer's duties;

(D) fail to respond within 10 business days to a request from a borrower to provide the identity, address, and other relevant contact information about the owner or assignee of the loan; or

(E) fail to comply with any other obligation found by the Bureau of Consumer Financial Protection, by regulation, to be appropriate to carry out the consumer protection purposes of this Act.

(2) **FORCE-PLACED INSURANCE DEFINED.**—For purposes of this subsection and subsections (l) and (m), the term “force-placed insurance” means hazard insurance coverage obtained by a servicer of a federally related mortgage when the borrower has failed to maintain or renew hazard insurance on such property as required of the borrower under the terms of the mortgage.

(l) **REQUIREMENTS FOR FORCE-PLACED INSURANCE.**—A servicer of a federally related mortgage shall not be construed as having a reasonable basis for obtaining force-placed insurance unless the requirements of this subsection have been met.

(1) **WRITTEN NOTICES TO BORROWER.**—A servicer may not impose any charge on any borrower for force-placed insurance with respect to any property securing a federally related mortgage unless—

(A) the servicer has sent, by first-class mail, a written notice to the borrower containing—

(i) a reminder of the borrower's obligation to maintain hazard insurance on the property securing the federally related mortgage;

(ii) a statement that the servicer does not have evidence of insurance coverage of such property;

(iii) a clear and conspicuous statement of the procedures by which the borrower may demonstrate that the borrower already has insurance coverage; and

(iv) a statement that the servicer may obtain such coverage at the borrower's expense if the borrower does not provide such demonstration of the borrower's existing coverage in a timely manner;

(B) the servicer has sent, by first-class mail, a second written notice, at least 30 days after the mailing of the notice under subparagraph (A) that contains all the information described in each clause of such subparagraph; and

(C) the servicer has not received from the borrower any demonstration of hazard insurance coverage for the property securing the mortgage by the end of the 15-day period beginning on the date the notice under subparagraph (B) was sent by the servicer.

(2) SUFFICIENCY OF DEMONSTRATION.—A servicer of a federally related mortgage shall accept any reasonable form of written confirmation from a borrower of existing insurance coverage, which shall include the existing insurance policy number along with the identity of, and contact information for, the insurance company or agent, or as otherwise required by the Bureau of Consumer Financial Protection.

(3) TERMINATION OF FORCE-PLACED INSURANCE.—Within 15 days of the receipt by a servicer of confirmation of a borrower's existing insurance coverage, the servicer shall—

(A) terminate the force-placed insurance; and

(B) refund to the consumer all force-placed insurance premiums paid by the borrower during any period during which the borrower's insurance coverage and the force-placed insurance coverage were each in effect, and any related fees charged to the consumer's account with respect to the force-placed insurance during such period.

(4) CLARIFICATION WITH RESPECT TO FLOOD DISASTER PROTECTION ACT.—No provision of this section shall be construed as prohibiting a servicer from providing simultaneous or concurrent notice of a lack of flood insurance pursuant to section 102(e) of the Flood Disaster Protection Act of 1973.

(m) LIMITATIONS ON FORCE-PLACED INSURANCE CHARGES.—All charges, apart from charges subject to State regulation as the business of insurance, related to force-placed insurance imposed on the borrower by or through the servicer shall be bona fide and reasonable.

(n) *SMALL SERVICER EXEMPTION.*—The Bureau shall, by regulation, provide exemptions to, or adjustments for, the provisions of this section for a servicer that annually services 20,000 or fewer mortgage loans, in order to reduce regulatory burdens while appropriately balancing consumer protections.

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S.A.F.E. MORTGAGE LICENSING ACT OF 2008

* * * * *

**DIVISION A—HOUSING FINANCE
REFORM**

* * * * *

**TITLE V—S.A.F.E. MORTGAGE
LICENSING ACT**

* * * * *

SEC. 1513. LIABILITY PROVISIONS.

The Bureau, any State official or agency, or any organization serving as the administrator of the Nationwide Mortgage Licensing System and Registry or a system established by the Director under section 1509, or any officer or employee of any such entity, shall not be subject to any civil action or proceeding for monetary damages by reason of the good faith action or omission of any officer or employee of any such entity, while acting within the scope of office or employment, relating to the collection, furnishing, or dissemination of information concerning persons who **[are loan originators or are applying for licensing or registration as loan originators]** *are applying for licensing or registration using the Nationwide Mortgage Licensing System and Registry.*

* * * * *

SEC. 1518. EMPLOYMENT TRANSITION OF LOAN ORIGINATORS.

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

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

(A) *has not had an application for a loan originator license denied, or had such a license revoked or suspended in any governmental jurisdiction;*

(B) *has not been subject to or served with a cease and desist order in any governmental jurisdiction or as described in section 1514(c);*

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

(D) *has submitted an application to be a State-licensed loan originator in the application State; and*

(E) *was registered in the Nationwide Mortgage Licensing System and Registry as a loan originator during the 12-month period preceding the date of submission of the information required under section 1505(a).*

(2) *PERIOD.*—The period described in paragraph (1) shall begin on the date that the individual submits the information

required under section 1505(a) and shall end on the earliest of—

(A) the date that the individual withdraws the application to be a State-licensed loan originator in the application State;

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

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

(D) the date that is 120 days after the date on which the individual submits the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

(b) **TEMPORARY AUTHORITY TO ORIGINATE LOANS FOR STATE-LICENSED LOAN ORIGINATORS MOVING INTERSTATE.**—

(1) **IN GENERAL.**—A State-licensed loan originator shall be deemed to have temporary authority to act as a loan originator in an application State for the period described in paragraph

(2) if the State-licensed loan originator—

(A) meets the requirements of subparagraphs (A), (B), (C), and (D) of subsection (a)(1);

(B) is employed by a State-licensed mortgage company in the application State; and

(C) was licensed in a State that is not the application State during the 30-day period preceding the date of submission of the information required under section 1505(a) in connection with the application submitted to the application State.

(2) **PERIOD.**—The period described in paragraph (1) shall begin on the date that the State-licensed loan originator submits the information required under section 1505(a) in connection with the application submitted to the application State and end on the earliest of—

(A) the date that the State-licensed loan originator withdraws the application to be a State-licensed loan originator in the application State;

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

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

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

(c) **APPLICABILITY.**—

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

(2) Any individual who is deemed to have temporary authority to act as a loan originator in an application State pursuant to this section and who engages in residential mortgage loan origination activities shall be subject to the requirements of this

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

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

(1) *STATE-LICENSED MORTGAGE COMPANY.—The term “State-licensed mortgage company” means an entity licensed or registered under the law of any State to engage in residential mortgage loan origination and processing activities.*

(2) *APPLICATION STATE.—The term “application State” means a State in which a registered loan originator or a State-licensed loan originator seeks to be licensed.*

HOUSING AND ECONOMIC RECOVERY ACT OF 2008

SEC. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE.—This Act may be cited as the “Housing and Economic Recovery Act of 2008”.*

(b) *TABLE OF CONTENT.—The table of contents for this Act is as follows:*

*	*	*	*	*	*	*
DIVISION A—HOUSING FINANCE REFORM						
*	*	*	*	*	*	*
TITLE V—S.A.F.E. MORTGAGE LICENSING ACT						
*	*	*	*	*	*	*

Sec. 1518. Employment transition of loan originators.

EQUAL CREDIT OPPORTUNITY ACT

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TITLE VII—EQUAL CREDIT OPPORTUNITY

§ 701. Prohibited discrimination; reasons for adverse action

(a) It shall be unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction—

(1) on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract);

(2) because all or part of the applicant’s income derives from any public assistance program; or

(3) because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

(b) It shall not constitute discrimination for purposes of this title for a creditor—

(1) to make an inquiry of marital status if such inquiry is for the purpose of ascertaining the creditor’s rights and remedies applicable to the particular extension of credit and not to discriminate in a determination of credit-worthiness;

(2) to make an inquiry of the applicant’s age or of whether the applicant’s income derives from any public assistance program if such inquiry is for the purpose of determining the

amount and probable continuance of income levels, credit history, or other pertinent element of credit-worthiness as provided in regulations of the Board;

(3) to use any empirically derived credit system which considers age if such system is demonstrably and statistically sound in accordance with regulations of the Bureau, except that in the operation of such system the age of an elderly applicant may not be assigned a negative factor or value; *or*

(4) to make an inquiry or to consider the age of an elderly applicant when the age of such applicant is to be used by the creditor in the extension of credit in favor of such applicant; **or**.

[(5) to make an inquiry under section 704B, in accordance with the requirements of that section.]

(c) It is not a violation of this section for a creditor to refuse to extend credit offered pursuant to—

(1) any credit assistance program expressly authorized by law for an economically disadvantaged class of persons;

(2) any credit assistance program administered by a non-profit organization for its members or an economically disadvantaged class of persons; *or*

(3) any special purpose credit program offered by a profit-making organization to meet special social needs which meets standards prescribed in regulations by the Board;

if such refusal is required by or made pursuant to such program.

(d)(1) Within thirty days (or such longer reasonable time as specified in regulations of the Bureau for any class of credit transaction) after receipt of a completed application for credit, a creditor shall notify the applicant of its action on the application.

(2) Each applicant against whom adverse action is taken shall be entitled to a statement of reasons for such action from the creditor. A creditor satisfies this obligation by—

(A) providing statements of reasons in writing as a matter of course to applicants against whom adverse action is taken; *or*

(B) giving written notification of adverse action which discloses (i) the applicant's right to a statement of reasons within thirty days after receipt by the creditor of a request made within sixty days after such notification, and (ii) the identity of the person or office from which such statement may be obtained. Such statement may be given orally, if the written notification advises the applicant of his right to have the statement of reasons confirmed in writing on written request.

(3) A statement of reasons meets the requirements of this section only if it contains the specific reasons for the adverse action taken.

(4) Where a creditor has been requested by a third party to make a specific extension of credit directly or indirectly to an applicant, the notification and statement of reasons required by this subsection may be made directly by such creditor, or indirectly through the third party, provided in either case that the identity of the creditor is disclosed.

(5) The requirements of paragraphs (2), (3), or (4) may be satisfied by verbal statements or notifications in the case of any creditor who did not act on more than one hundred and fifty applications during the calendar year preceding the calendar year in which the

adverse action is taken, as determined under regulations of the Board.

(6) For purposes of this subsection, the term “adverse action” means a denial or revocation of credit, a change in the terms of an existing credit arrangement, or a refusal to grant credit in substantially the amount or on substantially the terms requested. Such term does not include a refusal to extend additional credit under an existing credit arrangement where the applicant is delinquent or otherwise in default, or where such additional credit would exceed a previously established credit limit.

(e) COPIES FURNISHED TO APPLICANTS.—

(1) IN GENERAL.—Each creditor shall furnish to an applicant a copy of any and all written appraisals and valuations developed in connection with the applicant’s application for a loan that is secured or would have been secured by a first lien on a dwelling promptly upon completion, but in no case later than 3 days prior to the closing of the loan, whether the creditor grants or denies the applicant’s request for credit or the application is incomplete or withdrawn.

(2) WAIVER.—The applicant may waive the 3 day requirement provided for in paragraph (1), except where otherwise required in law.

(3) REIMBURSEMENT.—The applicant may be required to pay a reasonable fee to reimburse the creditor for the cost of the appraisal, except where otherwise required in law.

(4) FREE COPY.—Notwithstanding paragraph (3), the creditor shall provide a copy of each written appraisal or valuation at no additional cost to the applicant.

(5) NOTIFICATION TO APPLICANTS.—At the time of application, the creditor shall notify an applicant in writing of the right to receive a copy of each written appraisal and valuation under this subsection.

(6) VALUATION DEFINED.—For purposes of this subsection, the term “valuation” shall include any estimate of the value of a dwelling developed in connection with a creditor’s decision to provide credit, including those values developed pursuant to a policy of a government sponsored enterprise or by an automated valuation model, a broker price opinion, or other methodology or mechanism.

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[SEC. 704B. SMALL BUSINESS LOAN DATA COLLECTION.]

[(a) PURPOSE.—The purpose of this section is to facilitate enforcement of fair lending laws and enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.

[(b) INFORMATION GATHERING.—Subject to the requirements of this section, in the case of any application to a financial institution for credit for women-owned, minority-owned, or small business, the financial institution shall—

[(1) inquire whether the business is a women-owned, minority-owned, or small business, without regard to whether such application is received in person, by mail, by telephone, by electronic mail or other form of electronic transmission, or by

any other means, and whether or not such application is in response to a solicitation by the financial institution; and

[(2) maintain a record of the responses to such inquiry, separate from the application and accompanying information.

[(c) RIGHT TO REFUSE.—Any applicant for credit may refuse to provide any information requested pursuant to subsection (b) in connection with any application for credit.

[(d) NO ACCESS BY UNDERWRITERS.—

[(1) LIMITATION.—Where feasible, no loan underwriter or other officer or employee of a financial institution, or any affiliate of a financial institution, involved in making any determination concerning an application for credit shall have access to any information provided by the applicant pursuant to a request under subsection (b) in connection with such application.

[(2) LIMITED ACCESS.—If a financial institution determines that a loan underwriter or other officer or employee of a financial institution, or any affiliate of a financial institution, involved in making any determination concerning an application for credit should have access to any information provided by the applicant pursuant to a request under subsection (b), the financial institution shall provide notice to the applicant of the access of the underwriter to such information, along with notice that the financial institution may not discriminate on the basis of such information.

[(e) FORM AND MANNER OF INFORMATION.—

[(1) IN GENERAL.—Each financial institution shall compile and maintain, in accordance with regulations of the Bureau, a record of the information provided by any loan applicant pursuant to a request under subsection (b).

[(2) ITEMIZATION.—Information compiled and maintained under paragraph (1) shall be itemized in order to clearly and conspicuously disclose—

[(A) the number of the application and the date on which the application was received;

[(B) the type and purpose of the loan or other credit being applied for;

[(C) the amount of the credit or credit limit applied for, and the amount of the credit transaction or the credit limit approved for such applicant;

[(D) the type of action taken with respect to such application, and the date of such action;

[(E) the census tract in which is located the principal place of business of the women-owned, minority-owned, or small business loan applicant;

[(F) the gross annual revenue of the business in the last fiscal year of the women-owned, minority-owned, or small business loan applicant preceding the date of the application;

[(G) the race, sex, and ethnicity of the principal owners of the business; and

[(H) any additional data that the Bureau determines would aid in fulfilling the purposes of this section.

[(3) NO PERSONALLY IDENTIFIABLE INFORMATION.—In compiling and maintaining any record of information under this section, a financial institution may not include in such record

the name, specific address (other than the census tract required under paragraph (1)(E)), telephone number, electronic mail address, or any other personally identifiable information concerning any individual who is, or is connected with, the women-owned, minority-owned, or small business loan applicant.

[(4) DISCRETION TO DELETE OR MODIFY PUBLICLY AVAILABLE DATA.—The Bureau may, at its discretion, delete or modify data collected under this section which is or will be available to the public, if the Bureau determines that the deletion or modification of the data would advance a privacy interest.

[(f) AVAILABILITY OF INFORMATION.—

[(1) SUBMISSION TO BUREAU.—The data required to be compiled and maintained under this section by any financial institution shall be submitted annually to the Bureau.

[(2) AVAILABILITY OF INFORMATION.—Information compiled and maintained under this section shall be—

[(A) retained for not less than 3 years after the date of preparation;

[(B) made available to any member of the public, upon request, in the form required under regulations prescribed by the Bureau;

[(C) annually made available to the public generally by the Bureau, in such form and in such manner as is determined by the Bureau, by regulation.

[(3) COMPILATION OF AGGREGATE DATA.—The Bureau may, at its discretion—

[(A) compile and aggregate data collected under this section for its own use; and

[(B) make public such compilations of aggregate data.

[(g) BUREAU ACTION.—

[(1) IN GENERAL.—The Bureau shall prescribe such rules and issue such guidance as may be necessary to carry out, enforce, and compile data pursuant to this section.

[(2) EXCEPTIONS.—The Bureau, by rule or order, may adopt exceptions to any requirement of this section and may, conditionally or unconditionally, exempt any financial institution or class of financial institutions from the requirements of this section, as the Bureau deems necessary or appropriate to carry out the purposes of this section.

[(3) GUIDANCE.—The Bureau shall issue guidance designed to facilitate compliance with the requirements of this section, including assisting financial institutions in working with applicants to determine whether the applicants are women-owned, minority-owned, or small businesses for purposes of this section.

[(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

[(1) FINANCIAL INSTITUTION.—The term “financial institution” means any partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity that engages in any financial activity.

[(2) SMALL BUSINESS.—The term “small business” has the same meaning as the term “small business concern” in section 3 of the Small Business Act (15 U.S.C. 632).

[(3) SMALL BUSINESS LOAN.—The term “small business loan” means a loan made to a small business.

[(4) MINORITY.—The term “minority” has the same meaning as in section 1204(c)(3) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

[(5) MINORITY-OWNED BUSINESS.—The term “minority-owned business” means a business—

[(A) more than 50 percent of the ownership or control of which is held by 1 or more minority individuals; and

[(B) more than 50 percent of the net profit or loss of which accrues to 1 or more minority individuals.

[(6) WOMEN-OWNED BUSINESS.—The term “women-owned business” means a business—

[(A) more than 50 percent of the ownership or control of which is held by 1 or more women; and

[(B) more than 50 percent of the net profit or loss of which accrues to 1 or more women.]

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CONSUMER CREDIT PROTECTION ACT

* * * * *

TITLE VII—EQUAL CREDIT OPPORTUNITY

Sec.

701. Prohibited discrimination.

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[704B. Small business loan data collection.]

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HOME MORTGAGE DISCLOSURE ACT OF 1975

TITLE III—HOME MORTGAGE DISCLOSURE

* * * * *

MAINTENANCE OF RECORDS AND PUBLIC DISCLOSURE

SEC. 304. (a)(1) Each depository institution which has a home office or branch office located within a primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, as defined by the Department of Commerce shall compile and make available, in accordance with regulations of the Board, to the public for inspection and copying at the home office, and at least one branch office within each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas in which the depository institution has an office the number and total dollar

amount of mortgage loans which were (A) originated (or for which the institution received completed applications), or (B) purchased by that institution during each fiscal year (beginning with the last full fiscal year of that institution which immediately preceded the effective date of this title).

(2) The information required to be maintained and made available under paragraph (1) shall also be itemized in order to clearly and conspicuously disclose the following:

(A) The number and dollar amount for each item referred to in paragraph (1), by census tracts for mortgage loans secured by property located within any county with a population of more than 30,000, within that primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas, otherwise, by county, for mortgage loans secured by property located within any other county within that standard metropolitan statistical area.

(B) The number and dollar amount for each item referred to in paragraph (1) for all such mortgage loans which are secured by property located outside that primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas.

For the purpose of this paragraph, a depository institution which maintains offices in more than one primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas shall be required to make the information required by this paragraph available at any such office only to the extent that such information relates to mortgage loans which were originated or purchased (or for which completed applications were received) by an office of that depository institution located in the primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas in which the office making such information available is located. For purposes of this paragraph, other lending institutions shall be deemed to have a home office or branch office within a primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas if such institutions have originated or purchased or received completed applications for at least 5 mortgage loans in such area in the preceding calendar year.

(b) Any item of information relating to mortgage loans required to be maintained under subsection (a) shall be further itemized in order to disclose for each such item—

(1) the number and dollar amount of mortgage loans which are insured under title II of the National Housing Act or under title V of the Housing Act of 1949 or which are guaranteed under chapter 37 of title 38, United States Code;

(2) the number and dollar amount of mortgage loans made to mortgagors who did not, at the time of execution of the mortgage, intend to reside in the property securing the mortgage loan;

(3) the number and dollar amount of home improvement loans;

(4) the number and dollar amount of mortgage loans and completed applications involving mortgagors or mortgage applicants grouped according to census tract, income level, racial characteristics, age, and gender;

(5) the number and dollar amount of mortgage loans grouped according to measurements of—

(A) the total points and fees payable at origination in connection with the mortgage as determined by the Bureau, taking into account 15 U.S.C. 1602(aa)(4);

(B) the difference between the annual percentage rate associated with the loan and a benchmark rate or rates for all loans;

(C) the term in months of any prepayment penalty or other fee or charge payable on repayment of some portion of principal or the entire principal in advance of scheduled payments; and

(D) such other information as the Bureau may require; and

(6) the number and dollar amount of mortgage loans and completed applications grouped according to measurements of—

(A) the value of the real property pledged or proposed to be pledged as collateral;

(B) the actual or proposed term in months of any introductory period after which the rate of interest may change;

(C) the presence of contractual terms or proposed contractual terms that would allow the mortgagor or applicant to make payments other than fully amortizing payments during any portion of the loan term;

(D) the actual or proposed term in months of the mortgage loan;

(E) the channel through which application was made, including retail, broker, and other relevant categories;

(F) as the Bureau may determine to be appropriate, a unique identifier that identifies the loan originator as set forth in section 1503 of the S.A.F.E. Mortgage Licensing Act of 2008;

(G) as the Bureau may determine to be appropriate, a universal loan identifier;

(H) as the Bureau may determine to be appropriate, the parcel number that corresponds to the real property pledged or proposed to be pledged as collateral;

(I) the credit score of mortgage applicants and mortgagors, in such form as the Bureau may prescribe; and

(J) such other information as the Bureau may require.

(c) Any information required to be compiled and made available under this section, other than loan application register information under subsection (j), shall be maintained and made available for a period of five years after the close of the first year during which such information is required to be maintained and made available.

(d) Notwithstanding the provisions of subsection (a)(1), data required to be disclosed under this section for 1980 and thereafter shall be disclosed for each calendar year. Any depository institution

which is required to make disclosures under this section but which has been making disclosures on some basis other than a calendar year basis shall make available a separate disclosure statement containing data for any period prior to calendar year 1980 which is not covered by the last full year report prior to the 1980 calendar year report.

(e) Subject to subsection (h), the Bureau shall prescribe a standard format for the disclosures required under this section.

(f) The Federal Financial Institutions Examination Council, in consultation with the Secretary, shall implement a system to facilitate access to data required to be disclosed under this section. Such system shall include arrangements for a central depository of data in each primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas. Disclosure statements shall be made available to the public for inspection and copying at such central depository of data for all depository institutions which are required to disclose information under this section (or which are exempted pursuant to section 306(b)) and which have a home office or branch office within such primary metropolitan statistical area, metropolitan statistical area, or consolidated metropolitan statistical area that is not comprised of designated primary metropolitan statistical areas.

(g) The requirements of subsections (a) and (b) shall not apply with respect to mortgage loans that are—

(1) made (or for which completed applications are received) by any mortgage banking subsidiary of a bank holding company or savings and loan holding company or by any savings and loan service corporation that originates or purchases mortgage loans; and

(2) approved (or for which completed applications are received) by the Secretary for insurance under title I or II of the National Housing Act.

(h) SUBMISSION TO AGENCIES.—

(1) IN GENERAL.—The data required to be disclosed under subsection (b) shall be submitted to the Bureau or to the appropriate agency for the institution reporting under this title, in accordance with rules prescribed by the Bureau. Notwithstanding the requirement of subsection (a)(2)(A) for disclosure by census tract, the Bureau, in consultation with other appropriate agencies described in paragraph (2) and, after notice and comment, shall develop regulations that—

(A) prescribe the format for such disclosures, the method for submission of the data to the appropriate agency, and the procedures for disclosing the information to the public;

(B) require the collection of data required to be disclosed under subsection (b) with respect to loans sold by each institution reporting under this title;

(C) require disclosure of the class of the purchaser of such loans;

(D) permit any reporting institution to submit in writing to the Bureau or to the appropriate agency such additional data or explanations as it deems relevant to the decision to originate or purchase mortgage loans; and

(E) modify or require modification of itemized information, for the purpose of protecting the privacy interests of the mortgage applicants or mortgagors, that is or will be available to the public.

(2) OTHER APPROPRIATE AGENCIES.—The appropriate agencies described in this paragraph are—

(A) the appropriate Federal banking agencies, as defined in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)), with respect to the entities that are subject to the jurisdiction of each such agency, respectively;

(B) the Federal Deposit Insurance Corporation for banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), mutual savings banks, insured State branches of foreign banks, and any other depository institution described in section 303(2)(A) which is not otherwise referred to in this paragraph;

(C) the National Credit Union Administration Board with respect to credit unions; and

(D) the Secretary of Housing and Urban Development with respect to other lending institutions not regulated by the agencies referred to in subparagraph (A) or (B).

(3) RULES FOR MODIFICATIONS UNDER PARAGRAPH (1).—

(A) APPLICATION.—A modification under paragraph (1)(E) shall apply to information concerning—

(i) credit score data described in subsection (b)(6)(I), in a manner that is consistent with the purpose described in paragraph (1)(E); and

(ii) age or any other category of data described in paragraph (5) or (6) of subsection (b), as the Bureau determines to be necessary to satisfy the purpose described in paragraph (1)(E), and in a manner consistent with that purpose.

(B) STANDARDS.—The Bureau shall prescribe standards for any modification under paragraph (1)(E) to effectuate the purposes of this title, in light of the privacy interests of mortgage applicants or mortgagors. Where necessary to protect the privacy interests of mortgage applicants or mortgagors, the Bureau shall provide for the disclosure of information described in subparagraph (A) in aggregate or other reasonably modified form, in order to effectuate the purposes of this title.

(i) EXEMPTIONS.—

(1) IN GENERAL.—With respect to a depository institution, the requirements of subsections (a) and (b) shall not apply—

(A) with respect to closed-end mortgage loans, if such depository institution originated less than 100 closed-end mortgage loans in each of the two preceding calendar years; and

(B) with respect to open-end lines of credit, if such depository institution originated less than 200 open-end lines of credit in each of the two preceding calendar years.

[(i)] (2) EXEMPTION FROM CERTAIN DISCLOSURE REQUIREMENTS.—The requirements of subsections (b)(4), (b)(5), and (b)(6) shall not apply with respect to any depository institution

described in section **[303(2)(A)] 303(3)(A)** which has total assets, as of the most recent full fiscal year of such institution, of \$30,000,000 or less.

(j) **LOAN APPLICATION REGISTER INFORMATION.**—

(1) **IN GENERAL.**—In addition to the information required to be disclosed under subsections (a) and (b), any depository institution which is required to make disclosures under this section shall make available to the public, upon request, loan application register information (as defined by the Bureau by regulation) in the form required under regulations prescribed by the Board.

(2) **FORMAT OF DISCLOSURE.**—

(A) **UNEDITED FORMAT.**—Subject to subparagraph (B), the loan application register information described in paragraph (1) may be disclosed by a depository institution without editing or compilation and in such formats as the Bureau may require.

(B) **PROTECTION OF APPLICANT'S PRIVACY INTEREST.**—The Bureau shall require, by regulation, such deletions as the Bureau may determine to be appropriate to protect—

(i) any privacy interest of any applicant, including the deletion of the applicant's name and identification number, the date of the application, and the date of any determination by the institution with respect to such application; and

(ii) a depository institution from liability under any Federal or State privacy law.

(C) **CENSUS TRACT FORMAT ENCOURAGED.**—It is the sense of the Congress that a depository institution should provide loan register information under this section in a format based on the census tract in which the property is located.

(3) **CHANGE OF FORM NOT REQUIRED.**—A depository institution meets the disclosure requirement of paragraph (1) if the institution provides the information required under such paragraph in such formats as the Bureau may require

(4) **REASONABLE CHARGE FOR INFORMATION.**—Any depository institution which provides information under this subsection may impose a reasonable fee for any cost incurred in reproducing such information.

(5) **TIME OF DISCLOSURE.**—The disclosure of the loan application register information described in paragraph (1) for any year pursuant to a request under paragraph (1) shall be made—

(A) in the case of a request made on or before March 1 of the succeeding year, before April 1 of the succeeding year; and

(B) in the case of a request made after March 1 of the succeeding year, before the end of the 30-day period beginning on the date the request is made.

(6) **RETENTION OF INFORMATION.**—Notwithstanding subsection (c), the loan application register information described in paragraph (1) for any year shall be maintained and made available, upon request, for 3 years after the close of the 1st

year during which such information is required to be maintained and made available.

(7) MINIMIZING COMPLIANCE COSTS.—In prescribing regulations under this subsection, the Bureau shall make every effort to minimize the costs incurred by a depository institution in complying with this subsection and such regulations.

(k) DISCLOSURE OF STATEMENTS BY DEPOSITORY INSTITUTIONS.—

(1) IN GENERAL.—In accordance with procedures established by the Bureau pursuant to this section, any depository institution required to make disclosures under this section—

(A) shall make a disclosure statement available, upon request, to the public no later than 3 business days after the institution receives the statement from the Federal Financial Institutions Examination Council; and

(B) may make such statement available on a floppy disc which may be used with a personal computer or in any other media which is not prohibited under regulations prescribed by the Board.

(2) NOTICE THAT DATA IS SUBJECT TO CORRECTION AFTER FINAL REVIEW.—Any disclosure statement provided pursuant to paragraph (1) shall be accompanied by a clear and conspicuous notice that the statement is subject to final review and revision, if necessary.

(3) REASONABLE CHARGE FOR INFORMATION.—Any depository institution which provides a disclosure statement pursuant to paragraph (1) may impose a reasonable fee for any cost incurred in providing or reproducing such statement.

(l) PROMPT DISCLOSURES.—

(1) IN GENERAL.—Any disclosure of information pursuant to this section or section 310 shall be made as promptly as possible.

(2) MAXIMUM DISCLOSURE PERIOD.—

(A) 6- AND 9-MONTH MAXIMUM PERIODS.—Except as provided in subsections (j)(5) and (k)(1) and regulations prescribed by the Bureau and subject to subparagraph (B), any information required to be disclosed for any year beginning after December 31, 1992, under—

(i) this section shall be made available to the public before September 1 of the succeeding year; and

(ii) section 310 shall be made available to the public before December 1 of the succeeding year.

(B) SHORTER PERIODS ENCOURAGED AFTER 1994.—With respect to disclosures of information under this section or section 310 for any year beginning after December 31, 1993, every effort shall be made—

(i) to make information disclosed under this section available to the public before July 1 of the succeeding year; and

(ii) to make information required to be disclosed under section 310 available to the public before September 1 of the succeeding year.

(3) IMPROVED PROCEDURE.—The Federal Financial Institutions Examination Council shall make such changes in the system established pursuant to subsection (f) as may be necessary to carry out the requirements of this subsection.

(m) OPPORTUNITY TO REDUCE COMPLIANCE BURDEN.—

(1) IN GENERAL.—

(A) SATISFACTION OF PUBLIC AVAILABILITY REQUIREMENTS.—A depository institution shall be deemed to have satisfied the public availability requirements of subsection (a) if the institution compiles the information required under that subsection at the home office of the institution and provides notice at the branch locations specified in subsection (a) that such information is available from the home office of the institution upon written request.

(B) PROVISION OF INFORMATION UPON REQUEST.—Not later than 15 days after the receipt of a written request for any information required to be compiled under subsection (a), the home office of the depository institution receiving the request shall provide the information pertinent to the location of the branch in question to the person requesting the information.

(2) FORM OF INFORMATION.—In complying with paragraph (1), a depository institution shall provide the person requesting the information with a copy of the information requested in such formats as the Bureau may require.

(n) TIMING OF CERTAIN DISCLOSURES.—The data required to be disclosed under subsection (b) shall be submitted to the Bureau or to the appropriate agency for any institution reporting under this title, in accordance with regulations prescribed by the Bureau. Institutions shall not be required to report new data under paragraph (5) or (6) of subsection (b) before the first January 1 that occurs after the end of the 9-month period beginning on the date on which regulations are issued by the Bureau in final form with respect to such disclosures.

ENFORCEMENT

SEC. 305. (a) The Bureau shall prescribe such regulations as may be necessary to carry out the purposes of this title. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Bureau are necessary and proper to effectuate the purposes of this title, and prevent circumvention or evasion thereof, or to facilitate compliance therewith.

(b) POWERS OF CERTAIN OTHER AGENCIES.—

(1) IN GENERAL.—Subject to subtitle B of the Consumer Financial Protection Act of 2010, compliance with the requirements of this title shall be enforced—

(A) under section 8 of the Federal Deposit Insurance Act, the appropriate Federal banking agency, as defined in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)), with respect to—

(i) any national bank or Federal savings association, and any Federal branch or Federal agency of a foreign bank;

(ii) any member bank of the Federal Reserve System (other than a national bank), branch or agency of a foreign bank (other than a Federal branch, Federal agency, and insured State branch of a foreign bank),

commercial lending company owned or controlled by a foreign bank, and any organization operating under section 25 or 25A of the Federal Reserve Act; and

(iii) any bank or State savings association insured by the Federal Deposit Insurance Corporation (other than a member of the Federal Reserve System), any mutual savings bank as, defined in section 3(f) of the Federal Deposit Insurance Act (12 U.S.C. 1813(f)), any insured State branch of a foreign bank, and any other depository institution not referred to in this paragraph or subparagraph (B) or (C);

(B) under subtitle E of the Consumer Financial Protection Act of 2010, by the Bureau, with respect to any person subject to this subtitle;

(C) under the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any insured credit union; and

(D) with respect to other lending institutions, by the Secretary of Housing and Urban Development.

(2) INCORPORATED DEFINITIONS.—The terms used in paragraph (1) that are not defined in this title or otherwise defined in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the same meanings as in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

(c) For the purpose of the exercise by any agency referred to in subsection (b) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (b), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law.

(d) OVERALL ENFORCEMENT AUTHORITY OF THE BUREAU OF CONSUMER FINANCIAL PROTECTION.—Subject to subtitle B of the Consumer Financial Protection Act of 2010, enforcement of the requirements imposed under this title is committed to each of the agencies under subsection (b). To facilitate research, examinations, and enforcement, all data collected pursuant to section 304 shall be available to the entities listed under subsection (b). The Bureau may exercise its authorities under the Consumer Financial Protection Act of 2010 to exercise principal authority to [examine and] enforce compliance by any person with the requirements of this title.

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HOME OWNERS' LOAN ACT

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SEC. 4. SUPERVISION OF SAVINGS ASSOCIATIONS.

(a) SAVINGS ASSOCIATIONS.—

(1) EXAMINATION AND SAFE AND SOUND OPERATION.—

(A) FEDERAL SAVINGS ASSOCIATIONS.—The Comptroller shall provide for the examination and safe and sound operation of Federal savings associations.

(B) STATE SAVINGS ASSOCIATIONS.—The Corporation shall provide for the examination and safe and sound operation of State savings associations.

(2) REGULATIONS FOR SAVINGS ASSOCIATIONS.—The Comptroller may prescribe regulations with respect to savings associations, as the Comptroller determines to be appropriate to carry out the purposes of this Act.

(3) SAFE AND SOUND HOUSING CREDIT TO BE ENCOURAGED.—The Comptroller and the Corporation shall exercise all powers granted to the Comptroller and the Corporation under this Act so as to encourage savings associations to provide credit for housing safely and soundly.

(b) ACCOUNTING AND DISCLOSURE.—

(1) IN GENERAL.—The Comptroller shall, by regulation, prescribe uniform accounting and disclosure standards for savings associations, to be used in determining savings associations' compliance with all applicable regulations.

(2) SPECIFIC REQUIREMENTS FOR ACCOUNTING STANDARDS.—Subject to section 5(t), the uniform accounting standards prescribed under paragraph (1) shall—

(A) incorporate generally accepted accounting principles to the same degree that such principles are used to determine compliance with regulations prescribed by the Federal banking agencies; and

(B) allow for no deviation from full compliance with such standards as are in effect after December 31, 1993.

(3) AUTHORITY TO PRESCRIBE MORE STRINGENT ACCOUNTING STANDARDS.—The Comptroller may at any time prescribe accounting standards more stringent than required under paragraph (2) if the Comptroller determines that the more stringent standards are necessary to ensure the safe and sound operation of savings associations.

(c) STRINGENCY OF STANDARDS.—The regulations of the Comptroller and the policies of the Comptroller and the Corporation governing the safe and sound operation of savings associations, including regulations and policies governing asset classification and appraisals, shall be no less stringent than those established by the Comptroller for national banks.

(d) INVESTMENT OF CERTAIN FUNDS IN ACCOUNTS OF SAVINGS ASSOCIATIONS.—The savings accounts and share accounts of savings associations insured by the Corporation shall be lawful investments and may be accepted as security for all public funds of the United States, fiduciary and trust funds under the authority or control of the United States or any officer thereof, and for the funds of all corporations organized under the laws of the United States (subject to any regulatory authority otherwise applicable), regardless of any limitation of law upon the investment of any such funds or upon the acceptance of security for the investment or deposit of any of such funds.

(e) PARTICIPATION BY SAVINGS ASSOCIATIONS IN LOTTERIES AND RELATED ACTIVITIES.—

(1) PARTICIPATION PROHIBITED.—No savings association may—

(A) deal in lottery tickets;

- (B) deal in bets used as a means or substitute for participation in a lottery;
 - (C) announce, advertise, or publicize the existence of any lottery; or
 - (D) announce, advertise, or publicize the existence or identity of any participant or winner, as such, in a lottery.
- (2) USE OF FACILITIES PROHIBITED.—No savings association may permit—
- (A) the use of any part of any of its own offices by any person for any purpose forbidden to the institution under paragraph (1); or
 - (B) direct access by the public from any of its own offices to any premises used by any person for any purpose forbidden to the institution under paragraph (1).
- (3) DEFINITIONS.—For purposes of this subsection—
- (A) DEAL IN.—The term “deal in” includes making, taking, buying, selling, redeeming, or collecting.
 - (B) LOTTERY.—The term “lottery” includes any arrangement, other than a savings promotion raffle, under which—
 - (i) 3 or more persons (hereafter in this subparagraph referred to as the “participants”) advance money or credit to another in exchange for the possibility or expectation that 1 or more but not all of the participants (hereafter in this paragraph referred to as the “winners”) will receive by reason of those participants’ advances more than the amounts those participants have advanced; and
 - (ii) the identity of the winners is determined by any means which includes—
 - (I) a random selection;
 - (II) a game, race, or contest; or
 - (III) any record or tabulation of the result of 1 or more events in which any participant has no interest except for the bearing that event has on the possibility that the participant may become a winner.
 - (C) LOTTERY TICKET.—The term “lottery ticket” includes any right, privilege, or possibility (and any ticket, receipt, record, or other evidence of any such right, privilege, or possibility) of becoming a winner in a lottery.
 - (D) SAVINGS PROMOTION RAFFLE.—The term “savings promotion raffle” means a contest in which the sole consideration required for a chance of winning designated prizes is obtained by the deposit of a specified amount of money in a savings account or other savings program, where each ticket or entry has an equal chance of being drawn, such contest being subject to regulations that may from time to time be promulgated by the appropriate prudential regulator (as defined in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481)).
- (4) EXCEPTION FOR STATE LOTTERIES.—Paragraphs (1) and (2) shall not apply with respect to any savings association accepting funds from, or performing any lawful services for, any

State operating a lottery, or any officer or employee of such a State who is charged with administering the lottery.

(5) REGULATIONS.—The Comptroller shall prescribe such regulations as may be necessary to provide for enforcement of this subsection and to prevent any evasion of any provision of this subsection.

(f) FEDERALLY RELATED MORTGAGE LOAN DISCLOSURES.—A savings association may not make a federally related mortgage loan to an agent, trustee, nominee, or other person acting in a fiduciary capacity without requiring that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the savings association. At the request of the appropriate Federal banking agency, the savings association shall report to the appropriate Federal banking agency the identity of such person and the nature and amount of the loan.

(g) PREEMPTION OF STATE USURY LAWS.—(1) Notwithstanding any State law, a savings association may charge interest on any extension of credit at a rate of not more than 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district in which such savings association is located or at the rate allowed by the laws of the State in which such savings association is located, whichever is greater. *A loan that is valid when made as to its maximum rate of interest in accordance with this subsection shall remain valid with respect to such rate regardless of whether the loan is subsequently sold, assigned, or otherwise transferred to a third party, and may be enforced by such third party notwithstanding any State law to the contrary.*

(2) If the rate prescribed in paragraph (1) exceeds the rate such savings association would be permitted to charge in the absence of this subsection, the receiving or charging a greater rate of interest than that prescribed by paragraph (1), when knowingly done, shall be deemed a forfeiture of the entire interest which the extension of credit carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than 2 years after the date of such payment, an amount equal to twice the amount of the interest paid from the savings association taking or receiving such interest.

(h) FORM AND MATURITY OF SECURITIES.—No savings association shall—

(1) issue securities which guarantee a definite maturity except with the specific approval of the appropriate Federal banking agency, or

(2) issue any securities the form of which has not been approved by the appropriate Federal banking agency.

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CONSUMER FINANCIAL PROTECTION ACT OF 2010

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TITLE X—BUREAU OF CONSUMER FINANCIAL PROTECTION

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SEC. 1002. DEFINITIONS.

Except as otherwise provided in this title, for purposes of this title, the following definitions shall apply:

(1) **AFFILIATE.**—The term “affiliate” means any person that controls, is controlled by, or is under common control with another person.

(2) **BUREAU.**—The term “Bureau” means the Bureau of Consumer Financial Protection.

(3) **BUSINESS OF INSURANCE.**—The term “business of insurance” means the writing of insurance or the reinsuring of risks by an insurer, including all acts necessary to such writing or reinsuring and the activities relating to the writing of insurance or the reinsuring of risks conducted by persons who act as, or are, officers, directors, agents, or employees of insurers or who are other persons authorized to act on behalf of such persons.

(4) **CONSUMER.**—The term “consumer” means an individual or an agent, trustee, or representative acting on behalf of an individual.

(5) **CONSUMER FINANCIAL PRODUCT OR SERVICE.**—The term “consumer financial product or service” means any financial product or service that is described in one or more categories under—

(A) paragraph (15) and is offered or provided for use by consumers primarily for personal, family, or household purposes; or

(B) clause (i), (iii), (ix), or (x) of paragraph (15)(A), and is delivered, offered, or provided in connection with a consumer financial product or service referred to in subparagraph (A).

(6) **COVERED PERSON.**—The term “covered person” means—

(A) any person that engages in offering or providing a consumer financial product or service; and

(B) any affiliate of a person described in subparagraph (A) if such affiliate acts as a service provider to such person.

(7) **CREDIT.**—The term “credit” means the right granted by a person to a consumer to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment for such purchase.

(8) **DEPOSIT-TAKING ACTIVITY.**—The term “deposit-taking activity” means—

(A) the acceptance of deposits, maintenance of deposit accounts, or the provision of services related to the acceptance of deposits or the maintenance of deposit accounts;

(B) the acceptance of funds, the provision of other services related to the acceptance of funds, or the maintenance of member share accounts by a credit union; or

(C) the receipt of funds or the equivalent thereof, as the Bureau may determine by rule or order, received or held

by a covered person (or an agent for a covered person) for the purpose of facilitating a payment or transferring funds or value of funds between a consumer and a third party.

(9) DESIGNATED TRANSFER DATE.—The term “designated transfer date” means the date established under section 1062.

(10) DIRECTOR.—The term “Director” means the Director of the Bureau.

(11) ELECTRONIC CONDUIT SERVICES.—The term “electronic conduit services”—

(A) means the provision, by a person, of electronic data transmission, routing, intermediate or transient storage, or connections to a telecommunications system or network; and

(B) does not include a person that provides electronic conduit services if, when providing such services, the person—

(i) selects or modifies the content of the electronic data;

(ii) transmits, routes, stores, or provides connections for electronic data, including financial data, in a manner that such financial data is differentiated from other types of data of the same form that such person transmits, routes, or stores, or with respect to which, provides connections; or

(iii) is a payee, payor, correspondent, or similar party to a payment transaction with a consumer.

(12) ENUMERATED CONSUMER LAWS.—Except as otherwise specifically provided in section 1029, subtitle G or subtitle H, the term “enumerated consumer laws” means—

(A) the Alternative Mortgage Transaction Parity Act of 1982 (12 U.S.C. 3801 et seq.);

(B) the Consumer Leasing Act of 1976 (15 U.S.C. 1667 et seq.);

(C) the Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.), except with respect to section 920 of that Act;

(D) the Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.);

(E) the Fair Credit Billing Act (15 U.S.C. 1666 et seq.);

(F) the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.), except with respect to sections 615(e) and 628 of that Act (15 U.S.C. 1681m(e), 1681w);

(G) the Home Owners Protection Act of 1998 (12 U.S.C. 4901 et seq.);

(H) the Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.);

(I) subsections (b) through (f) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t(c)-(f));

(J) sections 502 through 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6802-6809) except for section 505 as it applies to section 501(b);

(K) the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.);

(L) the Home Ownership and Equity Protection Act of 1994 (15 U.S.C. 1601 note);

(M) the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.);

(N) the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.);

(O) the Truth in Lending Act (15 U.S.C. 1601 et seq.);

(P) the Truth in Savings Act (12 U.S.C. 4301 et seq.);

(Q) section 626 of the Omnibus Appropriations Act, 2009 (Public Law 111-8); and

(R) the Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701).

(13) FAIR LENDING.—The term “fair lending” means fair, equitable, and nondiscriminatory access to credit for consumers.

(14) FEDERAL CONSUMER FINANCIAL LAW.—The term “Federal consumer financial law” means the provisions of this title, the enumerated consumer laws, the laws for which authorities are transferred under subtitles F and H, and any rule or order prescribed by the Bureau under this title, an enumerated consumer law, or pursuant to the authorities transferred under subtitles F and H. The term does not include the Federal Trade Commission Act.

(15) FINANCIAL PRODUCT OR SERVICE.—

(A) IN GENERAL.—The term “financial product or service” means—

(i) extending credit and servicing loans, including acquiring, purchasing, selling, brokering, or other extensions of credit (other than solely extending commercial credit to a person who originates consumer credit transactions);

(ii) extending or brokering leases of personal or real property that are the functional equivalent of purchase finance arrangements, if—

(I) the lease is on a non-operating basis;

(II) the initial term of the lease is at least 90 days; and

(III) in the case of a lease involving real property, at the inception of the initial lease, the transaction is intended to result in ownership of the leased property to be transferred to the lessee, subject to standards prescribed by the Bureau;

(iii) providing real estate settlement services, except such services excluded under subparagraph (C), or performing appraisals of real estate or personal property;

(iv) engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a consumer;

(v) selling, providing, or issuing stored value or payment instruments, except that, in the case of a sale of, or transaction to reload, stored value, only if the seller exercises substantial control over the terms or conditions of the stored value provided to the consumer where, for purposes of this clause—

(I) a seller shall not be found to exercise substantial control over the terms or conditions of the

stored value if the seller is not a party to the contract with the consumer for the stored value product, and another person is principally responsible for establishing the terms or conditions of the stored value; and

(II) advertising the nonfinancial goods or services of the seller on the stored value card or device is not in itself an exercise of substantial control over the terms or conditions;

(vi) providing check cashing, check collection, or check guaranty services;

(vii) providing payments or other financial data processing products or services to a consumer by any technological means, including processing or storing financial or banking data for any payment instrument, or through any payments systems or network used for processing payments data, including payments made through an online banking system or mobile telecommunications network, except that a person shall not be deemed to be a covered person with respect to financial data processing solely because the person—

(I) is a merchant, retailer, or seller of any nonfinancial good or service who engages in financial data processing by transmitting or storing payments data about a consumer exclusively for purpose of initiating payments instructions by the consumer to pay such person for the purchase of, or to complete a commercial transaction for, such nonfinancial good or service sold directly by such person to the consumer; or

(II) provides access to a host server to a person for purposes of enabling that person to establish and maintain a website;

(viii) providing financial advisory services (other than services relating to securities provided by a person regulated by the Commission or a person regulated by a State securities Commission, but only to the extent that such person acts in a regulated capacity) to consumers on individual financial matters or relating to proprietary financial products or services (other than by publishing any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation, including publishing market data, news, or data analytics or investment information or recommendations that are not tailored to the individual needs of a particular consumer), including—

(I) providing credit counseling to any consumer; and

(II) providing services to assist a consumer with debt management or debt settlement, modifying the terms of any extension of credit, or avoiding foreclosure;

(ix) collecting, analyzing, maintaining, or providing consumer report information or other account informa-

tion, including information relating to the credit history of consumers, used or expected to be used in connection with any decision regarding the offering or provision of a consumer financial product or service, except to the extent that—

(I) a person—

(aa) collects, analyzes, or maintains information that relates solely to the transactions between a consumer and such person;

(bb) provides the information described in item (aa) to an affiliate of such person; or

(cc) provides information that is used or expected to be used solely in any decision regarding the offering or provision of a product or service that is not a consumer financial product or service, including a decision for employment, government licensing, or a residential lease or tenancy involving a consumer; and

(II) the information described in subclause (I)(aa) is not used by such person or affiliate in connection with any decision regarding the offering or provision of a consumer financial product or service to the consumer, other than credit described in section 1027(a)(2)(A);

(x) collecting debt related to any consumer financial product or service; and

(xi) such other financial product or service as may be defined by the Bureau, by regulation, for purposes of this title, if the Bureau finds that such financial product or service is—

(I) entered into or conducted as a subterfuge or with a purpose to evade any Federal consumer financial law; or

(II) permissible for a bank or for a financial holding company to offer or to provide under any provision of a Federal law or regulation applicable to a bank or a financial holding company, and has, or likely will have, a material impact on consumers.

(B) RULE OF CONSTRUCTION.—

(i) IN GENERAL.—For purposes of subparagraph (A)(xi)(II), and subject to clause (ii) of this subparagraph, the following activities provided to a covered person shall not, for purposes of this title, be considered incidental or complementary to a financial activity permissible for a financial holding company to engage in under any provision of a Federal law or regulation applicable to a financial holding company:

(I) Providing information products or services to a covered person for identity authentication.

(II) Providing information products or services for fraud or identify theft detection, prevention, or investigation.

(III) Providing document retrieval or delivery services.

(IV) Providing public records information retrieval.

(V) Providing information products or services for anti-money laundering activities.

(ii) LIMITATION.—Nothing in clause (i) may be construed as modifying or limiting the authority of the Bureau to exercise any—

(I) [examination or] enforcement powers authority under this title with respect to a covered person or service provider engaging in an activity described in subparagraph (A)(ix); or

(II) powers authorized by this title to prescribe rules, issue orders, or take other actions under any enumerated consumer law or law for which the authorities are transferred under subtitle F or H.

(C) EXCLUSIONS.—The term “financial product or service” does not include—

(i) the business of insurance; or

(ii) electronic conduit services.

(16) FOREIGN EXCHANGE.—The term “foreign exchange” means the exchange, for compensation, of currency of the United States or of a foreign government for currency of another government.

(17) INSURED CREDIT UNION.—The term “insured credit union” has the same meaning as in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(18) PAYMENT INSTRUMENT.—The term “payment instrument” means a check, draft, warrant, money order, traveler’s check, electronic instrument, or other instrument, payment of funds, or monetary value (other than currency).

(19) PERSON.—The term “person” means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity.

(20) PERSON REGULATED BY THE COMMODITY FUTURES TRADING COMMISSION.—The term “person regulated by the Commodity Futures Trading Commission” means any person that is registered, or required by statute or regulation to be registered, with the Commodity Futures Trading Commission, but only to the extent that the activities of such person are subject to the jurisdiction of the Commodity Futures Trading Commission under the Commodity Exchange Act.

(21) PERSON REGULATED BY THE COMMISSION.—The term “person regulated by the Commission” means a person who is—

(A) a broker or dealer that is required to be registered under the Securities Exchange Act of 1934;

(B) an investment adviser that is registered under the Investment Advisers Act of 1940;

(C) an investment company that is required to be registered under the Investment Company Act of 1940, and

any company that has elected to be regulated as a business development company under that Act;

(D) a national securities exchange that is required to be registered under the Securities Exchange Act of 1934;

(E) a transfer agent that is required to be registered under the Securities Exchange Act of 1934;

(F) a clearing corporation that is required to be registered under the Securities Exchange Act of 1934;

(G) any self-regulatory organization that is required to be registered with the Commission;

(H) any nationally recognized statistical rating organization that is required to be registered with the Commission;

(I) any securities information processor that is required to be registered with the Commission;

(J) any municipal securities dealer that is required to be registered with the Commission;

(K) any other person that is required to be registered with the Commission under the Securities Exchange Act of 1934; and

(L) any employee, agent, or contractor acting on behalf of, registered with, or providing services to, any person described in any of subparagraphs (A) through (K), but only to the extent that any person described in any of subparagraphs (A) through (K), or the employee, agent, or contractor of such person, acts in a regulated capacity.

(22) PERSON REGULATED BY A STATE INSURANCE REGULATOR.—The term “person regulated by a State insurance regulator” means any person that is engaged in the business of insurance and subject to regulation by any State insurance regulator, but only to the extent that such person acts in such capacity.

(23) PERSON THAT PERFORMS INCOME TAX PREPARATION ACTIVITIES FOR CONSUMERS.—The term “person that performs income tax preparation activities for consumers” means—

(A) any tax return preparer (as defined in section 7701(a)(36) of the Internal Revenue Code of 1986), regardless of whether compensated, but only to the extent that the person acts in such capacity;

(B) any person regulated by the Secretary under section 330 of title 31, United States Code, but only to the extent that the person acts in such capacity; and

(C) any authorized IRS e-file Providers (as defined for purposes of section 7216 of the Internal Revenue Code of 1986), but only to the extent that the person acts in such capacity.

(24) PRUDENTIAL REGULATOR.—The term “prudential regulator” means—

(A) in the case of an insured depository institution or depository institution holding company (as defined in section 3 of the Federal Deposit Insurance Act), or subsidiary of such institution or company, the appropriate Federal banking agency, as that term is defined in section 3 of the Federal Deposit Insurance Act; and

(B) in the case of an insured credit union, the National Credit Union Administration.

(25) RELATED PERSON.—The term “related person”—

(A) shall apply only with respect to a covered person that is not a bank holding company (as that term is defined in section 2 of the Bank Holding Company Act of 1956), credit union, or depository institution;

(B) shall be deemed to mean a covered person for all purposes of any provision of Federal consumer financial law; and

(C) means—

(i) any director, officer, or employee charged with managerial responsibility for, or controlling shareholder of, or agent for, such covered person;

(ii) any shareholder, consultant, joint venture partner, or other person, as determined by the Bureau (by rule or on a case-by-case basis) who materially participates in the conduct of the affairs of such covered person; and

(iii) any independent contractor (including any attorney, appraiser, or accountant) who knowingly or recklessly participates in any—

(I) violation of any provision of law or regulation; or

(II) breach of a fiduciary duty.

(26) SERVICE PROVIDER.—

(A) IN GENERAL.—The term “service provider” means any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service, including a person that—

(i) participates in designing, operating, or maintaining the consumer financial product or service; or

(ii) processes transactions relating to the consumer financial product or service (other than unknowingly or incidentally transmitting or processing financial data in a manner that such data is undifferentiated from other types of data of the same form as the person transmits or processes).

(B) EXCEPTIONS.—The term “service provider” does not include a person solely by virtue of such person offering or providing to a covered person—

(i) a support service of a type provided to businesses generally or a similar ministerial service; or

(ii) time or space for an advertisement for a consumer financial product or service through print, newspaper, or electronic media.

(C) RULE OF CONSTRUCTION.—A person that is a service provider shall be deemed to be a covered person to the extent that such person engages in the offering or provision of its own consumer financial product or service.

(27) STATE.—The term “State” means any State, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, or the United States Virgin Islands or any federally recognized Indian tribe, as defined by the Secretary of the Interior under

section 104(a) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a-1(a)).

(28) STORED VALUE.—

(A) IN GENERAL.—The term “stored value” means funds or monetary value represented in any electronic format, whether or not specially encrypted, and stored or capable of storage on electronic media in such a way as to be retrievable and transferred electronically, and includes a prepaid debit card or product, or any other similar product, regardless of whether the amount of the funds or monetary value may be increased or reloaded.

(B) EXCLUSION.—Notwithstanding subparagraph (A), the term “stored value” does not include a special purpose card or certificate, which shall be defined for purposes of this paragraph as funds or monetary value represented in any electronic format, whether or not specially encrypted, that is—

(i) issued by a merchant, retailer, or other seller of nonfinancial goods or services;

(ii) redeemable only for transactions with the merchant, retailer, or seller of nonfinancial goods or services or with an affiliate of such person, which affiliate itself is a merchant, retailer, or seller of nonfinancial goods or services;

(iii) issued in a specified amount that, except in the case of a card or product used solely for telephone services, may not be increased or reloaded;

(iv) purchased on a prepaid basis in exchange for payment; and

(v) honored upon presentation to such merchant, retailer, or seller of nonfinancial goods or services or an affiliate of such person, which affiliate itself is a merchant, retailer, or seller of nonfinancial goods or services, only for any nonfinancial goods or services.

(29) TRANSMITTING OR EXCHANGING FUNDS.—The term “transmitting or exchanging funds” means receiving currency, monetary value, or payment instruments from a consumer for the purpose of exchanging or transmitting the same by any means, including transmission by wire, facsimile, electronic transfer, courier, the Internet, or through bill payment services or through other businesses that facilitate third-party transfers within the United States or to or from the United States.

Subtitle A—Bureau of Consumer Financial Protection

* * * * *

SEC. 1013. ADMINISTRATION.

(a) PERSONNEL.—

(1) APPOINTMENT.—

(A) IN GENERAL.—The Director may fix the number of, and appoint and direct, all employees of the Bureau, in accordance with the applicable provisions of title 5, United States Code.

(B) EMPLOYEES OF THE BUREAU.—The Director is authorized to employ attorneys, [compliance examiners, compliance supervision analysts,] economists, statisticians, and other employees as may be deemed necessary to conduct the business of the Bureau. Unless otherwise provided expressly by law, any individual appointed under this section shall be an employee as defined in section 2105 of title 5, United States Code, and subject to the provisions of such title and other laws generally applicable to the employees of an Executive agency.

(C) WAIVER AUTHORITY.—

(i) IN GENERAL.—In making any appointment under subparagraph (A), the Director may waive the requirements of chapter 33 of title 5, United States Code, and the regulations implementing such chapter, to the extent necessary to appoint employees on terms and conditions that are consistent with those set forth in section 11(1) of the Federal Reserve Act (12 U.S.C. 248(1)), while providing for—

(I) fair, credible, and transparent methods of establishing qualification requirements for, recruitment for, and appointments to positions;

(II) fair and open competition and equitable treatment in the consideration and selection of individuals to positions;

(III) fair, credible, and transparent methods of assigning, reassigning, detailing, transferring, and promoting employees.

(ii) VETERANS PREFERENCES.—In implementing this subparagraph, the Director shall comply with the provisions of section 2302(b)(11), regarding veterans' preference requirements, in a manner consistent with that in which such provisions are applied under chapter 33 of title 5, United States Code. The authority under this subparagraph to waive the requirements of that chapter 33 shall expire 5 years after the date of enactment of this Act.

(2) COMPENSATION.—Notwithstanding any otherwise applicable provision of title 5, United States Code, concerning compensation, including the provisions of chapter 51 and chapter 53, the following provisions shall apply with respect to employees of the Bureau:

(A) The rates of basic pay for all employees of the Bureau may be set and adjusted by the Director.

(B) The Director shall at all times provide compensation (including benefits) to each class of employees that, at a minimum, are comparable to the compensation and benefits then being provided by the Board of Governors for the corresponding class of employees.

(C) All such employees shall be compensated (including benefits) on terms and conditions that are consistent with the terms and conditions set forth in section 11(1) of the Federal Reserve Act (12 U.S.C. 248(1)).

(3) BUREAU PARTICIPATION IN FEDERAL RESERVE SYSTEM RETIREMENT PLAN AND FEDERAL RESERVE SYSTEM THRIFT PLAN.—

(A) **EMPLOYEE ELECTION.**—Employees appointed to the Bureau may elect to participate in either—

(i) both the Federal Reserve System Retirement Plan and the Federal Reserve System Thrift Plan, under the same terms on which such participation is offered to employees of the Board of Governors who participate in such plans and under the terms and conditions specified under section 1064(i)(1)(C); or

(ii) the Civil Service Retirement System under chapter 83 of title 5, United States Code, or the Federal Employees Retirement System under chapter 84 of title 5, United States Code, if previously covered under one of those Federal employee retirement systems.

(B) **ELECTION PERIOD.**—Bureau employees shall make an election under this paragraph not later than 1 year after the date of appointment by, or transfer under subtitle F to, the Bureau. Participation in, and benefit accruals under, any other retirement plan established or maintained by the Federal Government shall end not later than the date on which participation in, and benefit accruals under, the Federal Reserve System Retirement Plan and Federal Reserve System Thrift Plan begin.

(C) **EMPLOYER CONTRIBUTION.**—The Bureau shall pay an employer contribution to the Federal Reserve System Retirement Plan, in the amount established as an employer contribution under the Federal Employees Retirement System, as established under chapter 84 of title 5, United States Code, for each Bureau employee who elects to participate in the Federal Reserve System Retirement Plan. The Bureau shall pay an employer contribution to the Federal Reserve System Thrift Plan for each Bureau employee who elects to participate in such plan, as required under the terms of such plan.

(D) **CONTROLLED GROUP STATUS.**—The Bureau is the same employer as the Federal Reserve System (as comprised of the Board of Governors and each of the 12 Federal reserve banks prior to the date of enactment of this Act) for purposes of subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986, (26 U.S.C. 414).

(4) **LABOR-MANAGEMENT RELATIONS.**—Chapter 71 of title 5, United States Code, shall apply to the Bureau and the employees of the Bureau.

(5) **AGENCY OMBUDSMAN.**—

(A) **ESTABLISHMENT REQUIRED.**—Not later than 180 days after the designated transfer date, the Bureau shall appoint an ombudsman.

(B) **DUTIES OF OMBUDSMAN.**—The ombudsman appointed in accordance with subparagraph (A) shall—

(i) act as a liaison between the Bureau and any affected person with respect to any problem that such party may have in dealing with the Bureau, resulting from the regulatory activities of the Bureau; and

(ii) assure that safeguards exist to encourage complainants to come forward and preserve confidentiality.

(b) SPECIFIC FUNCTIONAL UNITS.—

(1) RESEARCH.—The Director shall establish a unit whose functions shall include researching, analyzing, and reporting on—

(A) developments in markets for consumer financial products or services, including market areas of alternative consumer financial products or services with high growth rates and areas of risk to consumers;

(B) access to fair and affordable credit for traditionally underserved communities;

(C) consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services;

(D) consumer awareness and understanding of costs, risks, and benefits of consumer financial products or services;

(E) consumer behavior with respect to consumer financial products or services, including performance on mortgage loans; and

(F) experiences of traditionally underserved consumers, including un-banked and under-banked consumers.

(2) COMMUNITY AFFAIRS.—The Director shall establish a unit whose functions shall include providing information, guidance, and technical assistance regarding the offering and provision of consumer financial products or services to traditionally underserved consumers and communities.

(3) COLLECTING AND TRACKING COMPLAINTS.—

(A) IN GENERAL.—The Director shall establish a unit whose functions shall include establishing a single, toll-free telephone number, a website, and a database or utilizing an existing database to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services. The Director shall coordinate with the Federal Trade Commission or other Federal agencies to route complaints to such agencies, where appropriate.

(B) ROUTING CALLS TO STATES.—To the extent practicable, State agencies may receive appropriate complaints from the systems established under subparagraph (A), if—

(i) the State agency system has the functional capacity to receive calls or electronic reports routed by the Bureau systems;

(ii) the State agency has satisfied any conditions of participation in the system that the Bureau may establish, including treatment of personally identifiable information and sharing of information on complaint resolution or related compliance procedures and resources; and

(iii) participation by the State agency includes measures necessary to provide for protection of personally identifiable information that conform to the standards for protection of the confidentiality of personally identifiable information.

tifiable information and for data integrity and security that apply to the Federal agencies described in subparagraph (D).

(C) REPORTS TO THE CONGRESS.—The Director shall present an annual report to Congress not later than March 31 of each year on the complaints received by the Bureau in the prior year regarding consumer financial products and services. Such report shall include information and analysis about complaint numbers, complaint types, and, where applicable, information about resolution of complaints.

(D) DATA SHARING REQUIRED.—To facilitate preparation of the reports required under subparagraph (C), supervision and enforcement activities, and monitoring of the market for consumer financial products and services, the Bureau shall share consumer complaint information with prudential regulators, the Federal Trade Commission, other Federal agencies, and State agencies, subject to the standards applicable to Federal agencies for protection of the confidentiality of personally identifiable information and for data security and integrity. The prudential regulators, the Federal Trade Commission, and other Federal agencies shall share data relating to consumer complaints regarding consumer financial products and services with the Bureau, subject to the standards applicable to Federal agencies for protection of confidentiality of personally identifiable information and for data security and integrity.

(c) OFFICE OF FAIR LENDING AND EQUAL OPPORTUNITY.—

(1) ESTABLISHMENT.—The Director shall establish within the Bureau the Office of Fair Lending and Equal Opportunity.

(2) FUNCTIONS.—The Office of Fair Lending and Equal Opportunity shall have such powers and duties as the Director may delegate to the Office, including—

(A) providing oversight and enforcement of Federal laws intended to ensure the fair, equitable, and nondiscriminatory access to credit for both individuals and communities that are enforced by the Bureau, including the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act;

(B) coordinating fair lending efforts of the Bureau with other Federal agencies and State regulators, as appropriate, to promote consistent, efficient, and effective enforcement of Federal fair lending laws;

(C) working with private industry, fair lending, civil rights, consumer and community advocates on the promotion of fair lending compliance and education; and

(D) providing annual reports to Congress on the efforts of the Bureau to fulfill its fair lending mandate.

(3) ADMINISTRATION OF OFFICE.—There is established the position of Assistant Director of the Bureau for Fair Lending and Equal Opportunity, who—

(A) shall be appointed by the Director; and

(B) shall carry out such duties as the Director may delegate to such Assistant Director.

(d) OFFICE OF FINANCIAL EDUCATION.—

(1) ESTABLISHMENT.—The Director shall establish an Office of Financial Education, which shall be responsible for developing and implementing initiatives intended to educate and empower consumers to make better informed financial decisions.

(2) OTHER DUTIES.—The Office of Financial Education shall develop and implement a strategy to improve the financial literacy of consumers that includes measurable goals and objectives, in consultation with the Financial Literacy and Education Commission, consistent with the National Strategy for Financial Literacy, through activities including providing opportunities for consumers to access—

(A) financial counseling, including community-based financial counseling, where practicable;

(B) information to assist with the evaluation of credit products and the understanding of credit histories and scores;

(C) savings, borrowing, and other services found at mainstream financial institutions;

(D) activities intended to—

(i) prepare the consumer for educational expenses and the submission of financial aid applications, and other major purchases;

(ii) reduce debt; and

(iii) improve the financial situation of the consumer;

(E) assistance in developing long-term savings strategies; and

(F) wealth building and financial services during the preparation process to claim earned income tax credits and Federal benefits.

(3) COORDINATION.—The Office of Financial Education shall coordinate with other units within the Bureau in carrying out its functions, including—

(A) working with the Community Affairs Office to implement the strategy to improve financial literacy of consumers; and

(B) working with the research unit established by the Director to conduct research related to consumer financial education and counseling.

(4) REPORT.—Not later than 24 months after the designated transfer date, and annually thereafter, the Director shall submit a report on its financial literacy activities and strategy to improve financial literacy of consumers to—

(A) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(B) the Committee on Financial Services of the House of Representatives.

(5) MEMBERSHIP IN FINANCIAL LITERACY AND EDUCATION COMMISSION.—Section 513(c)(1) of the Financial Literacy and Education Improvement Act (20 U.S.C. 9702(c)(1)) is amended—

(A) in subparagraph (B), by striking “and” at the end;

(B) by redesignating subparagraph (C) as subparagraph (D); and

(C) by inserting after subparagraph (B) the following new subparagraph:

“(C) the Director of the Bureau of Consumer Financial Protection; and”.

(6) CONFORMING AMENDMENT.—Section 513(d) of the Financial Literacy and Education Improvement Act (20 U.S.C. 9702(d)) is amended by adding at the end the following: “The Director of the Bureau of Consumer Financial Protection shall serve as the Vice Chairman.”.

(7) STUDY AND REPORT ON FINANCIAL LITERACY PROGRAM.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study to identify—

(i) the feasibility of certification of persons providing the programs or performing the activities described in paragraph (2), including recognizing outstanding programs, and developing guidelines and resources for community-based practitioners, including—

(I) a potential certification process and standards for certification;

(II) appropriate certifying entities;

(III) resources required for funding such a process; and

(IV) a cost-benefit analysis of such certification;

(ii) technological resources intended to collect, analyze, evaluate, or promote financial literacy and counseling programs;

(iii) effective methods, tools, and strategies intended to educate and empower consumers about personal finance management; and

(iv) recommendations intended to encourage the development of programs that effectively improve financial education outcomes and empower consumers to make better informed financial decisions based on findings.

(B) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report on the results of the study conducted under this paragraph to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

(e) OFFICE OF SERVICE MEMBER AFFAIRS.—

(1) IN GENERAL.—The Director shall establish an Office of Service Member Affairs, which shall be responsible for developing and implementing initiatives for service members and their families intended to—

(A) educate and empower service members and their families to make better informed decisions regarding consumer financial products and services;

(B) coordinate with the unit of the Bureau established under subsection (b)(3), in order to monitor complaints by service members and their families and responses to those complaints by the Bureau or other appropriate Federal or State agency; and

(C) coordinate efforts among Federal and State agencies, as appropriate, regarding consumer protection measures relating to consumer financial products and services offered to, or used by, service members and their families.

(2) COORDINATION.—

(A) REGIONAL SERVICES.—The Director is authorized to assign employees of the Bureau as may be deemed necessary to conduct the business of the Office of Service Member Affairs, including by establishing and maintaining the functions of the Office in regional offices of the Bureau located near military bases, military treatment facilities, or other similar military facilities.

(B) AGREEMENTS.—The Director is authorized to enter into memoranda of understanding and similar agreements with the Department of Defense, including any branch or agency as authorized by the department, in order to carry out the business of the Office of Service Member Affairs.

(3) DEFINITION.—As used in this subsection, the term “service member” means any member of the United States Armed Forces and any member of the National Guard or Reserves.

(f) TIMING.—The Office of Fair Lending and Equal Opportunity, the Office of Financial Education, and the Office of Service Member Affairs shall each be established not later than 1 year after the designated transfer date.

(g) OFFICE OF FINANCIAL PROTECTION FOR OLDER AMERICANS.—

(1) ESTABLISHMENT.—Before the end of the 180-day period beginning on the designated transfer date, the Director shall establish the Office of Financial Protection for Older Americans, the functions of which shall include activities designed to facilitate the financial literacy of individuals who have attained the age of 62 years or more (in this subsection, referred to as “seniors”) on protection from unfair, deceptive, and abusive practices and on current and future financial choices, including through the dissemination of materials to seniors on such topics.

(2) ASSISTANT DIRECTOR.—The Office of Financial Protection for Older Americans (in this subsection referred to as the “Office”) shall be headed by an assistant director.

(3) DUTIES.—The Office shall—

(A) develop goals for programs that provide seniors financial literacy and counseling, including programs that—

(i) help seniors recognize warning signs of unfair, deceptive, or abusive practices, protect themselves from such practices;

(ii) provide one-on-one financial counseling on issues including long-term savings and later-life economic security; and

(iii) provide personal consumer credit advocacy to respond to consumer problems caused by unfair, deceptive, or abusive practices;

(B) monitor certifications or designations of financial advisors who advise seniors and alert the Commission and State regulators of certifications or designations that are identified as unfair, deceptive, or abusive;

(C) not later than 18 months after the date of the establishment of the Office, submit to Congress and the Commission any legislative and regulatory recommendations on the best practices for—

(i) disseminating information regarding the legitimacy of certifications of financial advisers who advise seniors;

(ii) methods in which a senior can identify the financial advisor most appropriate for the senior's needs; and

(iii) methods in which a senior can verify a financial advisor's credentials;

(D) conduct research to identify best practices and effective methods, tools, technology and strategies to educate and counsel seniors about personal finance management with a focus on—

(i) protecting themselves from unfair, deceptive, and abusive practices;

(ii) long-term savings; and

(iii) planning for retirement and long-term care;

(E) coordinate consumer protection efforts of seniors with other Federal agencies and State regulators, as appropriate, to promote consistent, effective, and efficient enforcement; and

(F) work with community organizations, non-profit organizations, and other entities that are involved with educating or assisting seniors (including the National Education and Resource Center on Women and Retirement Planning).

(h) APPLICATION OF FACA.—Notwithstanding any provision of the Federal Advisory Committee Act (5 U.S.C. App.), such Act shall apply to each advisory committee of the Bureau and each subcommittee of such an advisory committee.

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SEC. 1016. APPEARANCES BEFORE AND REPORTS TO CONGRESS.

(a) APPEARANCES BEFORE CONGRESS.—The Director of the Bureau shall appear before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services and the Committee on Energy and Commerce of the House of Representatives at semi-annual hearings regarding the reports required under subsection (b).

(b) REPORTS REQUIRED.—The Bureau shall, concurrent with each semi-annual hearing referred to in subsection (a), prepare and submit to the President and to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services and the Committee on Energy and Commerce of the House of Representatives, a report, beginning with the session following the designated transfer date. The Bureau may also submit such report to the Committee on Commerce, Science, and Transportation of the Senate.

(c) CONTENTS.—The reports required by subsection (b) shall include—

(1) a discussion of the significant problems faced by consumers in shopping for or obtaining consumer financial products or services;

(2) a justification of the budget request of the previous year;

(3) a list of the significant rules and orders adopted by the Bureau, as well as other significant initiatives conducted by the Bureau, during the preceding year and the plan of the Bureau for rules, orders, or other initiatives to be undertaken during the upcoming period;

(4) an analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year;

(5) a list, with a brief statement of the issues, of the public [supervisory and] enforcement actions to which the Bureau was a party during the preceding year;

(6) the actions taken regarding rules, [orders, and supervisory actions] *and orders* with respect to covered persons which are not credit unions or depository institutions;

(7) an assessment of significant actions by State attorneys general or State regulators relating to Federal consumer financial law;

(8) an analysis of the efforts of the Bureau to fulfill the fair lending mission of the Bureau; and

(9) an analysis of the efforts of the Bureau to increase workforce and contracting diversity consistent with the procedures established by the Office of Minority and Women Inclusion.

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SEC. 1017. [FUNDING; PENALTIES AND FINES.] BUDGET, FINANCIAL MANAGEMENT, AND AUDIT.—

(a) TRANSFER OF FUNDS FROM BOARD OF GOVERNORS.—

[(1) IN GENERAL.—Each year (or quarter of such year), beginning on the designated transfer date, and each quarter thereafter, the Board of Governors shall transfer to the Bureau from the combined earnings of the Federal Reserve System, the amount determined by the Director to be reasonably necessary to carry out the authorities of the Bureau under Federal consumer financial law, taking into account such other sums made available to the Bureau from the preceding year (or quarter of such year).

[(2) FUNDING CAP.—

[(A) IN GENERAL.—Notwithstanding paragraph (1), and in accordance with this paragraph, the amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, as reported in the Annual Report, 2009, of the Board of Governors, equal to—

[(i) 10 percent of such expenses in fiscal year 2011;

[(ii) 11 percent of such expenses in fiscal year 2012;

and

[(iii) 12 percent of such expenses in fiscal year 2013, and in each year thereafter.

[(B) ADJUSTMENT OF AMOUNT.—The dollar amount referred to in subparagraph (A)(iii) shall be adjusted annually, using the percent increase, if any, in the employment

cost index for total compensation for State and local government workers published by the Federal Government, or the successor index thereto, for the 12-month period ending on September 30 of the year preceding the transfer.

[(C) REVIEWABILITY.—Notwithstanding any other provision in this title, the funds derived from the Federal Reserve System pursuant to this subsection shall not be subject to review by the Committees on Appropriations of the House of Representatives and the Senate.

[(3) TRANSITION PERIOD.—Beginning on the date of enactment of this Act and until the designated transfer date, the Board of Governors shall transfer to the Bureau the amount estimated by the Secretary needed to carry out the authorities granted to the Bureau under Federal consumer financial law, from the date of enactment of this Act until the designated transfer date.]

[(4)] (1) BUDGET AND FINANCIAL MANAGEMENT.—

(A) FINANCIAL OPERATING PLANS AND FORECASTS.—The Director shall provide to the Director of the Office of Management and Budget copies of the financial operating plans and forecasts of the Director, as prepared by the Director in the ordinary course of the operations of the Bureau, and copies of the quarterly reports of the financial condition and results of operations of the Bureau, as prepared by the Director in the ordinary course of the operations of the Bureau.

(B) FINANCIAL STATEMENTS.—The Bureau shall prepare annually a statement of—

- (i) assets and liabilities and surplus or deficit;
- (ii) income and expenses; and
- (iii) sources and application of funds.

(C) FINANCIAL MANAGEMENT SYSTEMS.—The Bureau shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards.

(D) ASSERTION OF INTERNAL CONTROLS.—The Director shall provide to the Comptroller General of the United States an assertion as to the effectiveness of the internal controls that apply to financial reporting by the Bureau, using the standards established in section 3512(c) of title 31, United States Code.

[(E) RULE OF CONSTRUCTION.—This subsection may not be construed as implying any obligation on the part of the Director to consult with or obtain the consent or approval of the Director of the Office of Management and Budget with respect to any report, plan, forecast, or other information referred to in subparagraph (A) or any jurisdiction or oversight over the affairs or operations of the Bureau.

[(F) FINANCIAL STATEMENTS.—The financial statements of the Bureau shall not be consolidated with the financial statements of either the Board of Governors or the Federal Reserve System.]

[(5)] (2) AUDIT OF THE BUREAU.—

(A) IN GENERAL.—The Comptroller General shall annually audit the financial transactions of the Bureau in accordance with the United States generally accepted government auditing standards, as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Bureau are normally kept. The representatives of the Government Accountability Office shall have access to the personnel and to all books, accounts, documents, papers, records (including electronic records), reports, files, and all other papers, automated data, things, or property belonging to or under the control of or used or employed by the Bureau pertaining to its financial transactions and necessary to facilitate the audit, and such representatives shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, documents, records, reports, files, papers, and property of the Bureau shall remain in possession and custody of the Bureau. The Comptroller General may obtain and duplicate any such books, accounts, documents, records, working papers, automated data and files, or other information relevant to such audit without cost to the Comptroller General, and the right of access of the Comptroller General to such information shall be enforceable pursuant to section 716(c) of title 31, United States Code.

(B) REPORT.—The Comptroller General shall submit to the Congress a report of each annual audit conducted under this subsection. The report to the Congress shall set forth the scope of the audit and shall include the statement of assets and liabilities and surplus or deficit, the statement of income and expenses, the statement of sources and application of funds, and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Bureau, together with such recommendations with respect thereto as the Comptroller General may deem advisable. A copy of each report shall be furnished to the President and to the Bureau at the time submitted to the Congress.

(C) ASSISTANCE AND COSTS.—For the purpose of conducting an audit under this subsection, the Comptroller General may, in the discretion of the Comptroller General, employ by contract, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes. Upon the request of the Comptroller General, the Director of the Bureau shall transfer to the Government Accountability Office from funds available, the amount requested by the Comptroller General to cover the full costs of any audit and report conducted by the Comptroller General. The Comptroller General shall credit funds transferred to the account established for salaries and expenses of the Government Accountability Office, and such amount

shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report.

[(b) CONSUMER FINANCIAL PROTECTION FUND.—

[(1) SEPARATE FUND IN FEDERAL RESERVE ESTABLISHED.—There is established in the Federal Reserve a separate fund, to be known as the “Bureau of Consumer Financial Protection Fund” (referred to in this section as the “Bureau Fund”). The Bureau Fund shall be maintained and established at a Federal reserve bank, in accordance with such requirements as the Board of Governors may impose.

[(2) FUND RECEIPTS.—All amounts transferred to the Bureau under subsection (a) shall be deposited into the Bureau Fund.

[(3) INVESTMENT AUTHORITY.—

[(A) AMOUNTS IN BUREAU FUND MAY BE INVESTED.—The Bureau may request the Board of Governors to direct the investment of the portion of the Bureau Fund that is not, in the judgment of the Bureau, required to meet the current needs of the Bureau.

[(B) ELIGIBLE INVESTMENTS.—Investments authorized by this paragraph shall be made in obligations of the United States or obligations that are guaranteed as to principal and interest by the United States, with maturities suitable to the needs of the Bureau Fund, as determined by the Bureau.

[(C) INTEREST AND PROCEEDS CREDITED.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Bureau Fund shall be credited to the Bureau Fund.

[(c) USE OF FUNDS.—

[(1) IN GENERAL.—Funds obtained by, transferred to, or credited to the Bureau Fund shall be immediately available to the Bureau and under the control of the Director, and shall remain available until expended, to pay the expenses of the Bureau in carrying out its duties and responsibilities. The compensation of the Director and other employees of the Bureau and all other expenses thereof may be paid from, obtained by, transferred to, or credited to the Bureau Fund under this section.

[(2) FUNDS THAT ARE NOT GOVERNMENT FUNDS.—Funds obtained by or transferred to the Bureau Fund shall not be construed to be Government funds or appropriated monies.

[(3) AMOUNTS NOT SUBJECT TO APPORTIONMENT.—Notwithstanding any other provision of law, amounts in the Bureau Fund and in the Civil Penalty Fund established under subsection (d) shall not be subject to apportionment for purposes of chapter 15 of title 31, United States Code, or under any other authority.]

[(d)] (b) PENALTIES AND FINES.—

(1) ESTABLISHMENT OF VICTIMS RELIEF FUND.—There is established in the Federal Reserve a separate fund, to be known as the “Consumer Financial Civil Penalty Fund” (referred to in this section as the “Civil Penalty Fund”). The Civil Penalty Fund shall be maintained and established at a Federal reserve bank, in accordance with such requirements as the Board of Governors may impose. If the Bureau obtains a civil penalty

against any person in any judicial or administrative action under Federal consumer financial laws, the Bureau shall deposit into the Civil Penalty Fund, the amount of the penalty collected.

(2) PAYMENT TO VICTIMS.—Amounts in the Civil Penalty Fund shall be available to the Bureau, without fiscal year limitation, for payments to the victims of activities for which civil penalties have been imposed under the Federal consumer financial laws. To the extent that such victims cannot be located or such payments are otherwise not practicable, the Bureau may use such funds for the purpose of consumer education and financial literacy programs.

[(e)] (c) AUTHORIZATION OF APPROPRIATIONS; ANNUAL REPORT.—

[(1) DETERMINATION REGARDING NEED FOR APPROPRIATED FUNDS.—

[(A) IN GENERAL.—The Director is authorized to determine that sums available to the Bureau under this section will not be sufficient to carry out the authorities of the Bureau under Federal consumer financial law for the upcoming year.

[(B) REPORT REQUIRED.—When making a determination under subparagraph (A), the Director shall prepare a report regarding the funding of the Bureau, including the assets and liabilities of the Bureau, and the extent to which the funding needs of the Bureau are anticipated to exceed the level of the amount set forth in subsection (a)(2). The Director shall submit the report to the President and to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.

[(2) AUTHORIZATION OF APPROPRIATIONS.—If the Director makes the determination and submits the report pursuant to paragraph (1), there are hereby authorized to be appropriated to the Bureau, for the purposes of carrying out the authorities granted in Federal consumer financial law, \$200,000,000 for each of fiscal years 2010, 2011, 2012, 2013, and 2014.

[(3) APPORTIONMENT.—Notwithstanding any other provision of law, the amounts in paragraph (2) shall be subject to apportionment under section 1517 of title 31, United States Code, and restrictions that generally apply to the use of appropriated funds in title 31, United States Code, and other laws.】

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Bureau for each of fiscal years 2018 and 2019 an amount equal to the aggregate amount of funds transferred by the Board of Governors to the Bureau during fiscal year 2015.

[(4)] (2) ANNUAL REPORT.—The Director shall prepare and submit a report, on an annual basis, to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives regarding the financial operating plans and forecasts of the Director, the financial condition and results of operations of the Bureau, and the sources and application of funds of the Bureau, including any funds appropriated in accordance with this subsection.

* * * * *

Subtitle B—General Powers of the Bureau

SEC. 1021. PURPOSE, OBJECTIVES, AND FUNCTIONS.

(a) **PURPOSE.**—The Bureau shall seek to implement and, where applicable, enforce Federal consumer financial law consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive.

(b) **OBJECTIVES.**—The Bureau is authorized to exercise its authorities under Federal consumer financial law for the purposes of ensuring that, with respect to consumer financial products and services—

(1) consumers are provided with timely and understandable information to make responsible decisions about financial transactions;

(2) consumers are protected [from unfair, deceptive, or abusive acts and practices and] from discrimination;

(3) outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;

(4) Federal consumer financial law is enforced consistently, without regard to the status of a person as a depository institution, in order to promote fair competition; and

(5) markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

(c) **FUNCTIONS.**—The primary functions of the Bureau are—

(1) conducting financial education programs;

(2) collecting, investigating, and responding to consumer complaints;

(3) collecting, researching, monitoring, and publishing information relevant to the functioning of markets for consumer financial products and services to identify risks to consumers and the proper functioning of such markets;

(4) subject to sections 1024 through 1026, supervising covered persons for compliance with Federal consumer financial law, and taking appropriate enforcement action to address violations of Federal consumer financial law;

(5) issuing rules, orders, and guidance implementing Federal consumer financial law; and

(6) performing such support activities as may be necessary or useful to facilitate the other functions of the Bureau.

* * * * *

SEC. 1024. [SUPERVISION OF] *AUTHORITY WITH RESPECT TO CERTAIN NONDEPOSITORY COVERED PERSONS.*

(a) **SCOPE OF COVERAGE.**—

(1) **APPLICABILITY.**—Notwithstanding any other provision of this title, and except as provided in paragraph (3), this section shall apply to any covered person who—

(A) offers or provides origination, brokerage, or servicing of loans secured by real estate for use by consumers primarily for personal, family, or household purposes, or loan

modification or foreclosure relief services in connection with such loans;

(B) is a larger participant of a market for other consumer financial products or services, [as defined by rule in accordance with paragraph (2)] *as of the date of the enactment of the Financial CHOICE Act of 2017*;

(C) the Bureau has reasonable cause to determine, by order, after notice to the covered person and a reasonable opportunity for such covered person to respond, based on complaints collected through the system under section 1013(b)(3) or information from other sources, that such covered person is engaging, or has engaged, in conduct that poses risks to consumers with regard to the offering or provision of consumer financial products or services; or

(D) offers or provides to a consumer any private education loan, as defined in section 140 of the Truth in Lending Act (15 U.S.C. 1650), notwithstanding section 1027(a)(2)(A) and subject to section 1027(a)(2)(C) [; or].

[(E) offers or provides to a consumer a payday loan.]

[(2) RULEMAKING TO DEFINE COVERED PERSONS SUBJECT TO THIS SECTION.—The Bureau shall consult with the Federal Trade Commission prior to issuing a rule, in accordance with paragraph (1)(B), to define covered persons subject to this section. The Bureau shall issue its initial rule not later than 1 year after the designated transfer date.]

[(3)] (2) RULES OF CONSTRUCTION.—

(A) CERTAIN PERSONS EXCLUDED.—This section shall not apply to persons described in section [1025(a) or] 1026(a).

(B) ACTIVITY LEVELS.—For purposes of computing activity levels under paragraph (1) or rules issued thereunder, activities of affiliated companies (other than insured depository institutions or insured credit unions) shall be aggregated.

[(b) SUPERVISION.—

[(1) IN GENERAL.—The Bureau shall require reports and conduct examinations on a periodic basis of persons described in subsection (a)(1) for purposes of—

[(A) assessing compliance with the requirements of Federal consumer financial law;

[(B) obtaining information about the activities and compliance systems or procedures of such person; and

[(C) detecting and assessing risks to consumers and to markets for consumer financial products and services.

[(2) RISK-BASED SUPERVISION PROGRAM.—The Bureau shall exercise its authority under paragraph (1) in a manner designed to ensure that such exercise, with respect to persons described in subsection (a)(1), is based on the assessment by the Bureau of the risks posed to consumers in the relevant product markets and geographic markets, and taking into consideration, as applicable—

[(A) the asset size of the covered person;

[(B) the volume of transactions involving consumer financial products or services in which the covered person engages;

[(C) the risks to consumers created by the provision of such consumer financial products or services;

[(D) the extent to which such institutions are subject to oversight by State authorities for consumer protection; and

[(E) any other factors that the Bureau determines to be relevant to a class of covered persons.

[(3) COORDINATION.—To minimize regulatory burden, the Bureau shall coordinate its supervisory activities with the supervisory activities conducted by prudential regulators, the State bank regulatory authorities, and the State agencies that licence, supervise, or examine the offering of consumer financial products or services, including establishing their respective schedules for examining persons described in subsection (a)(1) and requirements regarding reports to be submitted by such persons. The sharing of information with such regulators, authorities, and agencies shall not be construed as waiving, destroying, or otherwise affecting any privilege or confidentiality such person may claim with respect to such information under Federal or State law as to any person or entity other than such Bureau, agency, supervisor, or authority.

[(4) USE OF EXISTING REPORTS.—The Bureau shall, to the fullest extent possible, use—

[(A) reports pertaining to persons described in subsection (a)(1) that have been provided or required to have been provided to a Federal or State agency; and

[(B) information that has been reported publicly.

[(5) PRESERVATION OF AUTHORITY.—Nothing in this title may be construed as limiting the authority of the Director to require reports from persons described in subsection (a)(1), as permitted under paragraph (1), regarding information owned or under the control of such person, regardless of whether such information is maintained, stored, or processed by another person.

[(6) REPORTS OF TAX LAW NONCOMPLIANCE.—The Bureau shall provide the Commissioner of Internal Revenue with any report of examination or related information identifying possible tax law noncompliance.

[(7) REGISTRATION, RECORDKEEPING AND OTHER REQUIREMENTS FOR CERTAIN PERSONS.—

[(A) IN GENERAL.—The Bureau shall prescribe rules to facilitate supervision of persons described in subsection (a)(1) and assessment and detection of risks to consumers.

[(B) RECORDKEEPING.—The Bureau may require a person described in subsection (a)(1), to generate, provide, or retain records for the purposes of facilitating supervision of such persons and assessing and detecting risks to consumers.

[(C) REQUIREMENTS CONCERNING OBLIGATIONS.—The Bureau may prescribe rules regarding a person described in subsection (a)(1), to ensure that such persons are legitimate entities and are able to perform their obligations to consumers. Such requirements may include background checks for principals, officers, directors, or key personnel and bonding or other appropriate financial requirements.

[(D) CONSULTATION WITH STATE AGENCIES.—In developing and implementing requirements under this paragraph, the Bureau shall consult with State agencies regarding requirements or systems (including coordinated or combined systems for registration), where appropriate.]

[(c)] (b) ENFORCEMENT AUTHORITY.—

(1) THE BUREAU TO HAVE ENFORCEMENT AUTHORITY.—Except as provided in paragraph (3) and section 1061, with respect to any person described in subsection (a)(1), to the extent that Federal law authorizes the Bureau and another Federal agency to enforce Federal consumer financial law, the Bureau shall have exclusive authority to enforce that Federal consumer financial law.

(2) REFERRAL.—Any Federal agency authorized to enforce a Federal consumer financial law described in paragraph (1) may recommend in writing to the Bureau that the Bureau initiate an enforcement proceeding, as the Bureau is authorized by that Federal law or by this title.

(3) COORDINATION WITH THE FEDERAL TRADE COMMISSION.—

(A) IN GENERAL.—The Bureau and the Federal Trade Commission shall negotiate an agreement for coordinating with respect to enforcement actions by each agency regarding the offering or provision of consumer financial products or services by any covered person that is described in subsection (a)(1), or service providers thereto. The agreement shall include procedures for notice to the other agency, where feasible, prior to initiating a civil action to enforce any Federal law regarding the offering or provision of consumer financial products or services.

(B) CIVIL ACTIONS.—Whenever a civil action has been filed by, or on behalf of, the Bureau or the Federal Trade Commission for any violation of any provision of Federal law described in subparagraph (A), or any regulation prescribed under such provision of law—

(i) the other agency may not, during the pendency of that action, institute a civil action under such provision of law against any defendant named in the complaint in such pending action for any violation alleged in the complaint; and

(ii) the Bureau or the Federal Trade Commission may intervene as a party in any such action brought by the other agency, and, upon intervening—

(I) be heard on all matters arising in such enforcement action; and

(II) file petitions for appeal in such actions.

(C) AGREEMENT TERMS.—The terms of any agreement negotiated under subparagraph (A) may modify or supersede the provisions of subparagraph (B).

(D) DEADLINE.—The agencies shall reach the agreement required under subparagraph (A) not later than 6 months after the designated transfer date.

[(d)] (c) EXCLUSIVE RULEMAKING [AND EXAMINATION AUTHORITY].—Notwithstanding any other provision of Federal law and except as provided in section 1061, to the extent that Federal law authorizes the Bureau and another Federal agency to issue regula-

tions or guidance[, conduct examinations,] or require reports from a person described in subsection (a)(1) under such law for purposes of assuring compliance with Federal consumer financial law and any regulations thereunder, the Bureau shall have the exclusive authority to prescribe rules, issue guidance[, conduct examinations,] require reports, or issue exemptions with regard to a person described in subsection (a)(1), subject to those provisions of law.

[(e)] (d) SERVICE PROVIDERS.—A service provider to a person described in subsection (a)(1) shall be subject to the *rulemaking and enforcement, but not supervisory*, authority of the Bureau under this section, to the same extent as if such service provider were engaged in a service relationship with a bank, and the Bureau were an appropriate Federal banking agency under section 7(c) of the Bank Service Company Act (12 U.S.C. 1867(c)). In [conducting any examination or requiring any report from a service provider subject to this subsection] *carrying out any authority pursuant to this subsection with respect to a service provider*, the Bureau shall coordinate with the appropriate prudential regulator, as applicable.

[(f)] (e) PRESERVATION OF FARM CREDIT ADMINISTRATION AUTHORITY.—No provision of this title may be construed as modifying, limiting, or otherwise affecting the authority of the Farm Credit Administration.

[SEC. 1025. SUPERVISION OF VERY LARGE BANKS, SAVINGS ASSOCIATIONS, AND CREDIT UNIONS.]

[(a)] SCOPE OF COVERAGE.—This section shall apply to any covered person that is—

[(1)] an insured depository institution with total assets of more than \$10,000,000,000 and any affiliate thereof; or

[(2)] an insured credit union with total assets of more than \$10,000,000,000 and any affiliate thereof.

[(b)] SUPERVISION.—

[(1)] IN GENERAL.—The Bureau shall have exclusive authority to require reports and conduct examinations on a periodic basis of persons described in subsection (a) for purposes of—

[(A)] assessing compliance with the requirements of Federal consumer financial laws;

[(B)] obtaining information about the activities subject to such laws and the associated compliance systems or procedures of such persons; and

[(C)] detecting and assessing associated risks to consumers and to markets for consumer financial products and services.

[(2)] COORDINATION.—To minimize regulatory burden, the Bureau shall coordinate its supervisory activities with the supervisory activities conducted by prudential regulators and the State bank regulatory authorities, including consultation regarding their respective schedules for examining such persons described in subsection (a) and requirements regarding reports to be submitted by such persons.

[(3)] USE OF EXISTING REPORTS.—The Bureau shall, to the fullest extent possible, use—

[(A)] reports pertaining to a person described in subsection (a) that have been provided or required to have been provided to a Federal or State agency; and

[(B)] information that has been reported publicly.

[(4) PRESERVATION OF AUTHORITY.—Nothing in this title may be construed as limiting the authority of the Director to require reports from a person described in subsection (a), as permitted under paragraph (1), regarding information owned or under the control of such person, regardless of whether such information is maintained, stored, or processed by another person.

[(5) REPORTS OF TAX LAW NONCOMPLIANCE.—The Bureau shall provide the Commissioner of Internal Revenue with any report of examination or related information identifying possible tax law noncompliance.

[(c) PRIMARY ENFORCEMENT AUTHORITY.—

[(1) THE BUREAU TO HAVE PRIMARY ENFORCEMENT AUTHORITY.—To the extent that the Bureau and another Federal agency are authorized to enforce a Federal consumer financial law, the Bureau shall have primary authority to enforce that Federal consumer financial law with respect to any person described in subsection (a).

[(2) REFERRAL.—Any Federal agency, other than the Federal Trade Commission, that is authorized to enforce a Federal consumer financial law may recommend, in writing, to the Bureau that the Bureau initiate an enforcement proceeding with respect to a person described in subsection (a), as the Bureau is authorized to do by that Federal consumer financial law.

[(3) BACKUP ENFORCEMENT AUTHORITY OF OTHER FEDERAL AGENCY.—If the Bureau does not, before the end of the 120-day period beginning on the date on which the Bureau receives a recommendation under paragraph (2), initiate an enforcement proceeding, the other agency referred to in paragraph (2) may initiate an enforcement proceeding, including performing follow up supervisory and support functions incidental thereto, to assure compliance with such proceeding.

[(d) SERVICE PROVIDERS.—A service provider to a person described in subsection (a) shall be subject to the authority of the Bureau under this section, to the same extent as if the Bureau were an appropriate Federal banking agency under section 7(c) of the Bank Service Company Act 12 U.S.C. 1867(c). In conducting any examination or requiring any report from a service provider subject to this subsection, the Bureau shall coordinate with the appropriate prudential regulator.

[(e) SIMULTANEOUS AND COORDINATED SUPERVISORY ACTION.—

[(1) EXAMINATIONS.—A prudential regulator and the Bureau shall, with respect to each insured depository institution, insured credit union, or other covered person described in subsection (a) that is supervised by the prudential regulator and the Bureau, respectively—

[(A) coordinate the scheduling of examinations of the insured depository institution, insured credit union, or other covered person described in subsection (a);

[(B) conduct simultaneous examinations of each insured depository institution or insured credit union, unless such institution requests examinations to be conducted separately;

[(C) share each draft report of examination with the other agency and permit the receiving agency a reasonable

opportunity (which shall not be less than a period of 30 days after the date of receipt) to comment on the draft report before such report is made final; and

[(D) prior to issuing a final report of examination or taking supervisory action, take into consideration concerns, if any, raised in the comments made by the other agency.

[(2) COORDINATION WITH STATE BANK SUPERVISORS.—The Bureau shall pursue arrangements and agreements with State bank supervisors to coordinate examinations, consistent with paragraph (1).

[(3) AVOIDANCE OF CONFLICT IN SUPERVISION.—

[(A) REQUEST.—If the proposed supervisory determinations of the Bureau and a prudential regulator (in this section referred to collectively as the “agencies”) are conflicting, an insured depository institution, insured credit union, or other covered person described in subsection (a) may request the agencies to coordinate and present a joint statement of coordinated supervisory action.

[(B) JOINT STATEMENT.—The agencies shall provide a joint statement under subparagraph (A), not later than 30 days after the date of receipt of the request of the insured depository institution, credit union, or covered person described in subsection (a).

[(4) APPEALS TO GOVERNING PANEL.—

[(A) IN GENERAL.—If the agencies do not resolve the conflict or issue a joint statement required by subparagraph (B), or if either of the agencies takes or attempts to take any supervisory action relating to the request for the joint statement without the consent of the other agency, an insured depository institution, insured credit union, or other covered person described in subsection (a) may institute an appeal to a governing panel, as provided in this subsection, not later than 30 days after the expiration of the period during which a joint statement is required to be filed under paragraph (3)(B).

[(B) COMPOSITION OF GOVERNING PANEL.—The governing panel for an appeal under this paragraph shall be composed of—

[(i) a representative from the Bureau and a representative of the prudential regulator, both of whom—

[(I) have not participated in the material supervisory determinations under appeal; and

[(II) do not directly or indirectly report to the person who participated materially in the supervisory determinations under appeal; and

[(ii) one individual representative, to be determined on a rotating basis, from among the Board of Governors, the Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency, other than any agency involved in the subject dispute.

[(C) CONDUCT OF APPEAL.—In an appeal under this paragraph—

[(i) the insured depository institution, insured credit union, or other covered person described in subsection (a)—

[(I) shall include in its appeal all the facts and legal arguments pertaining to the matter; and

[(II) may, through counsel, employees, or representatives, appear before the governing panel in person or by telephone; and

[(ii) the governing panel—

[(I) may request the insured depository institution, insured credit union, or other covered person described in subsection (a), the Bureau, or the prudential regulator to produce additional information relevant to the appeal; and

[(II) by a majority vote of its members, shall provide a final determination, in writing, not later than 30 days after the date of filing of an informationally complete appeal, or such longer period as the panel and the insured depository institution, insured credit union, or other covered person described in subsection (a) may jointly agree.

[(D) PUBLIC AVAILABILITY OF DETERMINATIONS.—A governing panel shall publish all information contained in a determination by the governing panel, with appropriate redactions of information that would be subject to an exemption from disclosure under section 552 of title 5, United States Code.

[(E) PROHIBITION AGAINST RETALIATION.—The Bureau and the prudential regulators shall prescribe rules to provide safeguards from retaliation against the insured depository institution, insured credit union, or other covered person described in subsection (a) instituting an appeal under this paragraph, as well as their officers and employees.

[(F) LIMITATION.—The process provided in this paragraph shall not apply to a determination by a prudential regulator to appoint a conservator or receiver for an insured depository institution or a liquidating agent for an insured credit union, as the case may be, or a decision to take action pursuant to section 38 of the Federal Deposit Insurance Act (12 U.S.C. 1831o) or section 212 of the Federal Credit Union Act (112 U.S.C. 1790a), as applicable.

[(G) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall modify or limit the authority of the Bureau to interpret, or take enforcement action under, any Federal consumer financial law, or the authority of a prudential regulator to interpret or take enforcement action under any other provision of Federal law for safety and soundness purposes.]

SEC. 1026. OTHER BANKS, SAVINGS ASSOCIATIONS, AND CREDIT UNIONS.

[(a) SCOPE OF COVERAGE.—This section shall apply to any covered person that is—

[(1) an insured depository institution with total assets of \$10,000,000,000 or less; or

[(2) an insured credit union with total assets of \$10,000,000,000 or less.]]

(a) *SCOPE OF COVERAGE.*—*This section shall apply to any covered person that is an insured depository institution or an insured credit union.*

(b) *REPORTS.*—The Director may require reports from a person described in subsection (a), as necessary to support the role of the Bureau in implementing Federal consumer financial law, to support its examination activities under subsection (c), and to assess and detect risks to consumers and consumer financial markets.

(1) *USE OF EXISTING REPORTS.*—The Bureau shall, to the fullest extent possible, use—

(A) reports pertaining to a person described in subsection (a) that have been provided or required to have been provided to a Federal or State agency; and

(B) information that has been reported publicly.

(2) *PRESERVATION OF AUTHORITY.*—Nothing in this subsection may be construed as limiting the authority of the Director from requiring from a person described in subsection (a), as permitted under paragraph (1), information owned or under the control of such person, regardless of whether such information is maintained, stored, or processed by another person.

(3) *REPORTS OF TAX LAW NONCOMPLIANCE.*—The Bureau shall provide the Commissioner of Internal Revenue with any [report of examination or related] information identifying possible tax law noncompliance.

[(c) *EXAMINATIONS.*—

[(1) *IN GENERAL.*—The Bureau may, at its discretion, include examiners on a sampling basis of the examinations performed by the prudential regulator to assess compliance with the requirements of Federal consumer financial law of persons described in subsection (a).

[(2) *AGENCY COORDINATION.*—The prudential regulator shall—

[(A) provide all reports, records, and documentation related to the examination process for any institution included in the sample referred to in paragraph (1) to the Bureau on a timely and continual basis;

[(B) involve such Bureau examiner in the entire examination process for such person; and

[(C) consider input of the Bureau concerning the scope of an examination, conduct of the examination, the contents of the examination report, the designation of matters requiring attention, and examination ratings.]]

[(d)] (c) *ENFORCEMENT.*—

(1) *IN GENERAL.*—Except for requiring reports under subsection (b), the prudential regulator is authorized to enforce the requirements of Federal consumer financial laws and, with respect to a covered person described in subsection (a), shall have exclusive authority (relative to the Bureau) to enforce such laws.

(2) *COORDINATION WITH PRUDENTIAL REGULATOR.*—

(A) REFERRAL.—When the Bureau has reason to believe that a person described in subsection (a) has engaged in a material violation of a Federal consumer financial law, the Bureau shall notify the prudential regulator in writing and recommend appropriate action to respond.

(B) RESPONSE.—Upon receiving a recommendation under subparagraph (A), the prudential regulator shall provide a written response to the Bureau not later than 60 days thereafter.

(3) *VERY LARGE INSTITUTIONS.*—

(A) *PRIMARY ENFORCEMENT AUTHORITY.*—*Notwithstanding paragraph (1), to the extent that the Bureau and another Federal agency are authorized to enforce a Federal consumer financial law, the Bureau shall have primary authority to enforce that Federal consumer financial law with respect to an insured depository institution or insured credit union, if such depository institution or credit union has total assets of more than \$10,000,000,000, and any affiliate thereof.*

(B) *REFERRAL.*—*Any Federal agency, other than the Federal Trade Commission, that is authorized to enforce a Federal consumer financial law may recommend, in writing, to the Bureau that the Bureau initiate an enforcement proceeding with respect to a person described in subparagraph (A), as the Bureau is authorized to do by that Federal consumer financial law.*

(C) *BACKUP ENFORCEMENT AUTHORITY.*—*If the Bureau does not, before the end of the 120-day period beginning on the date on which the Bureau receives a recommendation under subparagraph (B), initiate an enforcement proceeding, the other agency referred to in subparagraph (B) may initiate an enforcement proceeding.*

[(e)] (d) *SERVICE PROVIDERS.*—A service provider to a substantial number of persons described in subsection (a), or to any person described under subsection (c)(3)(A), shall be subject to the authority of the Bureau under [section 1025] *this section* to the same extent as if the Bureau were an appropriate Federal bank agency under section 7(c) of the Bank Service Company Act (12 U.S.C. 1867(c)). [When conducting any examination or requiring any report from a service provider subject to this subsection] *In carrying out any authority pursuant to this subsection with respect to a service provider, the Bureau shall coordinate with the appropriate prudential regulator.*

SEC. 1027. LIMITATIONS ON AUTHORITIES OF THE BUREAU; PRESERVATION OF AUTHORITIES.

(a) **EXCLUSION FOR MERCHANTS, RETAILERS, AND OTHER SELLERS OF NONFINANCIAL GOODS OR SERVICES.**—

(1) **SALE OR BROKERAGE OF NONFINANCIAL GOOD OR SERVICE.**—The Bureau may not exercise any rulemaking, [supervisory,] enforcement or other authority under this title with respect to a person who is a merchant, retailer, or seller of any nonfinancial good or service and is engaged in the sale or brokerage of such nonfinancial good or service, except to the extent that such person is engaged in offering or providing any consumer financial product or service, or is otherwise subject

to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(2) OFFERING OR PROVISION OF CERTAIN CONSUMER FINANCIAL PRODUCTS OR SERVICES IN CONNECTION WITH THE SALE OR BROKERAGE OF NONFINANCIAL GOOD OR SERVICE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), and subject to subparagraph (C), the Bureau may not exercise any rulemaking, [supervisory,] enforcement, or other authority under this title with respect to a merchant, retailer, or seller of nonfinancial goods or services, but only to the extent that such person—

(i) extends credit directly to a consumer, in a case in which the good or service being provided is not itself a consumer financial product or service (other than credit described in this subparagraph), exclusively for the purpose of enabling that consumer to purchase such nonfinancial good or service directly from the merchant, retailer, or seller;

(ii) directly, or through an agreement with another person, collects debt arising from credit extended as described in clause (i); or

(iii) sells or conveys debt described in clause (i) that is delinquent or otherwise in default.

(B) APPLICABILITY.—Subparagraph (A) does not apply to any credit transaction or collection of debt, other than as described in subparagraph (C)(i), arising from a transaction described in subparagraph (A)—

(i) in which the merchant, retailer, or seller of nonfinancial goods or services assigns, sells or otherwise conveys to another person such debt owed by the consumer (except for a sale of debt that is delinquent or otherwise in default, as described in subparagraph (A)(iii));

(ii) in which the credit extended significantly exceeds the market value of the nonfinancial good or service provided, or the Bureau otherwise finds that the sale of the nonfinancial good or service is done as a subterfuge, so as to evade or circumvent the provisions of this title; or

(iii) in which the merchant, retailer, or seller of nonfinancial goods or services regularly extends credit and the credit is subject to a finance charge.

(C) LIMITATIONS.—

(i) IN GENERAL.—Notwithstanding subparagraph (B), subparagraph (A) shall apply with respect to a merchant, retailer, or seller of nonfinancial goods or services that is not engaged significantly in offering or providing consumer financial products or services.

(ii) EXCEPTION.—Subparagraph (A) and clause (i) of this subparagraph do not apply to any merchant, retailer, or seller of nonfinancial goods or services—

(I) if such merchant, retailer, or seller of nonfinancial goods or services is engaged in a transaction described in subparagraph (B)(i) or (B)(ii); or

(II) to the extent that such merchant, retailer, or seller is subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H, but the Bureau may exercise such authority only with respect to that law.

(D) RULES.—

(i) AUTHORITY OF OTHER AGENCIES.—No provision of this title shall be construed as modifying, limiting, or superseding the supervisory or enforcement authority of the Federal Trade Commission or any other agency (other than the Bureau) with respect to credit extended, or the collection of debt arising from such extension, directly by a merchant or retailer to a consumer exclusively for the purpose of enabling that consumer to purchase nonfinancial goods or services directly from the merchant or retailer.

(ii) SMALL BUSINESSES.—A merchant, retailer, or seller of nonfinancial goods or services that would otherwise be subject to the authority of the Bureau solely by virtue of the application of subparagraph (B)(iii) shall be deemed not to be engaged significantly in offering or providing consumer financial products or services under subparagraph (C)(i), if such person—

(I) only extends credit for the sale of nonfinancial goods or services, as described in subparagraph (A)(i);

(II) retains such credit on its own accounts (except to sell or convey such debt that is delinquent or otherwise in default); and

(III) meets the relevant industry size threshold to be a small business concern, based on annual receipts, pursuant to section 3 of the Small Business Act (15 U.S.C. 632) and the implementing rules thereunder.

(iii) INITIAL YEAR.—A merchant, retailer, or seller of nonfinancial goods or services shall be deemed to meet the relevant industry size threshold described in clause (ii)(III) during the first year of operations of that business concern if, during that year, the receipts of that business concern reasonably are expected to meet that size threshold.

(iv) OTHER STANDARDS FOR SMALL BUSINESS.—With respect to a merchant, retailer, or seller of nonfinancial goods or services that is classified on a basis other than annual receipts for the purposes of section 3 of the Small Business Act (15 U.S.C. 632) and the implementing rules thereunder, such merchant, retailer, or seller shall be deemed to meet the relevant industry size threshold described in clause (ii)(III) if such merchant, retailer, or seller meets the relevant industry size threshold to be a small business concern based on the number of employees, or other such applicable measure, established under that Act.

(E) EXCEPTION FROM STATE ENFORCEMENT.—To the extent that the Bureau may not exercise authority under this subsection with respect to a merchant, retailer, or seller of nonfinancial goods or services, no action by a State attorney general or State regulator with respect to a claim made under this title may be brought under subsection 1042(a), with respect to an activity described in any of clauses (i) through (iii) of subparagraph (A) by such merchant, retailer, or seller of nonfinancial goods or services.

(b) EXCLUSION FOR REAL ESTATE BROKERAGE ACTIVITIES.—

(1) REAL ESTATE BROKERAGE ACTIVITIES EXCLUDED.—Without limiting subsection (a), and except as permitted in paragraph (2), the Bureau may not exercise any rulemaking, [supervisory,] enforcement, or other authority under this title with respect to a person that is licensed or registered as a real estate broker or real estate agent, in accordance with State law, to the extent that such person—

(A) acts as a real estate agent or broker for a buyer, seller, lessor, or lessee of real property;

(B) brings together parties interested in the sale, purchase, lease, rental, or exchange of real property;

(C) negotiates, on behalf of any party, any portion of a contract relating to the sale, purchase, lease, rental, or exchange of real property (other than in connection with the provision of financing with respect to any such transaction); or

(D) offers to engage in any activity, or act in any capacity, described in subparagraph (A), (B), or (C).

(2) DESCRIPTION OF ACTIVITIES.—The Bureau may exercise rulemaking, [supervisory,] enforcement, or other authority under this title with respect to a person described in paragraph (1) when such person is—

(A) engaged in an activity of offering or providing any consumer financial product or service, except that the Bureau may exercise such authority only with respect to that activity; or

(B) otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H, but the Bureau may exercise such authority only with respect to that law.

(c) EXCLUSION FOR MANUFACTURED HOME RETAILERS AND MODULAR HOME RETAILERS.—

(1) IN GENERAL.—The Director may not exercise any rulemaking, [supervisory,] enforcement, or other authority over a person to the extent that—

(A) such person is not described in paragraph (2); and

(B) such person—

(i) acts as an agent or broker for a buyer or seller of a manufactured home or a modular home;

(ii) facilitates the purchase by a consumer of a manufactured home or modular home, by negotiating the purchase price or terms of the sales contract (other than providing financing with respect to such transaction); or

(iii) offers to engage in any activity described in clause (i) or (ii).

(2) DESCRIPTION OF ACTIVITIES.—A person is described in this paragraph to the extent that such person is engaged in the offering or provision of any consumer financial product or service or is otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(3) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

(A) MANUFACTURED HOME.—The term “manufactured home” has the same meaning as in section 603 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402).

(B) MODULAR HOME.—The term “modular home” means a house built in a factory in 2 or more modules that meet the State or local building codes where the house will be located, and where such modules are transported to the building site, installed on foundations, and completed.

(d) EXCLUSION FOR ACCOUNTANTS AND TAX PREPARERS.—

(1) IN GENERAL.—Except as permitted in paragraph (2), the Bureau may not exercise any rulemaking, [supervisory,] enforcement, or other authority over—

(A) any person that is a certified public accountant, permitted to practice as a certified public accounting firm, or certified or licensed for such purpose by a State, or any individual who is employed by or holds an ownership interest with respect to a person described in this subparagraph, when such person is performing or offering to perform—

(i) customary and usual accounting activities, including the provision of accounting, tax, advisory, or other services that are subject to the regulatory authority of a State board of accountancy or a Federal authority; or

(ii) other services that are incidental to such customary and usual accounting activities, to the extent that such incidental services are not offered or provided—

(I) by the person separate and apart from such customary and usual accounting activities; or

(II) to consumers who are not receiving such customary and usual accounting activities; or

(B) any person, other than a person described in subparagraph (A) that performs income tax preparation activities for consumers.

(2) DESCRIPTION OF ACTIVITIES.—

(A) IN GENERAL.—Paragraph (1) shall not apply to any person described in paragraph (1)(A) or (1)(B) to the extent that such person is engaged in any activity which is not a customary and usual accounting activity described in paragraph (1)(A) or incidental thereto but which is the offering or provision of any consumer financial product or service, except to the extent that a person described in paragraph (1)(A) is engaged in an activity which is a cus-

tomary and usual accounting activity described in paragraph (1)(A), or incidental thereto.

(B) NOT A CUSTOMARY AND USUAL ACCOUNTING ACTIVITY.—For purposes of this subsection, extending or brokering credit is not a customary and usual accounting activity, or incidental thereto.

(C) RULE OF CONSTRUCTION.—For purposes of subparagraphs (A) and (B), a person described in paragraph (1)(A) shall not be deemed to be extending credit, if such person is only extending credit directly to a consumer, exclusively for the purpose of enabling such consumer to purchase services described in clause (i) or (ii) of paragraph (1)(A) directly from such person, and such credit is—

- (i) not subject to a finance charge; and
- (ii) not payable by written agreement in more than 4 installments.

(D) OTHER LIMITATIONS.—Paragraph (1) does not apply to any person described in paragraph (1)(A) or (1)(B) that is otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(e) EXCLUSION FOR PRACTICE OF LAW.—

(1) IN GENERAL.—Except as provided under paragraph (2), the Bureau may not exercise any [supervisory or] enforcement authority with respect to an activity engaged in by an attorney as part of the practice of law under the laws of a State in which the attorney is licensed to practice law.

(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed so as to limit the exercise by the Bureau of any [supervisory,] enforcement, or other authority regarding the offering or provision of a consumer financial product or service described in any subparagraph of section 1002(5)—

(A) that is not offered or provided as part of, or incidental to, the practice of law, occurring exclusively within the scope of the attorney-client relationship; or

(B) that is otherwise offered or provided by the attorney in question with respect to any consumer who is not receiving legal advice or services from the attorney in connection with such financial product or service.

(3) EXISTING AUTHORITY.—Paragraph (1) shall not be construed so as to limit the authority of the Bureau with respect to any attorney, to the extent that such attorney is otherwise subject to any of the enumerated consumer laws or the authorities transferred under subtitle F or H.

(f) EXCLUSION FOR PERSONS REGULATED BY A STATE INSURANCE REGULATOR.—

(1) IN GENERAL.—No provision of this title shall be construed as altering, amending, or affecting the authority of any State insurance regulator to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by a State insurance regulator. Except as provided in paragraph (2), the Bureau shall have no authority to exercise any power to enforce this title with respect to a person regulated by a State insurance regulator.

(2) DESCRIPTION OF ACTIVITIES.—Paragraph (1) does not apply to any person described in such paragraph to the extent that such person is engaged in the offering or provision of any consumer financial product or service or is otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(3) STATE INSURANCE AUTHORITY UNDER GRAMM-LEACH-BLILEY.—Notwithstanding paragraph (2), the Bureau shall not exercise any authorities that are granted a State insurance authority under section 505(a)(6) of the Gramm-Leach-Bliley Act with respect to a person regulated by a State insurance authority.

(g) EXCLUSION FOR EMPLOYEE BENEFIT AND COMPENSATION PLANS AND CERTAIN OTHER ARRANGEMENTS UNDER THE INTERNAL REVENUE CODE OF 1986.—

(1) PRESERVATION OF AUTHORITY OF OTHER AGENCIES.—No provision of this title shall be construed as altering, amending, or affecting the authority of the Secretary of the Treasury, the Secretary of Labor, or the Commissioner of Internal Revenue to adopt regulations, initiate enforcement proceedings, or take any actions with respect to any specified plan or arrangement.

(2) ACTIVITIES NOT CONSTITUTING THE OFFERING OR PROVISION OF ANY CONSUMER FINANCIAL PRODUCT OR SERVICE.—For purposes of this title, a person shall not be treated as having engaged in the offering or provision of any consumer financial product or service solely because such person is—

(A) a specified plan or arrangement;

(B) engaged in the activity of establishing or maintaining, for the benefit of employees of such person (or for members of an employee organization), any specified plan or arrangement; or

(C) engaged in the activity of establishing or maintaining a qualified tuition program under section 529(b)(1) of the Internal Revenue Code of 1986 offered by a State or other prepaid tuition program offered by a State.

(3) LIMITATION ON BUREAU AUTHORITY.—

(A) IN GENERAL.—Except as provided under subparagraphs (B) and (C), the Bureau may not exercise any rule-making or enforcement authority with respect to products or services that relate to any specified plan or arrangement.

(B) BUREAU ACTION PURSUANT TO AGENCY REQUEST.—

(i) AGENCY REQUEST.—The Secretary and the Secretary of Labor may jointly issue a written request to the Bureau regarding implementation of appropriate consumer protection standards under this title with respect to the provision of services relating to any specified plan or arrangement.

(ii) AGENCY RESPONSE.—In response to a request by the Bureau, the Secretary and the Secretary of Labor shall jointly issue a written response, not later than 90 days after receipt of such request, to grant or deny the request of the Bureau regarding implementation of appropriate consumer protection standards under this

title with respect to the provision of services relating to any specified plan or arrangement.

(iii) SCOPE OF BUREAU ACTION.—Subject to a request or response pursuant to clause (i) or clause (ii) by the agencies made under this subparagraph, the Bureau may exercise rulemaking authority, and may act to enforce a rule prescribed pursuant to such request or response, in accordance with the provisions of this title. A request or response made by the Secretary and the Secretary of Labor under this subparagraph shall describe the basis for, and scope of, appropriate consumer protection standards to be implemented under this title with respect to the provision of services relating to any specified plan or arrangement.

(C) DESCRIPTION OF PRODUCTS OR SERVICES.—To the extent that a person engaged in providing products or services relating to any specified plan or arrangement is subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H, subparagraph (A) shall not apply with respect to that law.

(4) SPECIFIED PLAN OR ARRANGEMENT.—For purposes of this subsection, the term “specified plan or arrangement” means any plan, account, or arrangement described in section 220, 223, 401(a), 403(a), 403(b), 408, 408A, 529, 529A, or 530 of the Internal Revenue Code of 1986, or any employee benefit or compensation plan or arrangement, including a plan that is subject to title I of the Employee Retirement Income Security Act of 1974, or any prepaid tuition program offered by a State.

(h) PERSONS REGULATED BY A STATE SECURITIES COMMISSION.—

(1) IN GENERAL.—No provision of this title shall be construed as altering, amending, or affecting the authority of any securities commission (or any agency or office performing like functions) of any State to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by any securities commission (or any agency or office performing like functions) of any State. Except as permitted in paragraph (2) and subsection (f), the Bureau shall have no authority to exercise any power to enforce this title with respect to a person regulated by any securities commission (or any agency or office performing like functions) of any State, but only to the extent that the person acts in such regulated capacity.

(2) DESCRIPTION OF ACTIVITIES.—Paragraph (1) shall not apply to any person to the extent such person is engaged in the offering or provision of any consumer financial product or service, or is otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(i) EXCLUSION FOR PERSONS REGULATED BY THE COMMISSION.—

(1) IN GENERAL.—No provision of this title may be construed as altering, amending, or affecting the authority of the Commission to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by the Commission. The Bureau shall have no authority to exercise

any power to enforce this title with respect to a person regulated by the Commission.

(2) CONSULTATION AND COORDINATION.—Notwithstanding paragraph (1), the Commission shall consult and coordinate, where feasible, with the Bureau with respect to any rule (including any advance notice of proposed rulemaking) regarding an investment product or service that is the same type of product as, or that competes directly with, a consumer financial product or service that is subject to the jurisdiction of the Bureau under this title or under any other law. In carrying out this paragraph, the agencies shall negotiate an agreement to establish procedures for such coordination, including procedures for providing advance notice to the Bureau when the Commission is initiating a rulemaking.

(j) EXCLUSION FOR PERSONS REGULATED BY THE COMMODITY FUTURES TRADING COMMISSION.—

(1) IN GENERAL.—No provision of this title shall be construed as altering, amending, or affecting the authority of the Commodity Futures Trading Commission to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by the Commodity Futures Trading Commission. The Bureau shall have no authority to exercise any power to enforce this title with respect to a person regulated by the Commodity Futures Trading Commission.

(2) CONSULTATION AND COORDINATION.—Notwithstanding paragraph (1), the Commodity Futures Trading Commission shall consult and coordinate with the Bureau with respect to any rule (including any advance notice of proposed rulemaking) regarding a product or service that is the same type of product as, or that competes directly with, a consumer financial product or service that is subject to the jurisdiction of the Bureau under this title or under any other law.

(k) EXCLUSION FOR PERSONS REGULATED BY THE FARM CREDIT ADMINISTRATION.—

(1) IN GENERAL.—No provision of this title shall be construed as altering, amending, or affecting the authority of the Farm Credit Administration to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by the Farm Credit Administration. The Bureau shall have no authority to exercise any power to enforce this title with respect to a person regulated by the Farm Credit Administration.

(2) DEFINITION.—For purposes of this subsection, the term “person regulated by the Farm Credit Administration” means any Farm Credit System institution that is chartered and subject to the provisions of the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.).

(l) EXCLUSION FOR ACTIVITIES RELATING TO CHARITABLE CONTRIBUTIONS.—

(1) IN GENERAL.—The Director and the Bureau may not exercise any rulemaking, [supervisory,] enforcement, or other authority, including authority to order penalties, over any activities related to the solicitation or making of voluntary contributions to a tax-exempt organization as recognized by the Internal Revenue Service, by any agent, volunteer, or representative

of such organizations to the extent the organization, agent, volunteer, or representative thereof is soliciting or providing advice, information, education, or instruction to any donor or potential donor relating to a contribution to the organization.

(2) LIMITATION.—The exclusion in paragraph (1) does not apply to other activities not described in paragraph (1) that are the offering or provision of any consumer financial product or service, or are otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.

(m) INSURANCE.—The Bureau may not define as a financial product or service, by regulation or otherwise, engaging in the business of insurance.

(n) LIMITED AUTHORITY OF THE BUREAU.—Notwithstanding subsections (a) through (h) and (l), a person subject to or described in one or more of such provisions—

(1) may be a service provider; and

(2) may be subject to requests from, or requirements imposed by, the Bureau regarding information in order to carry out the responsibilities and functions of the Bureau and in accordance with section 1022, 1052, or 1053.

(o) NO AUTHORITY TO IMPOSE USURY LIMIT.—No provision of this title shall be construed as conferring authority on the Bureau to establish a usury limit applicable to an extension of credit offered or made by a covered person to a consumer, unless explicitly authorized by law.

(p) ATTORNEY GENERAL.—No provision of this title, including [section 1024(c)(1)] *section 1024(b)(1)*, shall affect the authorities of the Attorney General under otherwise applicable provisions of law.

(q) SECRETARY OF THE TREASURY.—No provision of this title shall affect the authorities of the Secretary, including with respect to prescribing rules, initiating enforcement proceedings, or taking other actions with respect to a person that performs income tax preparation activities for consumers.

(r) DEPOSIT INSURANCE AND SHARE INSURANCE.—Nothing in this title shall affect the authority of the Corporation under the Federal Deposit Insurance Act or the National Credit Union Administration Board under the Federal Credit Union Act as to matters related to deposit insurance and share insurance, respectively.

(s) FAIR HOUSING ACT.—No provision of this title shall be construed as affecting any authority arising under the Fair Housing Act.

(t) *NO AUTHORITY TO REGULATE SMALL-DOLLAR CREDIT.—The Bureau may not exercise any rulemaking, enforcement, or other authority with respect to payday loans, vehicle title loans, or other similar loans.*

[SEC. 1028. AUTHORITY TO RESTRICT MANDATORY PRE-DISPUTE ARBITRATION.]

[(a) STUDY AND REPORT.—The Bureau shall conduct a study of, and shall provide a report to Congress concerning, the use of agreements providing for arbitration of any future dispute between covered persons and consumers in connection with the offering or providing of consumer financial products or services.]

[(b) FURTHER AUTHORITY.—The Bureau, by regulation, may prohibit or impose conditions or limitations on the use of an agreement between a covered person and a consumer for a consumer financial product or service providing for arbitration of any future dispute between the parties, if the Bureau finds that such a prohibition or imposition of conditions or limitations is in the public interest and for the protection of consumers. The findings in such rule shall be consistent with the study conducted under subsection (a).

[(c) LIMITATION.—The authority described in subsection (b) may not be construed to prohibit or restrict a consumer from entering into a voluntary arbitration agreement with a covered person after a dispute has arisen.

[(d) EFFECTIVE DATE.—Notwithstanding any other provision of law, any regulation prescribed by the Bureau under subsection (b) shall apply, consistent with the terms of the regulation, to any agreement between a consumer and a covered person entered into after the end of the 180-day period beginning on the effective date of the regulation, as established by the Bureau.]

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Subtitle C—Specific Bureau Authorities

[(SEC. 1031. PROHIBITING UNFAIR, DECEPTIVE, OR ABUSIVE ACTS OR PRACTICES.

[(a) IN GENERAL.—The Bureau may take any action authorized under subtitle E to prevent a covered person or service provider from committing or engaging in an unfair, deceptive, or abusive act or practice under Federal law in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service.

[(b) RULEMAKING.—The Bureau may prescribe rules applicable to a covered person or service provider identifying as unlawful unfair, deceptive, or abusive acts or practices in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. Rules under this section may include requirements for the purpose of preventing such acts or practices.

[(c) UNFAIRNESS.—

[(1) IN GENERAL.—The Bureau shall have no authority under this section to declare an act or practice in connection with a transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service, to be unlawful on the grounds that such act or practice is unfair, unless the Bureau has a reasonable basis to conclude that—

[(A) the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers; and

[(B) such substantial injury is not outweighed by countervailing benefits to consumers or to competition.

[(2) CONSIDERATION OF PUBLIC POLICIES.—In determining whether an act or practice is unfair, the Bureau may consider established public policies as evidence to be considered with all

other evidence. Such public policy considerations may not serve as a primary basis for such determination.

[(d) ABUSIVE.—The Bureau shall have no authority under this section to declare an act or practice abusive in connection with the provision of a consumer financial product or service, unless the act or practice—

[(1) materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service; or

[(2) takes unreasonable advantage of—

[(A) a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service;

[(B) the inability of the consumer to protect the interests of the consumer in selecting or using a consumer financial product or service; or

[(C) the reasonable reliance by the consumer on a covered person to act in the interests of the consumer.

[(e) CONSULTATION.—In prescribing rules under this section, the Bureau shall consult with the Federal banking agencies, or other Federal agencies, as appropriate, concerning the consistency of the proposed rule with prudential, market, or systemic objectives administered by such agencies.

[(f) CONSIDERATION OF SEASONAL INCOME.—The rules of the Bureau under this section shall provide, with respect to an extension of credit secured by residential real estate or a dwelling, if documented income of the borrower, including income from a small business, is a repayment source for an extension of credit secured by residential real estate or a dwelling, the creditor may consider the seasonality and irregularity of such income in the underwriting of and scheduling of payments for such credit.]

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SEC. 1034. RESPONSE TO CONSUMER COMPLAINTS AND INQUIRIES.

(a) **TIMELY REGULATOR RESPONSE TO CONSUMERS.**—The Bureau shall establish, in consultation with the appropriate Federal regulatory agencies, reasonable procedures to provide a timely response to consumers, in writing where appropriate, to complaints against, or inquiries concerning, a covered person, including—

(1) steps that have been taken by the regulator in response to the complaint or inquiry of the consumer;

(2) any responses received by the regulator from the covered person; and

(3) any follow-up actions or planned follow-up actions by the regulator in response to the complaint or inquiry of the consumer.

[(b) **TIMELY RESPONSE TO REGULATOR BY COVERED PERSON.**—A covered person subject to supervision and primary enforcement by the Bureau pursuant to section 1025 shall provide a timely response, in writing where appropriate, to the Bureau, the prudential regulators, and any other agency having jurisdiction over such covered person concerning a consumer complaint or inquiry, including—

[(1) steps that have been taken by the covered person to respond to the complaint or inquiry of the consumer;

[(2) responses received by the covered person from the consumer; and

[(3) follow-up actions or planned follow-up actions by the covered person to respond to the complaint or inquiry of the consumer.

[(c) PROVISION OF INFORMATION TO CONSUMERS.—

[(1) IN GENERAL.—A covered person subject to supervision and primary enforcement by the Bureau pursuant to section 1025 shall, in a timely manner, comply with a consumer request for information in the control or possession of such covered person concerning the consumer financial product or service that the consumer obtained from such covered person, including supporting written documentation, concerning the account of the consumer.

[(2) EXCEPTIONS.—A covered person subject to supervision and primary enforcement by the Bureau pursuant to section 1025, a prudential regulator, and any other agency having jurisdiction over a covered person subject to supervision and primary enforcement by the Bureau pursuant to section 1025 may not be required by this section to make available to the consumer—

[(A) any confidential commercial information, including an algorithm used to derive credit scores or other risk scores or predictors;

[(B) any information collected by the covered person for the purpose of preventing fraud or money laundering, or detecting or making any report regarding other unlawful or potentially unlawful conduct;

[(C) any information required to be kept confidential by any other provision of law; or

[(D) any nonpublic or confidential information, including confidential supervisory information.]

[(d)] (b) AGREEMENTS WITH OTHER AGENCIES.—The Bureau shall enter into a memorandum of understanding with any affected Federal regulatory agency regarding procedures by which any covered person, and the prudential regulators, and any other agency having jurisdiction over a covered person, including the Secretary of the Department of Housing and Urban Development and the Secretary of Education, shall comply with this section.

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SEC. 1036. PROHIBITED ACTS.

(a) IN GENERAL.—It shall be unlawful for—

(1) any covered person or service [provider—]

[(A) to offer] *provider to offer* or provide to a consumer any financial product or service not in conformity with Federal consumer financial law, or otherwise commit any act or omission in violation of a Federal consumer financial law; or

[(B) to engage in any unfair, deceptive, or abusive act or practice;]

(2) any covered person or service provider to fail or refuse, as required by Federal consumer financial law, or any rule or order issued by the Bureau thereunder—

(A) to permit access to or copying of records;

(B) to establish or maintain records; or
 (C) to make reports or provide information to the
 Bureau[; or].

[(3) any person to knowingly or recklessly provide substantial assistance to a covered person or service provider in violation of the provisions of section 1031, or any rule or order issued thereunder, and notwithstanding any provision of this title, the provider of such substantial assistance shall be deemed to be in violation of that section to the same extent as the person to whom such assistance is provided.]

(b) EXCEPTION.—No person shall be held to have violated subsection (a)(1) solely by virtue of providing or selling time or space to a covered person or service provider placing an advertisement.

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Subtitle E—Enforcement Powers

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SEC. 1053. HEARINGS AND ADJUDICATION PROCEEDINGS.

(a) IN GENERAL.—The Bureau is authorized to conduct hearings and adjudication proceedings with respect to any person in the manner prescribed by chapter 5 of title 5, United States Code in order to ensure or enforce compliance with—

(1) the provisions of this title, including any rules prescribed by the Bureau under this title; and

(2) any other Federal law that the Bureau is authorized to enforce, including an enumerated consumer law, and any regulations or order prescribed thereunder, unless such Federal law specifically limits the Bureau from conducting a hearing or adjudication proceeding and only to the extent of such limitation.

(b) SPECIAL RULES FOR CEASE-AND-DESIST PROCEEDINGS.—

(1) ORDERS AUTHORIZED.—

(A) IN GENERAL.—If, in the opinion of the Bureau, any covered person or service provider is engaging or has engaged in an activity that violates a law, rule, or any condition imposed in writing on the person by the Bureau, the Bureau may, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, issue and serve upon the covered person or service provider a notice of charges in respect thereof.

(B) CONTENT OF NOTICE.—The notice under subparagraph (A) shall contain a statement of the facts constituting the alleged violation or violations, and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist should issue against the covered person or service provider, such hearing to be held not earlier than 30 days nor later than 60 days after the date of service of such notice, unless an earlier or a later date is set by the Bureau, at the request of any party so served.

(C) CONSENT.—Unless the party or parties served under subparagraph (B) appear at the hearing personally or by a duly authorized representative, such person shall be

deemed to have consented to the issuance of the cease-and-desist order.

(D) PROCEDURE.—In the event of consent under subparagraph (C), or if, upon the record, made at any such hearing, the Bureau finds that any violation specified in the notice of charges has been established, the Bureau may issue and serve upon the covered person or service provider an order to cease and desist from the violation or practice. Such order may, by provisions which may be mandatory or otherwise, require the covered person or service provider to cease and desist from the subject activity, and to take affirmative action to correct the conditions resulting from any such violation.

(2) EFFECTIVENESS OF ORDER.—A cease-and-desist order shall become effective at the expiration of 30 days after the date of service of an order under paragraph (1) upon the covered person or service provider concerned (except in the case of a cease-and-desist order issued upon consent, which shall become effective at the time specified therein), and shall remain effective and enforceable as provided therein, except to such extent as the order is stayed, modified, terminated, or set aside by action of the Bureau or a reviewing court.

(3) DECISION AND APPEAL.—Any hearing provided for in this subsection shall be held in the Federal judicial district or in the territory in which the residence or principal office or place of business of the person is located unless the person consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. After such hearing, and within 90 days after the Bureau has notified the parties that the case has been submitted to the Bureau for final decision, the Bureau shall render its decision (which shall include findings of fact upon which its decision is predicated) and shall issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this section. Judicial review of any such order shall be exclusively as provided in this subsection. Unless a petition for review is timely filed in a court of appeals of the United States, as provided in paragraph (4), and thereafter until the record in the proceeding has been filed as provided in paragraph (4), the Bureau may at any time, upon such notice and in such manner as the Bureau shall determine proper, modify, terminate, or set aside any such order. Upon filing of the record as provided, the Bureau may modify, terminate, or set aside any such order with permission of the court.

(4) APPEAL TO COURT OF APPEALS.—Any party to any proceeding under this subsection may obtain a review of any order served pursuant to this subsection (other than an order issued with the consent of the person concerned) by the filing in the court of appeals of the United States for the circuit in which the principal office of the covered person is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of service of such order, a written petition praying that the order of the Bureau be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Bu-

reau, and thereupon the Bureau shall file in the court the record in the proceeding, as provided in section 2112 of title 28 of the United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall except as provided in the last sentence of paragraph (3) be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the Bureau. Review of such proceedings shall be had as provided in chapter 7 of title 5 of the United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court of the United States, upon certiorari, as provided in section 1254 of title 28 of the United States Code.

(5) NO STAY.—The commencement of proceedings for judicial review under paragraph (4) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Bureau.

(c) SPECIAL RULES FOR TEMPORARY CEASE-AND-DESIST PROCEEDINGS.—

(1) IN GENERAL.—Whenever the Bureau determines that the violation specified in the notice of charges served upon a person, including a service provider, pursuant to subsection (b), or the continuation thereof, is likely to cause the person to be insolvent or otherwise prejudice the interests of consumers before the completion of the proceedings conducted pursuant to subsection (b), the Bureau may issue a temporary order requiring the person to cease and desist from any such violation or practice and to take affirmative action to prevent or remedy such insolvency or other condition pending completion of such proceedings. Such order may include any requirement authorized under this subtitle. Such order shall become effective upon service upon the person and, unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (2), shall remain effective and enforceable pending the completion of the administrative proceedings pursuant to such notice and until such time as the Bureau shall dismiss the charges specified in such notice, or if a cease-and-desist order is issued against the person, until the effective date of such order.

(2) APPEAL.—Not later than 10 days after the covered person or service provider concerned has been served with a temporary cease-and-desist order, the person may apply to the United States district court for the judicial district in which the residence or principal office or place of business of the person is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the person under subsection (b), and such court shall have jurisdiction to issue such injunction.

(3) INCOMPLETE OR INACCURATE RECORDS.—

(A) TEMPORARY ORDER.—If a notice of charges served under subsection (b) specifies, on the basis of particular facts and circumstances, that the books and records of a covered person or service provider are so incomplete or in-

accurate that the Bureau is unable to determine the financial condition of that person or the details or purpose of any transaction or transactions that may have a material effect on the financial condition of that person, the Bureau may issue a temporary order requiring—

(i) the cessation of any activity or practice which gave rise, whether in whole or in part, to the incomplete or inaccurate state of the books or records; or

(ii) affirmative action to restore such books or records to a complete and accurate state, until the completion of the proceedings under subsection (b)(1).

(B) EFFECTIVE PERIOD.—Any temporary order issued under subparagraph (A)—

(i) shall become effective upon service; and

(ii) unless set aside, limited, or suspended by a court in proceedings under paragraph (2), shall remain in effect and enforceable until the earlier of—

(I) the completion of the proceeding initiated under subsection (b) in connection with the notice of charges; or

(II) the date the Bureau determines[, by examination or otherwise,] that the books and records of the covered person or service provider are accurate and reflect the financial condition thereof.

(d) SPECIAL RULES FOR ENFORCEMENT OF ORDERS.—

(1) IN GENERAL.—The Bureau may in its discretion apply to the United States district court within the jurisdiction of which the principal office or place of business of the person is located, for the enforcement of any effective and outstanding notice or order issued under this section, and such court shall have jurisdiction and power to order and require compliance herewith.

(2) EXCEPTION.—Except as otherwise provided in this subsection, no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order or to review, modify, suspend, terminate, or set aside any such notice or order.

(e) RULES.—The Bureau shall prescribe rules establishing such procedures as may be necessary to carry out this section.

SEC. 1054. LITIGATION AUTHORITY.

(a) IN GENERAL.—If any person violates a Federal consumer financial law, the Bureau may, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, commence a civil action against such person to impose a civil penalty or to seek all appropriate legal and equitable relief including a permanent or temporary injunction as permitted by law.

(b) REPRESENTATION.—The Bureau may act in its own name and through its own attorneys in enforcing any provision of this title, rules thereunder, or any other law or regulation, or in any action, suit, or proceeding to which the Bureau is a party.

(c) COMPROMISE OF ACTIONS.—The Bureau may compromise or settle any action if such compromise is approved by the court.

(d) NOTICE TO THE ATTORNEY GENERAL.—

(1) IN GENERAL.—When commencing a civil action under Federal consumer financial law, or any rule thereunder, the Bureau shall notify the Attorney General and, with respect to

a civil action against an insured depository institution or insured credit union, the appropriate prudential regulator.

(2) NOTICE AND COORDINATION.—

(A) NOTICE OF OTHER ACTIONS.—In addition to any notice required under paragraph (1), the Bureau shall notify the Attorney General concerning any action, suit, or proceeding to which the Bureau is a party, except an action, suit, or proceeding that involves the offering or provision of consumer financial products or services.

(B) COORDINATION.—In order to avoid conflicts and promote consistency regarding litigation of matters under Federal law, the Attorney General and the Bureau shall consult regarding the coordination of investigations and proceedings, including by negotiating an agreement for coordination by not later than 180 days after the designated transfer date. The agreement under this subparagraph shall include provisions to ensure that parallel investigations and proceedings involving the Federal consumer financial laws are conducted in a manner that avoids conflicts and does not impede the ability of the Attorney General to prosecute violations of Federal criminal laws.

(C) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to limit the authority of the Bureau under this title, including the authority to interpret Federal consumer financial law.

(e) APPEARANCE BEFORE THE SUPREME COURT.—The Bureau may represent itself in its own name before the Supreme Court of the United States, provided that the Bureau makes a written request to the Attorney General within the 10-day period which begins on the date of entry of the judgment which would permit any party to file a petition for writ of certiorari, and the Attorney General concurs with such request or fails to take action within 60 days of the request of the Bureau.

(f) FORUM.—Any civil action brought under this title may be brought in a United States district court or in any court of competent jurisdiction of a state in a district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to enjoin such person and to require compliance with any Federal consumer financial law.

(g) TIME FOR BRINGING ACTION.—

(1) IN GENERAL.—Except as otherwise permitted by law or equity, no action may be brought under this title more than 3 years after the date of discovery of the violation to which an action relates.

(2) LIMITATIONS UNDER OTHER FEDERAL LAWS.—

(A) IN GENERAL.—An action arising under this title does not include claims arising solely under enumerated consumer laws.

(B) BUREAU AUTHORITY.—In any action arising solely under an enumerated consumer law, the Bureau may commence, defend, or intervene in the action in accordance with the requirements of that provision of law, as applicable.

(C) TRANSFERRED AUTHORITY.—In any action arising solely under laws for which authorities were transferred

under subtitles F and H, the Bureau may commence, defend, or intervene in the action in accordance with the requirements of that provision of law, as applicable.

* * * * *

Subtitle F—Transfer of Functions and Personnel; Transitional Provisions

SEC. 1061. TRANSFER OF CONSUMER FINANCIAL PROTECTION FUNCTIONS.

(a) DEFINED TERMS.—For purposes of this subtitle—

(1) the term “consumer financial protection functions” ~~means—~~

~~[(A) all] means all~~ authority to prescribe rules or issue orders or guidelines pursuant to any Federal consumer financial law, including performing appropriate functions to promulgate and review such rules, orders, and guidelines~~]; and~~.

~~[(B) the examination authority described in subsection (c)(1), with respect to a person described in subsection 1025(a); and]~~

(2) the terms “transferor agency” and “transferor agencies” mean, respectively—

(A) the Board of Governors (and any Federal reserve bank, as the context requires), the Federal Deposit Insurance Corporation, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the Department of Housing and Urban Development, and the heads of those agencies; and

(B) the agencies listed in subparagraph (A), collectively.

(b) IN GENERAL.—Except as provided in subsection (c), consumer financial protection functions are transferred as follows:

(1) BOARD OF GOVERNORS.—

(A) TRANSFER OF FUNCTIONS.—All consumer financial protection functions of the Board of Governors are transferred to the Bureau.

(B) BOARD OF GOVERNORS AUTHORITY.—The Bureau shall have all powers and duties that were vested in the Board of Governors, relating to consumer financial protection functions, on the day before the designated transfer date.

(2) COMPTROLLER OF THE CURRENCY.—

(A) TRANSFER OF FUNCTIONS.—All consumer financial protection functions of the Comptroller of the Currency are transferred to the Bureau.

(B) COMPTROLLER AUTHORITY.—The Bureau shall have all powers and duties that were vested in the Comptroller of the Currency, relating to consumer financial protection functions, on the day before the designated transfer date.

(3) DIRECTOR OF THE OFFICE OF THRIFT SUPERVISION.—

(A) TRANSFER OF FUNCTIONS.—All consumer financial protection functions of the Director of the Office of Thrift Supervision are transferred to the Bureau.

- (B) DIRECTOR AUTHORITY.—The Bureau shall have all powers and duties that were vested in the Director of the Office of Thrift Supervision, relating to consumer financial protection functions, on the day before the designated transfer date.
- (4) FEDERAL DEPOSIT INSURANCE CORPORATION.—
- (A) TRANSFER OF FUNCTIONS.—All consumer financial protection functions of the Federal Deposit Insurance Corporation are transferred to the Bureau.
- (B) CORPORATION AUTHORITY.—The Bureau shall have all powers and duties that were vested in the Federal Deposit Insurance Corporation, relating to consumer financial protection functions, on the day before the designated transfer date.
- (5) FEDERAL TRADE COMMISSION.—
- (A) TRANSFER OF FUNCTIONS.—The authority of the Federal Trade Commission under an enumerated consumer law to prescribe rules, issue guidelines, or conduct a study or issue a report mandated under such law shall be transferred to the Bureau on the designated transfer date. Nothing in this title shall be construed to require a mandatory transfer of any employee of the Federal Trade Commission.
- (B) BUREAU AUTHORITY.—
- [(i) IN GENERAL.—]The Bureau shall have all powers and duties under the enumerated consumer laws to prescribe rules, issue guidelines, or to conduct studies or issue reports mandated by such laws, that were vested in the Federal Trade Commission on the day before the designated transfer date.
- [(ii) FEDERAL TRADE COMMISSION ACT.—Subject to subtitle B, the Bureau may enforce a rule prescribed under the Federal Trade Commission Act by the Federal Trade Commission with respect to an unfair or deceptive act or practice to the extent that such rule applies to a covered person or service provider with respect to the offering or provision of a consumer financial product or service as if it were a rule prescribed under section 1031 of this title.]
- (C) AUTHORITY OF THE FEDERAL TRADE COMMISSION.—
- (i) IN GENERAL.—No provision of this title shall be construed as modifying, limiting, or otherwise affecting the authority of the Federal Trade Commission (including its authority with respect to affiliates described in section 1025(a)(1)) under the Federal Trade Commission Act or any other law, other than the authority under an enumerated consumer law to prescribe rules, issue official guidelines, or conduct a study or issue a report mandated under such law.
- (ii) COMMISSION AUTHORITY RELATING TO RULES PRESCRIBED BY THE BUREAU.—Subject to subtitle B, the Federal Trade Commission shall have authority to enforce under the Federal Trade Commission Act (15 U.S.C. 41 et seq.) a rule prescribed by the Bureau under this title with respect to a covered person sub-

ject to the jurisdiction of the Federal Trade Commission under that Act, and a violation of such a rule by such a person shall be treated as a violation of a rule issued under section 18 of that Act (15 U.S.C. 57a) with respect to unfair or deceptive acts or practices.

[(D) COORDINATION.—To avoid duplication of or conflict between rules prescribed by the Bureau under section 1031 of this title and the Federal Trade Commission under section 18(a)(1)(B) of the Federal Trade Commission Act that apply to a covered person or service provider with respect to the offering or provision of consumer financial products or services, the agencies shall negotiate an agreement with respect to rulemaking by each agency, including consultation with the other agency prior to proposing a rule and during the comment period.]

[(E)] (D) DEFERENCE.—No provision of this title shall be construed as altering, limiting, expanding, or otherwise affecting the deference that a court affords to the—

(i) Federal Trade Commission in making determinations regarding the meaning or interpretation of any provision of the Federal Trade Commission Act, or of any other Federal law for which the Commission has authority to prescribe rules; or

(ii) Bureau in making determinations regarding the meaning or interpretation of any provision of a Federal consumer financial law (other than any law described in clause (i)).

(6) NATIONAL CREDIT UNION ADMINISTRATION.—

(A) TRANSFER OF FUNCTIONS.—All consumer financial protection functions of the National Credit Union Administration are transferred to the Bureau.

(B) NATIONAL CREDIT UNION ADMINISTRATION AUTHORITY.—The Bureau shall have all powers and duties that were vested in the National Credit Union Administration, relating to consumer financial protection functions, on the day before the designated transfer date.

(7) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—

(A) TRANSFER OF FUNCTIONS.—All consumer protection functions of the Secretary of the Department of Housing and Urban Development relating to the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.), the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. 5102 et seq.), and the Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701 et seq.) are transferred to the Bureau.

(B) AUTHORITY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—The Bureau shall have all powers and duties that were vested in the Secretary of the Department of Housing and Urban Development relating to the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.), the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.), and the Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701 et seq.), on the day before the designated transfer date.

(c) AUTHORITIES OF THE PRUDENTIAL REGULATORS.—

[(1) EXAMINATION.—A transferor agency that is a prudential regulator shall have—

[(A) authority to require reports from and conduct examinations for compliance with Federal consumer financial laws with respect to a person described in section 1025(a), that is incidental to the backup and enforcement procedures provided to the regulator under section 1025(c); and

[(B) exclusive authority (relative to the Bureau) to require reports from and conduct examinations for compliance with Federal consumer financial laws with respect to a person described in section 1026(a), except as provided to the Bureau under subsections (b) and (c) of section 1026.]

(1) EXAMINATION.—A transferor agency that is a prudential regulator shall have exclusive authority (relative to the Bureau) to require reports from and conduct examinations for compliance with Federal consumer financial laws with respect to a person described in section 1026(a).

(2) ENFORCEMENT.—

[(A) LIMITATION.—The authority of a transferor agency that is a prudential regulator to enforce compliance with Federal consumer financial laws with respect to a person described in section 1025(a), shall be limited to the backup and enforcement procedures in described in section 1025(c).]

[(B)] (A) EXCLUSIVE AUTHORITY.—A transferor agency that is a prudential regulator shall have exclusive authority (relative to the Bureau) to enforce compliance with Federal consumer financial laws with respect to a person described in section 1026(a), except as provided to the Bureau under subsections (b) and (c) of section 1026.

[(C)] (B) STATUTORY ENFORCEMENT.—For purposes of carrying out the authorities under, and subject to the limitations of, subtitle B, each prudential regulator may enforce compliance with the requirements imposed under this title, and any rule or order prescribed by the Bureau under this title, under—

(i) the Federal Credit Union Act (12 U.S.C. 1751 et seq.), by the National Credit Union Administration Board with respect to any covered person or service provider that is an insured credit union, or service provider thereto, or any affiliate of an insured credit union, who is subject to the jurisdiction of the Board under that Act; and

(ii) section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), by the appropriate Federal banking agency, as defined in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)), with respect to a covered person or service provider that is a person described in section 3(q) of that Act and who is subject to the jurisdiction of that agency, as set forth in sections 3(q) and 8 of the Federal Deposit Insurance Act; or

(iii) the Bank Service Company Act (12 U.S.C. 1861 et seq.).

(d) EFFECTIVE DATE.—Subsections (b) and (c) shall become effective on the designated transfer date.

* * * * *

SEC. 1063. SAVINGS PROVISIONS.

(a) BOARD OF GOVERNORS.—

(1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(1) does not affect the validity of any right, duty, or obligation of the United States, the Board of Governors (or any Federal reserve bank), or any other person that—

(A) arises under any provision of law relating to any consumer financial protection function of the Board of Governors transferred to the Bureau by this title; and

(B) existed on the day before the designated transfer date.

(2) CONTINUATION OF SUITS.—No provision of this Act shall abate any proceeding commenced by or against the Board of Governors (or any Federal reserve bank) before the designated transfer date with respect to any consumer financial protection function of the Board of Governors (or any Federal reserve bank) transferred to the Bureau by this title, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the Board of Governors (or Federal reserve bank) as a party to any such proceeding as of the designated transfer date.

(b) FEDERAL DEPOSIT INSURANCE CORPORATION.—

(1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(4) does not affect the validity of any right, duty, or obligation of the United States, the Federal Deposit Insurance Corporation, the Board of Directors of that Corporation, or any other person, that—

(A) arises under any provision of law relating to any consumer financial protection function of the Federal Deposit Insurance Corporation transferred to the Bureau by this title; and

(B) existed on the day before the designated transfer date.

(2) CONTINUATION OF SUITS.—No provision of this Act shall abate any proceeding commenced by or against the Federal Deposit Insurance Corporation (or the Board of Directors of that Corporation) before the designated transfer date with respect to any consumer financial protection function of the Federal Deposit Insurance Corporation transferred to the Bureau by this title, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the Federal Deposit Insurance Corporation (or Board of Directors) as a party to any such proceeding as of the designated transfer date.

(c) FEDERAL TRADE COMMISSION.—Section 1061(b)(5) does not affect the validity of any right, duty, or obligation of the United States, the Federal Trade Commission, or any other person, that—

- (1) arises under any provision of law relating to any consumer financial protection function of the Federal Trade Commission transferred to the Bureau by this title; and
 - (2) existed on the day before the designated transfer date.
- (d) NATIONAL CREDIT UNION ADMINISTRATION.—
- (1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(6) does not affect the validity of any right, duty, or obligation of the United States, the National Credit Union Administration, the National Credit Union Administration Board, or any other person, that—
 - (A) arises under any provision of law relating to any consumer financial protection function of the National Credit Union Administration transferred to the Bureau by this title; and
 - (B) existed on the day before the designated transfer date.
 - (2) CONTINUATION OF SUITS.—No provision of this Act shall abate any proceeding commenced by or against the National Credit Union Administration (or the National Credit Union Administration Board) before the designated transfer date with respect to any consumer financial protection function of the National Credit Union Administration transferred to the Bureau by this title, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the National Credit Union Administration (or National Credit Union Administration Board) as a party to any such proceeding as of the designated transfer date.
- (e) OFFICE OF THE COMPTROLLER OF THE CURRENCY.—
- (1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(2) does not affect the validity of any right, duty, or obligation of the United States, the Comptroller of the Currency, the Office of the Comptroller of the Currency, or any other person, that—
 - (A) arises under any provision of law relating to any consumer financial protection function of the Comptroller of the Currency transferred to the Bureau by this title; and
 - (B) existed on the day before the designated transfer date.
 - (2) CONTINUATION OF SUITS.—No provision of this Act shall abate any proceeding commenced by or against the Comptroller of the Currency (or the Office of the Comptroller of the Currency) with respect to any consumer financial protection function of the Comptroller of the Currency transferred to the Bureau by this title before the designated transfer date, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the Comptroller of the Currency (or the Office of the Comptroller of the Currency) as a party to any such proceeding as of the designated transfer date.
- (f) OFFICE OF THRIFT SUPERVISION.—
- (1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(3) does not affect the validity of any right, duty, or obligation of the United States, the Director of the Office of Thrift Supervision, the Office of Thrift Supervision, or any other person, that—

(A) arises under any provision of law relating to any consumer financial protection function of the Director of the Office of Thrift Supervision transferred to the Bureau by this title; and

(B) that existed on the day before the designated transfer date.

(2) CONTINUATION OF SUITS.—No provision of this Act shall abate any proceeding commenced by or against the Director of the Office of Thrift Supervision (or the Office of Thrift Supervision) with respect to any consumer financial protection function of the Director of the Office of Thrift Supervision transferred to the Bureau by this title before the designated transfer date, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the Director (or the Office of Thrift Supervision) as a party to any such proceeding as of the designated transfer date.

(g) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—

(1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Section 1061(b)(7) shall not affect the validity of any right, duty, or obligation of the United States, the Secretary of the Department of Housing and Urban Development (or the Department of Housing and Urban Development), or any other person, that—

(A) arises under any provision of law relating to any function of the Secretary of the Department of Housing and Urban Development with respect to the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.), the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. 5102 et seq.), or the Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701 et seq) transferred to the Bureau by this title; and

(B) existed on the day before the designated transfer date.

(2) CONTINUATION OF SUITS.—This title shall not abate any proceeding commenced by or against the Secretary of the Department of Housing and Urban Development (or the Department of Housing and Urban Development) with respect to any consumer financial protection function of the Secretary of the Department of Housing and Urban Development transferred to the Bureau by this title before the designated transfer date, except that the Bureau, subject to [sections 1024, 1025, and 1026] *sections 1024 and 1026*, shall be substituted for the Secretary of the Department of Housing and Urban Development (or the Department of Housing and Urban Development) as a party to any such proceeding as of the designated transfer date.

(h) CONTINUATION OF EXISTING ORDERS, RULINGS, DETERMINATIONS, AGREEMENTS, AND RESOLUTIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and under subsection (i), all orders, resolutions, determinations, agreements, and rulings that have been issued, made, prescribed, or allowed to become effective by any transferor agency or by a court of competent jurisdiction, in the performance of consumer financial protection functions that are transferred by this title and that are in effect on the day before the des-

ignated transfer date, shall continue in effect, and shall continue to be enforceable by the appropriate transferor agency, according to the terms of those orders, resolutions, determinations, agreements, and rulings, and shall not be enforceable by or against the Bureau.

(2) EXCEPTION FOR ORDERS APPLICABLE TO PERSONS DESCRIBED IN SECTION 1025(A).—All orders, resolutions, determinations, agreements, and rulings that have been issued, made, prescribed, or allowed to become effective by any transferor agency or by a court of competent jurisdiction, in the performance of consumer financial protection functions that are transferred by this title and that are in effect on the day before the designated transfer date with respect to any person described in section 1025(a), shall continue in effect, according to the terms of those orders, resolutions, determinations, agreements, and rulings, and shall be enforceable by or against the Bureau or transferor agency.

(i) IDENTIFICATION OF RULES AND ORDERS CONTINUED.—Not later than the designated transfer date, the Bureau—

(1) shall, after consultation with the head of each transferor agency, identify the rules and orders that will be enforced by the Bureau; and

(2) shall publish a list of such rules and orders in the Federal Register.

(j) STATUS OF RULES PROPOSED OR NOT YET EFFECTIVE.—

(1) PROPOSED RULES.—Any proposed rule of a transferor agency which that agency, in performing consumer financial protection functions transferred by this title, has proposed before the designated transfer date, but has not been published as a final rule before that date, shall be deemed to be a proposed rule of the Bureau.

(2) RULES NOT YET EFFECTIVE.—Any interim or final rule of a transferor agency which that agency, in performing consumer financial protection functions transferred by this title, has published before the designated transfer date, but which has not become effective before that date, shall become effective as a rule of the Bureau according to its terms.

* * * * *

SEC. 1067. TRANSITION OVERSIGHT.

(a) PURPOSE.—The purpose of this section is to ensure that the Bureau—

(1) has an orderly and organized startup;

(2) attracts and retains a qualified workforce; and

(3) establishes comprehensive employee training and benefits programs.

(b) REPORTING REQUIREMENT.—

(1) IN GENERAL.—The Bureau shall submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes the plans described in paragraph (2).

(2) PLANS.—The plans described in this paragraph are as follows:

(A) **TRAINING AND WORKFORCE DEVELOPMENT PLAN.**—The Bureau shall submit a training and workforce development plan that includes, to the extent practicable—

- (i) identification of skill and technical expertise needs and actions taken to meet those requirements;
- (ii) steps taken to foster innovation and creativity;
- (iii) leadership development and succession planning; and
- (iv) effective use of technology by employees.

(B) **WORKPLACE FLEXIBILITIES PLAN.**—The Bureau shall submit a workforce flexibility plan that includes, to the extent practicable—

- (i) telework;
- (ii) flexible work schedules;
- (iii) phased retirement;
- (iv) reemployed annuitants;
- (v) part-time work;
- (vi) job sharing;
- (vii) parental leave benefits and childcare assistance;
- (viii) domestic partner benefits;
- (ix) other workplace flexibilities; or
- (x) any combination of the items described in clauses (i) through (ix).

(C) **RECRUITMENT AND RETENTION PLAN.**—The Bureau shall submit a recruitment and retention plan that includes, to the extent practicable, provisions relating to—

- (i) the steps necessary to target highly qualified applicant pools with diverse backgrounds;
- (ii) streamlined employment application processes;
- (iii) the provision of timely notification of the status of employment applications to applicants; and
- (iv) the collection of information to measure indicators of hiring effectiveness.

(c) **EXPIRATION.**—The reporting requirement under subsection (b) shall terminate 5 years after the date of enactment of this Act.

(d) **RULE OF CONSTRUCTION.**—Nothing in this section may be construed to affect—

- (1) a collective bargaining agreement, as that term is defined in section 7103(a)(8) of title 5, United States Code, that is in effect on the date of enactment of this Act; or
- (2) the rights of employees under chapter 71 of title 5, United States Code.

[(e) **PARTICIPATION IN EXAMINATIONS.**—In order to prepare the Bureau to conduct examinations under section 1025 upon the designated transfer date, the Bureau and the applicable prudential regulator may agree to include, on a sampling basis, examiners on examinations of the compliance with Federal consumer financial law of institutions described in section 1025(a) conducted by the prudential regulators prior to the designated transfer date.]

Subtitle G—Regulatory Improvements

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SEC. 1076. REVERSE MORTGAGE STUDY AND REGULATIONS.

(a) **STUDY.**—Not later than 1 year after the designated transfer date, the Bureau shall conduct a study on reverse mortgage transactions.

(b) **REGULATIONS.**—

(1) **IN GENERAL.**—If the Bureau determines through the study required under subsection (a) that conditions or limitations on reverse mortgage transactions are necessary or appropriate for accomplishing the purposes and objectives of this title, including protecting borrowers with respect to the obtaining of reverse mortgage loans for the purpose of funding investments, annuities, and other investment products and the suitability of a borrower in obtaining a reverse mortgage for such purpose.

(2) **IDENTIFIED PRACTICES AND INTEGRATED DISCLOSURES.**—The regulations prescribed under paragraph (1) may, as the Bureau may so **[determine—]**

[(A) identify any practice as unfair, deceptive, or abusive in connection with a reverse mortgage transaction; and]

[(B) provide for] *determine, provide for* an integrated disclosure standard and model disclosures for reverse mortgage transactions, consistent with section 4302(d), that combines the relevant disclosures required under the Truth in Lending Act (15 U.S.C. 1601 et seq.) and the Real Estate Settlement Procedures Act, with the disclosures required to be provided to consumers for Home Equity Conversion Mortgages under section 255 of the National Housing Act.

(c) **RULE OF CONSTRUCTION.**—This section shall not be construed as limiting the authority of the Bureau to issue regulations, orders, or guidance that apply to reverse mortgages prior to the completion of the study required under subsection (a).

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OMNIBUS APPROPRIATIONS ACT, 2009

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**DIVISION D—FINANCIAL SERVICES AND GENERAL
GOVERNMENT APPROPRIATIONS ACT, 2009**

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TITLE VI—GENERAL PROVISIONS—THIS ACT

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[SEC. 626. (a)(1) The Bureau of Consumer Financial Protection shall have authority to prescribe rules with respect to mortgage loans in accordance with section 553 of title 5, United States Code. Such rulemaking shall relate to unfair or deceptive acts or practices regarding mortgage loans, which may include unfair or deceptive acts or practices involving loan modification and foreclosure rescue services. Any violation of a rule prescribed under this paragraph shall be treated as a violation of a rule prohibiting unfair, deceptive, or abusive acts or practices under the Consumer Financial Protection Act of 2010 and a violation of a rule under section

18 of the Federal Trade Commission Act (15 U.S.C. 57a) regarding unfair or deceptive acts or practices.

[(2) The Bureau of Consumer Financial Protection shall enforce the rules issued under paragraph (1) in the same manner, by the same means, and with the same jurisdiction, powers, and duties, as though all applicable terms and provisions of the Consumer Financial Protection Act of 2010 were incorporated into and made part of this subsection.

[(3) Subject to subtitle B of the Consumer Financial Protection Act of 2010, the Federal Trade Commission shall enforce the rules issued under paragraph (1), in the same manner, by the same means, and with the same jurisdiction, as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made part of this section.

[(b)

[(1) Except as provided in paragraph (6), in any case in which the attorney general of a State has reason to believe that an interest of the residents of the State has been or is threatened or adversely affected by the engagement of any person subject to a rule prescribed under subsection (a) in practices that violate such rule, the State, as *parens patriae*, may bring a civil action on behalf of its residents in an appropriate district court of the United States or other court of competent jurisdiction—

[(A) to enjoin that practice;

[(B) to enforce compliance with the rule;

[(C) to obtain damages, restitution, or other compensation on behalf of the residents of the State; or

[(D) to obtain penalties and relief provided under the Consumer Financial Protection Act of 2010, the Federal Trade Commission Act, and such other relief as the court deems appropriate.

[(2) The State shall serve written notice to the Bureau of Consumer Financial Protection or the Commission, as appropriate of any civil action under paragraph (1) at least 60 days prior to initiating such civil action. The notice shall include a copy of the complaint to be filed to initiate such civil action, except that if it is not feasible for the State to provide such prior notice, the State shall provide notice immediately upon instituting such civil action.

[(3) Upon receiving the notice required by paragraph (2) and subject to subtitle B of the Consumer Financial Protection Act of 2010 the Bureau of Consumer Financial Protection or the Commission, as appropriate may intervene in such civil action and upon intervening—

[(A) be heard on all matters arising in such civil action;

[(B) remove the action to the appropriate United States district court; and

[(C) file petitions for appeal of a decision in such civil action.

[(4) Nothing in this subsection shall prevent the attorney general of a State from exercising the powers conferred on the attorney general by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence. Nothing in this section shall prohibit the attorney general of a State, or other authorized State officer, from proceeding in State or

Federal court on the basis of an alleged violation of any civil or criminal statute of that State.

[(5) In a civil action brought under paragraph (1)—

[(A) the venue shall be a judicial district in which the defendant is found, is an inhabitant, or transacts business or wherever venue is proper under section 1391 of title 28, United States Code; and

[(B) process may be served without regard to the territorial limits of the district or of the State in which the civil action is instituted.

[(6) Whenever a civil action or an administrative action has been instituted by or on behalf of the Bureau of Consumer Financial Protection or the Commission for violation of any provision of law or rule described in paragraph (1), no State may, during the pendency of such action instituted by or on behalf of the Bureau of Consumer Financial Protection or the Commission, institute a civil action under that paragraph against any defendant named in the complaint in such action for violation of any law or rule as alleged in such complaint.

[(7) If the attorney general of a State prevails in any civil action under paragraph (1), the State can recover reasonable costs and attorney fees from the lender or related party.】

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TELEMARKETING AND CONSUMER FRAUD AND ABUSE PREVENTION ACT

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SEC. 3. TELEMARKETING RULES.

(a) IN GENERAL.—

(1) The Commission shall prescribe rules prohibiting deceptive telemarketing acts or practices and other abusive telemarketing acts or practices.

(2) The Commission shall include in such rules respecting deceptive telemarketing acts or practices a definition of deceptive telemarketing acts or practices which shall include fraudulent charitable solicitations, and which may include acts or practices of entities or individuals that assist or facilitate deceptive telemarketing, including credit card laundering.

(3) The Commission shall include in such rules respecting other abusive telemarketing acts or practices—

(A) a requirement that telemarketers may not undertake a pattern of unsolicited telephone calls which the reasonable consumer would consider coercive or abusive of such consumer's right to privacy,

(B) restrictions on the hours of the day and night when unsolicited telephone calls can be made to consumers,

(C) a requirement that any person engaged in telemarketing for the sale of goods or services shall promptly and clearly disclose to the person receiving the call that the purpose of the call is to sell goods or services and make such other disclosures as the Commission deems appropriate, including the nature and price of the goods and services; and

(D) a requirement that any person engaged in telemarketing for the solicitation of charitable contributions, donations, or gifts of money or any other thing of value, shall promptly and clearly disclose to the person receiving the call that the purpose of the call is to solicit charitable contributions, donations, or gifts, and make such other disclosures as the Commission considers appropriate, including the name and mailing address of the charitable organization on behalf of which the solicitation is made.

In prescribing the rules described in this paragraph, the Commission shall also consider recordkeeping requirements.

(b) **RULEMAKING AUTHORITY.**—The Commission shall have authority to prescribe rules under subsection (a), in accordance with section 553 of title 5, United States Code. In prescribing a rule under this section that relates to the provision of a consumer financial product or service that is subject to the Consumer Financial Protection Act of 2010, including any enumerated consumer law thereunder, the Commission shall consult with the Bureau of Consumer Financial Protection regarding the consistency of a proposed rule with standards, purposes, or objectives administered by the Bureau of Consumer Financial Protection.

(c) **VIOLATIONS.**—Any violation of any rule prescribed under subsection (a)—

[(1) shall] *subsection (a) shall* be treated as a violation of a rule under section 18 of the Federal Trade Commission Act regarding unfair or deceptive acts or practices[; and].

[(2) that is committed by a person subject to the Consumer Financial Protection Act of 2010 shall be treated as a violation of a rule under section 1031 of that Act regarding unfair, deceptive, or abusive acts or practices.]

(d) **SECURITIES AND EXCHANGE COMMISSION RULES.**—

(1) **PROMULGATION.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), not later than 6 months after the effective date of rules promulgated by the Federal Trade Commission under subsection (a), the Securities and Exchange Commission shall promulgate, or require any national securities exchange or registered securities association to promulgate, rules substantially similar to such rules to prohibit deceptive and other abusive telemarketing acts or practices by persons described in paragraph (2).

(B) **EXCEPTION.**—The Securities and Exchange Commission is not required to promulgate a rule under subparagraph (A) if it determines that—

(i) Federal securities laws or rules adopted by the Securities and Exchange Commission thereunder provide protection from deceptive and other abusive telemarketing by persons described in paragraph (2) substantially similar to that provided by rules promulgated by the Federal Trade Commission under subsection (a); or

(ii) such a rule promulgated by the Securities and Exchange Commission is not necessary or appropriate in the public interest, or for the protection of inves-

tors, or would be inconsistent with the maintenance of fair and orderly markets.

If the Securities and Exchange Commission determines that an exception described in clause (i) or (ii) applies, the Securities and Exchange Commission shall publish in the Federal Register its determination with the reasons for it.

(2) APPLICATION.—

(A) IN GENERAL.—The rules promulgated by the Securities and Exchange Commission under paragraph (1)(A) shall apply to a broker, dealer, transfer agent, municipal securities dealer, municipal securities broker, government securities broker, government securities dealer, investment adviser or investment company, or any individual associated with a broker, dealer, transfer agent, municipal securities dealer, municipal securities broker, government securities broker, government securities dealer, investment adviser or investment company. The rules promulgated by the Federal Trade Commission under subsection (a) shall not apply to persons described in the preceding sentence.

(B) DEFINITIONS.—For purposes of subparagraph (A)—

(i) the terms “broker”, “dealer”, “transfer agent”, “municipal securities dealer”, “municipal securities broker”, “government securities broker”, and “government securities dealer” have the meanings given such terms by paragraphs (4), (5), (25), (30), (31), (43), and (44) of section 3(a) of the Securities and Exchange Act of 1934 (15 U.S.C. 78c(a)(4), (5), (25), (30), (31), (43), and (44));

(ii) the term “investment adviser” has the meaning given such term by section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)(11)); and

(iii) the term “investment company” has the meaning given such term by section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(a)).

(e) COMMODITY FUTURES TRADING COMMISSION RULES.—

(1) APPLICATION.—The rules promulgated by the Federal Trade Commission under subsection (a) shall not apply to persons described in subsection (f)(1) of section 6 of the Commodity Exchange Act (7 U.S.C. 8, 9, 15, 13b, 9a).

(2) PROMULGATION.—Section 6 of the Commodity Exchange Act (7 U.S.C. 8, 9, 15, 13b, 9a) is amended by adding at the end the following new subsection:

“(f)(1) Except as provided in paragraph (2), not later than six months after the effective date of rules promulgated by the Federal Trade Commission under section 3(a) of the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Commission shall promulgate, or require each registered futures association to promulgate, rules substantially similar to such rules to prohibit deceptive and other abusive telemarketing acts or practices by any person registered or exempt from registration under this Act in connection with such person’s business as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, leverage transaction merchant, floor broker, or floor trader, or a person associated with any such person.

“(2) The Commission is not required to promulgate rules under paragraph (1) if it determines that—

“(A) rules adopted by the Commission under this Act provide protection from deceptive and abusive telemarketing by persons described under paragraph (1) substantially similar to that provided by rules promulgated by the Federal Trade Commission under section 3(a) of the Telemarketing and Consumer Fraud and Abuse Prevention Act; or

“(B) such a rule promulgated by the Commission is not necessary or appropriate in the public interest, or for the protection of customers in the futures and options markets, or would be inconsistent with the maintenance of fair and orderly markets.

If the Commission determines that an exception described in subparagraph (A) or (B) applies, the Commission shall publish in the Federal Register its determination with the reasons for it.”.

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TITLE 11, UNITED STATES CODE

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CHAPTER 1—GENERAL PROVISIONS

§ 101. Definitions

In this title the following definitions shall apply:

(1) The term “accountant” means accountant authorized under applicable law to practice public accounting, and includes professional accounting association, corporation, or partnership, if so authorized.

(2) The term “affiliate” means—

(A) entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(B) corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the debtor, or by an entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(C) person whose business is operated under a lease or operating agreement by a debtor, or person substantially all of whose property is operated under an operating agreement with the debtor; or

(D) entity that operates the business or substantially all of the property of the debtor under a lease or operating agreement.

(3) The term “assisted person” means any person whose debts consist primarily of consumer debts and the value of whose nonexempt property is less than \$150,000.

(4) The term “attorney” means attorney, professional law association, corporation, or partnership, authorized under applicable law to practice law.

(4A) The term “bankruptcy assistance” means any goods or services sold or otherwise provided to an assisted person with the express or implied purpose of providing information, advice, counsel, document preparation, or filing, or attendance at a creditors’ meeting or appearing in a case or proceeding on behalf of another or providing legal representation with respect to a case or proceeding under this title.

(5) The term “claim” means—

(A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or

(B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

(6) The term “commodity broker” means futures commission merchant, foreign futures commission merchant, clearing organization, leverage transaction merchant, or commodity options dealer, as defined in section 761 of this title, with respect to which there is a customer, as defined in section 761 of this title.

(7) The term “community claim” means claim that arose before the commencement of the case concerning the debtor for which property of the kind specified in section 541(a)(2) of this title is liable, whether or not there is any such property at the time of the commencement of the case.

(7A) The term “commercial fishing operation” means—

(A) the catching or harvesting of fish, shrimp, lobsters, urchins, seaweed, shellfish, or other aquatic species or products of such species; or

(B) for purposes of section 109 and chapter 12, aquaculture activities consisting of raising for market any species or product described in subparagraph (A).

(7B) The term “commercial fishing vessel” means a vessel used by a family fisherman to carry out a commercial fishing operation.

(8) The term “consumer debt” means debt incurred by an individual primarily for a personal, family, or household purpose.

(9) The term “corporation”—

(A) includes—

(i) association having a power or privilege that a private corporation, but not an individual or a partnership, possesses;

- (ii) partnership association organized under a law that makes only the capital subscribed responsible for the debts of such association;
- (iii) joint-stock company;
- (iv) unincorporated company or association; or
- (v) business trust; but

(B) does not include limited partnership.

(9A) *The term “covered financial corporation” means any corporation incorporated or organized under any Federal or State law, other than a stockbroker, a commodity broker, or an entity of the kind specified in paragraph (2) or (3) of section 109(b), that is—*

(A) a bank holding company, as defined in section 2(a) of the Bank Holding Company Act of 1956; or

(B) a corporation that exists for the primary purpose of owning, controlling and financing its subsidiaries, that has total consolidated assets of \$50,000,000,000 or greater, and for which, in its most recently completed fiscal year—

(i) annual gross revenues derived by the corporation and all of its subsidiaries from activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, from the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated annual gross revenues of the corporation; or

(ii) the consolidated assets of the corporation and all of its subsidiaries related to activities that are financial in nature (as defined in section 4(k) of the Bank Holding Company Act of 1956) and, if applicable, related to the ownership or control of one or more insured depository institutions, represents 85 percent or more of the consolidated assets of the corporation.

(10) The term “creditor” means—

(A) entity that has a claim against the debtor that arose at the time of or before the order for relief concerning the debtor;

(B) entity that has a claim against the estate of a kind specified in section 348(d), 502(f), 502(g), 502(h) or 502(i) of this title; or

(C) entity that has a community claim.

(10A) The term “current monthly income”—

(A) means the average monthly income from all sources that the debtor receives (or in a joint case the debtor and the debtor’s spouse receive) without regard to whether such income is taxable income, derived during the 6-month period ending on—

(i) the last day of the calendar month immediately preceding the date of the commencement of the case if the debtor files the schedule of current income required by section 521(a)(1)(B)(ii); or

(ii) the date on which current income is determined by the court for purposes of this title if the debtor does not file the schedule of current income required by section 521(a)(1)(B)(ii); and

(B) includes any amount paid by any entity other than the debtor (or in a joint case the debtor and the debtor's spouse), on a regular basis for the household expenses of the debtor or the debtor's dependents (and in a joint case the debtor's spouse if not otherwise a dependent), but excludes benefits received under the Social Security Act, payments to victims of war crimes or crimes against humanity on account of their status as victims of such crimes, and payments to victims of international terrorism (as defined in section 2331 of title 18) or domestic terrorism (as defined in section 2331 of title 18) on account of their status as victims of such terrorism.

(11) The term "custodian" means—

(A) receiver or trustee of any of the property of the debtor, appointed in a case or proceeding not under this title;

(B) assignee under a general assignment for the benefit of the debtor's creditors; or

(C) trustee, receiver, or agent under applicable law, or under a contract, that is appointed or authorized to take charge of property of the debtor for the purpose of enforcing a lien against such property, or for the purpose of general administration of such property for the benefit of the debtor's creditors.

(12) The term "debt" means liability on a claim.

(12A) The term "debt relief agency" means any person who provides any bankruptcy assistance to an assisted person in return for the payment of money or other valuable consideration, or who is a bankruptcy petition preparer under section 110, but does not include—

(A) any person who is an officer, director, employee, or agent of a person who provides such assistance or of the bankruptcy petition preparer;

(B) a nonprofit organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

(C) a creditor of such assisted person, to the extent that the creditor is assisting such assisted person to restructure any debt owed by such assisted person to the creditor;

(D) a depository institution (as defined in section 3 of the Federal Deposit Insurance Act) or any Federal credit union or State credit union (as those terms are defined in section 101 of the Federal Credit Union Act), or any affiliate or subsidiary of such depository institution or credit union; or

(E) an author, publisher, distributor, or seller of works subject to copyright protection under title 17, when acting in such capacity.

(13) The term "debtor" means person or municipality concerning which a case under this title has been commenced.

(13A) The term "debtor's principal residence"—

(A) means a residential structure if used as the principal residence by the debtor, including incidental property, without regard to whether that structure is attached to real property; and

- (B) includes an individual condominium or cooperative unit, a mobile or manufactured home, or trailer if used as the principal residence by the debtor.
- (14) The term “disinterested person” means a person that—
- (A) is not a creditor, an equity security holder, or an insider;
 - (B) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
 - (C) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.
- (14A) The term “domestic support obligation” means a debt that accrues before, on, or after the date of the order for relief in a case under this title, including interest that accrues on that debt as provided under applicable nonbankruptcy law notwithstanding any other provision of this title, that is—
- (A) owed to or recoverable by—
 - (i) a spouse, former spouse, or child of the debtor or such child’s parent, legal guardian, or responsible relative; or
 - (ii) a governmental unit;
 - (B) in the nature of alimony, maintenance, or support (including assistance provided by a governmental unit) of such spouse, former spouse, or child of the debtor or such child’s parent, without regard to whether such debt is expressly so designated;
 - (C) established or subject to establishment before, on, or after the date of the order for relief in a case under this title, by reason of applicable provisions of—
 - (i) a separation agreement, divorce decree, or property settlement agreement;
 - (ii) an order of a court of record; or
 - (iii) a determination made in accordance with applicable nonbankruptcy law by a governmental unit; and
 - (D) not assigned to a nongovernmental entity, unless that obligation is assigned voluntarily by the spouse, former spouse, child of the debtor, or such child’s parent, legal guardian, or responsible relative for the purpose of collecting the debt.
- (15) The term “entity” includes person, estate, trust, governmental unit, and United States trustee.
- (16) The term “equity security” means—
- (A) share in a corporation, whether or not transferable or denominated “stock”, or similar security;
 - (B) interest of a limited partner in a limited partnership;
- or
- (C) warrant or right, other than a right to convert, to purchase, sell, or subscribe to a share, security, or interest of a kind specified in subparagraph (A) or (B) of this paragraph.
- (17) The term “equity security holder” means holder of an equity security of the debtor.

(18) The term “family farmer” means—

(A) individual or individual and spouse engaged in a farming operation whose aggregate debts do not exceed \$3,237,000 and not less than 50 percent of whose aggregate noncontingent, liquidated debts (excluding a debt for the principal residence of such individual or such individual and spouse unless such debt arises out of a farming operation), on the date the case is filed, arise out of a farming operation owned or operated by such individual or such individual and spouse, and such individual or such individual and spouse receive from such farming operation more than 50 percent of such individual’s or such individual and spouse’s gross income for—

(i) the taxable year preceding; or

(ii) each of the 2d and 3d taxable years preceding; the taxable year in which the case concerning such individual or such individual and spouse was filed; or

(B) corporation or partnership in which more than 50 percent of the outstanding stock or equity is held by one family, or by one family and the relatives of the members of such family, and such family or such relatives conduct the farming operation, and

(i) more than 80 percent of the value of its assets consists of assets related to the farming operation;

(ii) its aggregate debts do not exceed \$3,237,000 and not less than 50 percent of its aggregate noncontingent, liquidated debts (excluding a debt for one dwelling which is owned by such corporation or partnership and which a shareholder or partner maintains as a principal residence, unless such debt arises out of a farming operation), on the date the case is filed, arise out of the farming operation owned or operated by such corporation or such partnership; and

(iii) if such corporation issues stock, such stock is not publicly traded.

(19) The term “family farmer with regular annual income” means family farmer whose annual income is sufficiently stable and regular to enable such family farmer to make payments under a plan under chapter 12 of this title.

(19A) The term “family fisherman” means—

(A) an individual or individual and spouse engaged in a commercial fishing operation—

(i) whose aggregate debts do not exceed \$1,500,000 and not less than 80 percent of whose aggregate noncontingent, liquidated debts (excluding a debt for the principal residence of such individual or such individual and spouse, unless such debt arises out of a commercial fishing operation), on the date the case is filed, arise out of a commercial fishing operation owned or operated by such individual or such individual and spouse; and

(ii) who receive from such commercial fishing operation more than 50 percent of such individual’s or such individual’s and spouse’s gross income for the taxable year preceding the taxable year in which the

case concerning such individual or such individual and spouse was filed; or

(B) a corporation or partnership—

(i) in which more than 50 percent of the outstanding stock or equity is held by—

(I) 1 family that conducts the commercial fishing operation; or

(II) 1 family and the relatives of the members of such family, and such family or such relatives conduct the commercial fishing operation; and

(ii)(I) more than 80 percent of the value of its assets consists of assets related to the commercial fishing operation;

(II) its aggregate debts do not exceed \$1,500,000 and not less than 80 percent of its aggregate noncontingent, liquidated debts (excluding a debt for 1 dwelling which is owned by such corporation or partnership and which a shareholder or partner maintains as a principal residence, unless such debt arises out of a commercial fishing operation), on the date the case is filed, arise out of a commercial fishing operation owned or operated by such corporation or such partnership; and

(III) if such corporation issues stock, such stock is not publicly traded.

(19B) The term “family fisherman with regular annual income” means a family fisherman whose annual income is sufficiently stable and regular to enable such family fisherman to make payments under a plan under chapter 12 of this title.

(20) The term “farmer” means (except when such term appears in the term “family farmer”) person that received more than 80 percent of such person’s gross income during the taxable year of such person immediately preceding the taxable year of such person during which the case under this title concerning such person was commenced from a farming operation owned or operated by such person.

(21) The term “farming operation” includes farming, tillage of the soil, dairy farming, ranching, production or raising of crops, poultry, or livestock, and production of poultry or livestock products in an unmanufactured state.

(21A) The term “farmout agreement” means a written agreement in which—

(A) the owner of a right to drill, produce, or operate liquid or gaseous hydrocarbons on property agrees or has agreed to transfer or assign all or a part of such right to another entity; and

(B) such other entity (either directly or through its agents or its assigns), as consideration, agrees to perform drilling, reworking, recompleting, testing, or similar or related operations, to develop or produce liquid or gaseous hydrocarbons on the property.

(21B) The term “Federal depository institutions regulatory agency” means—

(A) with respect to an insured depository institution (as defined in section 3(c)(2) of the Federal Deposit Insurance Act) for which no conservator or receiver has been ap-

pointed, the appropriate Federal banking agency (as defined in section 3(q) of such Act);

(B) with respect to an insured credit union (including an insured credit union for which the National Credit Union Administration has been appointed conservator or liquidating agent), the National Credit Union Administration;

(C) with respect to any insured depository institution for which the Resolution Trust Corporation has been appointed conservator or receiver, the Resolution Trust Corporation; and

(D) with respect to any insured depository institution for which the Federal Deposit Insurance Corporation has been appointed conservator or receiver, the Federal Deposit Insurance Corporation.

(22) The term “financial institution” means—

(A) a Federal reserve bank, or an entity that is a commercial or savings bank, industrial savings bank, savings and loan association, trust company, federally-insured credit union, or receiver, liquidating agent, or conservator for such entity and, when any such Federal reserve bank, receiver, liquidating agent, conservator or entity is acting as agent or custodian for a customer (whether or not a “customer”, as defined in section 741) in connection with a securities contract (as defined in section 741) such customer; or

(B) in connection with a securities contract (as defined in section 741) an investment company registered under the Investment Company Act of 1940.

(22A) The term “financial participant” means—

(A) an entity that, at the time it enters into a securities contract, commodity contract, swap agreement, repurchase agreement, or forward contract, or at the time of the date of the filing of the petition, has one or more agreements or transactions described in paragraph (1), (2), (3), (4), (5), or (6) of section 561(a) with the debtor or any other entity (other than an affiliate) of a total gross dollar value of not less than \$1,000,000,000 in notional or actual principal amount outstanding (aggregated across counterparties) at such time or on any day during the 15-month period preceding the date of the filing of the petition, or has gross mark-to-market positions of not less than \$100,000,000 (aggregated across counterparties) in one or more such agreements or transactions with the debtor or any other entity (other than an affiliate) at such time or on any day during the 15-month period preceding the date of the filing of the petition; or

(B) a clearing organization (as defined in section 402 of the Federal Deposit Insurance Corporation Improvement Act of 1991).

(23) The term “foreign proceeding” means a collective judicial or administrative proceeding in a foreign country, including an interim proceeding, under a law relating to insolvency or adjustment of debt in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court, for the purpose of reorganization or liquidation.

(24) The term “foreign representative” means a person or body, including a person or body appointed on an interim basis, authorized in a foreign proceeding to administer the reorganization or the liquidation of the debtor’s assets or affairs or to act as a representative of such foreign proceeding.

(25) The term “forward contract” means—

(A) a contract (other than a commodity contract, as defined in section 761) for the purchase, sale, or transfer of a commodity, as defined in section 761(8) of this title, or any similar good, article, service, right, or interest which is presently or in the future becomes the subject of dealing in the forward contract trade, or product or byproduct thereof, with a maturity date more than two days after the date the contract is entered into, including, but not limited to, a repurchase or reverse repurchase transaction (whether or not such repurchase or reverse repurchase transaction is a “repurchase agreement”, as defined in this section) consignment, lease, swap, hedge transaction, deposit, loan, option, allocated transaction, unallocated transaction, or any other similar agreement;

(B) any combination of agreements or transactions referred to in subparagraphs (A) and (C);

(C) any option to enter into an agreement or transaction referred to in subparagraph (A) or (B);

(D) a master agreement that provides for an agreement or transaction referred to in subparagraph (A), (B), or (C), together with all supplements to any such master agreement, without regard to whether such master agreement provides for an agreement or transaction that is not a forward contract under this paragraph, except that such master agreement shall be considered to be a forward contract under this paragraph only with respect to each agreement or transaction under such master agreement that is referred to in subparagraph (A), (B), or (C); or

(E) any security agreement or arrangement, or other credit enhancement related to any agreement or transaction referred to in subparagraph (A), (B), (C), or (D), including any guarantee or reimbursement obligation by or to a forward contract merchant or financial participant in connection with any agreement or transaction referred to in any such subparagraph, but not to exceed the damages in connection with any such agreement or transaction, measured in accordance with section 562.

(26) The term “forward contract merchant” means a Federal reserve bank, or an entity the business of which consists in whole or in part of entering into forward contracts as or with merchants in a commodity (as defined in section 761) or any similar good, article, service, right, or interest which is presently or in the future becomes the subject of dealing in the forward contract trade.

(27) The term “governmental unit” means United States; State; Commonwealth; District; Territory; municipality; foreign state; department, agency, or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under this title), a State, a Commonwealth,

a District, a Territory, a municipality, or a foreign state; or other foreign or domestic government.

(27A) The term “health care business”—

(A) means any public or private entity (without regard to whether that entity is organized for profit or not for profit) that is primarily engaged in offering to the general public facilities and services for—

(i) the diagnosis or treatment of injury, deformity, or disease; and

(ii) surgical, drug treatment, psychiatric, or obstetric care; and

(B) includes—

(i) any—

(I) general or specialized hospital;

(II) ancillary ambulatory, emergency, or surgical treatment facility;

(III) hospice;

(IV) home health agency; and

(V) other health care institution that is similar to an entity referred to in subclause (I), (II), (III), or (IV); and

(ii) any long-term care facility, including any—

(I) skilled nursing facility;

(II) intermediate care facility;

(III) assisted living facility;

(IV) home for the aged;

(V) domiciliary care facility; and

(VI) health care institution that is related to a facility referred to in subclause (I), (II), (III), (IV), or (V), if that institution is primarily engaged in offering room, board, laundry, or personal assistance with activities of daily living and incidentals to activities of daily living.

(27B) The term “incidental property” means, with respect to a debtor’s principal residence—

(A) property commonly conveyed with a principal residence in the area where the real property is located;

(B) all easements, rights, appurtenances, fixtures, rents, royalties, mineral rights, oil or gas rights or profits, water rights, escrow funds, or insurance proceeds; and

(C) all replacements or additions.

(28) The term “indenture” means mortgage, deed of trust, or indenture, under which there is outstanding a security, other than a voting-trust certificate, constituting a claim against the debtor, a claim secured by a lien on any of the debtor’s property, or an equity security of the debtor.

(29) The term “indenture trustee” means trustee under an indenture.

(30) The term “individual with regular income” means individual whose income is sufficiently stable and regular to enable such individual to make payments under a plan under chapter 13 of this title, other than a stockbroker or a commodity broker.

(31) The term “insider” includes—

(A) if the debtor is an individual—

- (i) relative of the debtor or of a general partner of the debtor;
 - (ii) partnership in which the debtor is a general partner;
 - (iii) general partner of the debtor; or
 - (iv) corporation of which the debtor is a director, officer, or person in control;
 - (B) if the debtor is a corporation—
 - (i) director of the debtor;
 - (ii) officer of the debtor;
 - (iii) person in control of the debtor;
 - (iv) partnership in which the debtor is a general partner;
 - (v) general partner of the debtor; or
 - (vi) relative of a general partner, director, officer, or person in control of the debtor;
 - (C) if the debtor is a partnership—
 - (i) general partner in the debtor;
 - (ii) relative of a general partner in, general partner of, or person in control of the debtor;
 - (iii) partnership in which the debtor is a general partner;
 - (iv) general partner of the debtor; or
 - (v) person in control of the debtor;
 - (D) if the debtor is a municipality, elected official of the debtor or relative of an elected official of the debtor;
 - (E) affiliate, or insider of an affiliate as if such affiliate were the debtor; and
 - (F) managing agent of the debtor.
- (32) The term “insolvent” means—
- (A) with reference to an entity other than a partnership and a municipality, financial condition such that the sum of such entity’s debts is greater than all of such entity’s property, at a fair valuation, exclusive of—
 - (i) property transferred, concealed, or removed with intent to hinder, delay, or defraud such entity’s creditors; and
 - (ii) property that may be exempted from property of the estate under section 522 of this title;
 - (B) with reference to a partnership, financial condition such that the sum of such partnership’s debts is greater than the aggregate of, at a fair valuation—
 - (i) all of such partnership’s property, exclusive of property of the kind specified in subparagraph (A)(i) of this paragraph; and
 - (ii) the sum of the excess of the value of each general partner’s nonpartnership property, exclusive of property of the kind specified in subparagraph (A) of this paragraph, over such partner’s nonpartnership debts; and
 - (C) with reference to a municipality, financial condition such that the municipality is—
 - (i) generally not paying its debts as they become due unless such debts are the subject of a bona fide dispute; or

- (ii) unable to pay its debts as they become due.
- (33) The term “institution-affiliated party”—
 - (A) with respect to an insured depository institution (as defined in section 3(c)(2) of the Federal Deposit Insurance Act), has the meaning given it in section 3(u) of the Federal Deposit Insurance Act; and
 - (B) with respect to an insured credit union, has the meaning given it in section 206(r) of the Federal Credit Union Act.
- (34) The term “insured credit union” has the meaning given it in section 101(7) of the Federal Credit Union Act.
- (35) The term “insured depository institution”—
 - (A) has the meaning given it in section 3(c)(2) of the Federal Deposit Insurance Act; and
 - (B) includes an insured credit union (except in the case of paragraphs (21B) and (33)(A) of this subsection).
- (35A) The term “intellectual property” means—
 - (A) trade secret;
 - (B) invention, process, design, or plant protected under title 35;
 - (C) patent application;
 - (D) plant variety;
 - (E) work of authorship protected under title 17; or
 - (F) mask work protected under chapter 9 of title 17;
 to the extent protected by applicable nonbankruptcy law.
- (36) The term “judicial lien” means lien obtained by judgment, levy, sequestration, or other legal or equitable process or proceeding.
- (37) The term “lien” means charge against or interest in property to secure payment of a debt or performance of an obligation.
- (38) The term “margin payment” means, for purposes of the forward contract provisions of this title, payment or deposit of cash, a security or other property, that is commonly known in the forward contract trade as original margin, initial margin, maintenance margin, or variation margin, including mark-to-market payments, or variation payments.
- (38A) The term “master netting agreement”—
 - (A) means an agreement providing for the exercise of rights, including rights of netting, setoff, liquidation, termination, acceleration, or close out, under or in connection with one or more contracts that are described in any one or more of paragraphs (1) through (5) of section 561(a), or any security agreement or arrangement or other credit enhancement related to one or more of the foregoing, including any guarantee or reimbursement obligation related to 1 or more of the foregoing; and
 - (B) if the agreement contains provisions relating to agreements or transactions that are not contracts described in paragraphs (1) through (5) of section 561(a), shall be deemed to be a master netting agreement only with respect to those agreements or transactions that are described in any one or more of paragraphs (1) through (5) of section 561(a).

(38B) The term “master netting agreement participant” means an entity that, at any time before the date of the filing of the petition, is a party to an outstanding master netting agreement with the debtor.

(39) The term “mask work” has the meaning given it in section 901(a)(2) of title 17.

(39A) The term “median family income” means for any year—

(A) the median family income both calculated and reported by the Bureau of the Census in the then most recent year; and

(B) if not so calculated and reported in the then current year, adjusted annually after such most recent year until the next year in which median family income is both calculated and reported by the Bureau of the Census, to reflect the percentage change in the Consumer Price Index for All Urban Consumers during the period of years occurring after such most recent year and before such current year.

(40) The term “municipality” means political subdivision or public agency or instrumentality of a State.

(40A) The term “patient” means any individual who obtains or receives services from a health care business.

(40B) The term “patient records” means any record relating to a patient, including a written document or a record recorded in a magnetic, optical, or other form of electronic medium.

(41) The term “person” includes individual, partnership, and corporation, but does not include governmental unit, except that a governmental unit that—

(A) acquires an asset from a person—

(i) as a result of the operation of a loan guarantee agreement; or

(ii) as receiver or liquidating agent of a person;

(B) is a guarantor of a pension benefit payable by or on behalf of the debtor or an affiliate of the debtor; or

(C) is the legal or beneficial owner of an asset of—

(i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986; or

(ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986;

shall be considered, for purposes of section 1102 of this title, to be a person with respect to such asset or such benefit.

(41A) The term “personally identifiable information” means—

(A) if provided by an individual to the debtor in connection with obtaining a product or a service from the debtor primarily for personal, family, or household purposes—

(i) the first name (or initial) and last name of such individual, whether given at birth or time of adoption, or resulting from a lawful change of name;

(ii) the geographical address of a physical place of residence of such individual;

(iii) an electronic address (including an e-mail address) of such individual;

(iv) a telephone number dedicated to contacting such individual at such physical place of residence;

(v) a social security account number issued to such individual; or

(vi) the account number of a credit card issued to such individual; or

(B) if identified in connection with 1 or more of the items of information specified in subparagraph (A)—

(i) a birth date, the number of a certificate of birth or adoption, or a place of birth; or

(ii) any other information concerning an identified individual that, if disclosed, will result in contacting or identifying such individual physically or electronically.

(42) The term “petition” means petition filed under section 301, 302, 303 and 1504 of this title, as the case may be, commencing a case under this title.

(42A) The term “production payment” means a term overriding royalty satisfiable in cash or in kind—

(A) contingent on the production of a liquid or gaseous hydrocarbon from particular real property; and

(B) from a specified volume, or a specified value, from the liquid or gaseous hydrocarbon produced from such property, and determined without regard to production costs.

(43) The term “purchaser” means transferee of a voluntary transfer, and includes immediate or mediate transferee of such a transferee.

(44) The term “railroad” means common carrier by railroad engaged in the transportation of individuals or property or owner of trackage facilities leased by such a common carrier.

(45) The term “relative” means individual related by affinity or consanguinity within the third degree as determined by the common law, or individual in a step or adoptive relationship within such third degree.

(46) The term “repo participant” means an entity that, at any time before the filing of the petition, has an outstanding repurchase agreement with the debtor.

(47) The term “repurchase agreement” (which definition also applies to a reverse repurchase agreement)—

(A) means—

(i) an agreement, including related terms, which provides for the transfer of one or more certificates of deposit, mortgage related securities (as defined in section 3 of the Securities Exchange Act of 1934), mortgage loans, interests in mortgage related securities or mortgage loans, eligible bankers’ acceptances, qualified foreign government securities (defined as a security that is a direct obligation of, or that is fully guaranteed by, the central government of a member of the Organization for Economic Cooperation and Development), or securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States against the transfer of

funds by the transferee of such certificates of deposit, eligible bankers' acceptances, securities, mortgage loans, or interests, with a simultaneous agreement by such transferee to transfer to the transferor thereof certificates of deposit, eligible bankers' acceptance, securities, mortgage loans, or interests of the kind described in this clause, at a date certain not later than 1 year after such transfer or on demand, against the transfer of funds;

(ii) any combination of agreements or transactions referred to in clauses (i) and (iii);

(iii) an option to enter into an agreement or transaction referred to in clause (i) or (ii);

(iv) a master agreement that provides for an agreement or transaction referred to in clause (i), (ii), or (iii), together with all supplements to any such master agreement, without regard to whether such master agreement provides for an agreement or transaction that is not a repurchase agreement under this paragraph, except that such master agreement shall be considered to be a repurchase agreement under this paragraph only with respect to each agreement or transaction under the master agreement that is referred to in clause (i), (ii), or (iii); or

(v) any security agreement or arrangement or other credit enhancement related to any agreement or transaction referred to in clause (i), (ii), (iii), or (iv), including any guarantee or reimbursement obligation by or to a repo participant or financial participant in connection with any agreement or transaction referred to in any such clause, but not to exceed the damages in connection with any such agreement or transaction, measured in accordance with section 562 of this title; and

(B) does not include a repurchase obligation under a participation in a commercial mortgage loan.

(48) The term "securities clearing agency" means person that is registered as a clearing agency under section 17A of the Securities Exchange Act of 1934, or exempt from such registration under such section pursuant to an order of the Securities and Exchange Commission, or whose business is confined to the performance of functions of a clearing agency with respect to exempted securities, as defined in section 3(a)(12) of such Act for the purposes of such section 17A.

(48A) The term "securities self regulatory organization" means either a securities association registered with the Securities and Exchange Commission under section 15A of the Securities Exchange Act of 1934 or a national securities exchange registered with the Securities and Exchange Commission under section 6 of the Securities Exchange Act of 1934.

(49) The term "security"—

(A) includes—

(i) note;

(ii) stock;

(iii) treasury stock;

- (iv) bond;
- (v) debenture;
- (vi) collateral trust certificate;
- (vii) pre-organization certificate or subscription;
- (viii) transferable share;
- (ix) voting-trust certificate;
- (x) certificate of deposit;
- (xi) certificate of deposit for security;
- (xii) investment contract or certificate of interest or participation in a profit-sharing agreement or in an oil, gas, or mineral royalty or lease, if such contract or interest is required to be the subject of a registration statement filed with the Securities and Exchange Commission under the provisions of the Securities Act of 1933, or is exempt under section 3(b) of such Act from the requirement to file such a statement;
- (xiii) interest of a limited partner in a limited partnership;
- (xiv) other claim or interest commonly known as “security”; and
- (xv) certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase or sell, a security; but

(B) does not include—

- (i) currency, check, draft, bill of exchange, or bank letter of credit;
- (ii) leverage transaction, as defined in section 761 of this title;
- (iii) commodity futures contract or forward contract;
- (iv) option, warrant, or right to subscribe to or purchase or sell a commodity futures contract;
- (v) option to purchase or sell a commodity;
- (vi) contract or certificate of a kind specified in subparagraph (A)(xii) of this paragraph that is not required to be the subject of a registration statement filed with the Securities and Exchange Commission and is not exempt under section 3(b) of the Securities Act of 1933 from the requirement to file such a statement; or
- (vii) debt or evidence of indebtedness for goods sold and delivered or services rendered.

(50) The term “security agreement” means agreement that creates or provides for a security interest.

(51) The term “security interest” means lien created by an agreement.

(51A) The term “settlement payment” means, for purposes of the forward contract provisions of this title, a preliminary settlement payment, a partial settlement payment, an interim settlement payment, a settlement payment on account, a final settlement payment, a net settlement payment, or any other similar payment commonly used in the forward contract trade.

(51B) The term “single asset real estate” means real property constituting a single property or project, other than residential real property with fewer than 4 residential units, which gen-

erates substantially all of the gross income of a debtor who is not a family farmer and on which no substantial business is being conducted by a debtor other than the business of operating the real property and activities incidental thereto.

(51C) The term “small business case” means a case filed under chapter 11 of this title in which the debtor is a small business debtor.

(51D) The term “small business debtor”—

(A) subject to subparagraph (B), means a person engaged in commercial or business activities (including any affiliate of such person that is also a debtor under this title and excluding a person whose primary activity is the business of owning or operating real property or activities incidental thereto) that has aggregate noncontingent liquidated secured and unsecured debts as of the date of the filing of the petition or the date of the order for relief in an amount not more than \$2,000,000 (excluding debts owed to 1 or more affiliates or insiders) for a case in which the United States trustee has not appointed under section 1102(a)(1) a committee of unsecured creditors or where the court has determined that the committee of unsecured creditors is not sufficiently active and representative to provide effective oversight of the debtor; and

(B) does not include any member of a group of affiliated debtors that has aggregate noncontingent liquidated secured and unsecured debts in an amount greater than \$2,000,000 (excluding debt owed to 1 or more affiliates or insiders).

(52) The term “State” includes the District of Columbia and Puerto Rico, except for the purpose of defining who may be a debtor under chapter 9 of this title.

(53) The term “statutory lien” means lien arising solely by force of a statute on specified circumstances or conditions, or lien of distress for rent, whether or not statutory, but does not include security interest or judicial lien, whether or not such interest or lien is provided by or is dependent on a statute and whether or not such interest or lien is made fully effective by statute.

(53A) The term “stockbroker” means person—

(A) with respect to which there is a customer, as defined in section 741 of this title; and

(B) that is engaged in the business of effecting transactions in securities—

(i) for the account of others; or

(ii) with members of the general public, from or for such person’s own account.

(53B) The term “swap agreement”—

(A) means—

(i) any agreement, including the terms and conditions incorporated by reference in such agreement, which is—

(I) an interest rate swap, option, future, or forward agreement, including a rate floor, rate cap, rate collar, cross-currency rate swap, and basis swap;

(II) a spot, same day-tomorrow, tomorrow-next, forward, or other foreign exchange, precious metals, or other commodity agreement;

(III) a currency swap, option, future, or forward agreement;

(IV) an equity index or equity swap, option, future, or forward agreement;

(V) a debt index or debt swap, option, future, or forward agreement;

(VI) a total return, credit spread or credit swap, option, future, or forward agreement;

(VII) a commodity index or a commodity swap, option, future, or forward agreement;

(VIII) a weather swap, option, future, or forward agreement;

(IX) an emissions swap, option, future, or forward agreement; or

(X) an inflation swap, option, future, or forward agreement;

(ii) any agreement or transaction that is similar to any other agreement or transaction referred to in this paragraph and that—

(I) is of a type that has been, is presently, or in the future becomes, the subject of recurrent dealings in the swap or other derivatives markets (including terms and conditions incorporated by reference therein); and

(II) is a forward, swap, future, option, or spot transaction on one or more rates, currencies, commodities, equity securities, or other equity instruments, debt securities or other debt instruments, quantitative measures associated with an occurrence, extent of an occurrence, or contingency associated with a financial, commercial, or economic consequence, or economic or financial indices or measures of economic or financial risk or value;

(iii) any combination of agreements or transactions referred to in this subparagraph;

(iv) any option to enter into an agreement or transaction referred to in this subparagraph;

(v) a master agreement that provides for an agreement or transaction referred to in clause (i), (ii), (iii), or (iv), together with all supplements to any such master agreement, and without regard to whether the master agreement contains an agreement or transaction that is not a swap agreement under this paragraph, except that the master agreement shall be considered to be a swap agreement under this paragraph only with respect to each agreement or transaction under the master agreement that is referred to in clause (i), (ii), (iii), or (iv); or

(vi) any security agreement or arrangement or other credit enhancement related to any agreements or transactions referred to in clause (i) through (v), including any guarantee or reimbursement obligation by

or to a swap participant or financial participant in connection with any agreement or transaction referred to in any such clause, but not to exceed the damages in connection with any such agreement or transaction, measured in accordance with section 562; and

(B) is applicable for purposes of this title only, and shall not be construed or applied so as to challenge or affect the characterization, definition, or treatment of any swap agreement under any other statute, regulation, or rule, including the Gramm-Leach-Bliley Act, the Legal Certainty for Bank Products Act of 2000, the securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934) and the Commodity Exchange Act.

(53C) The term “swap participant” means an entity that, at any time before the filing of the petition, has an outstanding swap agreement with the debtor.

(56A) The term “term overriding royalty” means an interest in liquid or gaseous hydrocarbons in place or to be produced from particular real property that entitles the owner thereof to a share of production, or the value thereof, for a term limited by time, quantity, or value realized.

(53D) The term “timeshare plan” means and shall include that interest purchased in any arrangement, plan, scheme, or similar device, but not including exchange programs, whether by membership, agreement, tenancy in common, sale, lease, deed, rental agreement, license, right to use agreement, or by any other means, whereby a purchaser, in exchange for consideration, receives a right to use accommodations, facilities, or recreational sites, whether improved or unimproved, for a specific period of time less than a full year during any given year, but not necessarily for consecutive years, and which extends for a period of more than three years. A “timeshare interest” is that interest purchased in a timeshare plan which grants the purchaser the right to use and occupy accommodations, facilities, or recreational sites, whether improved or unimproved, pursuant to a timeshare plan.

(54) The term “transfer” means—

(A) the creation of a lien;

(B) the retention of title as a security interest;

(C) the foreclosure of a debtor’s equity of redemption; or

(D) each mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with—

(i) property; or

(ii) an interest in property.

(54A) The term “uninsured State member bank” means a State member bank (as defined in section 3 of the Federal Deposit Insurance Act) the deposits of which are not insured by the Federal Deposit Insurance Corporation.

(55) The term “United States”, when used in a geographical sense, includes all locations where the judicial jurisdiction of the United States extends, including territories and possessions of the United States.

* * * * *

§ 103. Applicability of chapters

(a) Except as provided in section 1161 of this title, chapters 1, 3, and 5 of this title apply in a case under chapter 7, 11, 12, or 13 of this title, and this chapter, sections 307, 362(o), 555 through 557, and 559 through 562 apply in a case under chapter 15.

(b) Subchapters I and II of chapter 7 of this title apply only in a case under such chapter.

(c) Subchapter III of chapter 7 of this title applies only in a case under such chapter concerning a stockbroker.

(d) Subchapter IV of chapter 7 of this title applies only in a case under such chapter concerning a commodity broker.

(e) SCOPE OF APPLICATION.—Subchapter V of chapter 7 of this title shall apply only in a case under such chapter concerning the liquidation of an uninsured State member bank, or a corporation organized under section 25A of the Federal Reserve Act, which operates, or operates as, a multilateral clearing organization pursuant to section 409 of the Federal Deposit Insurance Corporation Improvement Act of 1991.

(f) Except as provided in section 901 of this title, only chapters 1 and 9 of this title apply in a case under such chapter 9.

(g) Except as provided in section 901 of this title, subchapters I, II, and III of chapter 11 of this title apply only in a case under such chapter.

(h) Subchapter IV of chapter 11 of this title applies only in a case under such chapter concerning a railroad.

(i) Chapter 13 of this title applies only in a case under such chapter.

(j) Chapter 12 of this title applies only in a case under such chapter.

(k) Chapter 15 applies only in a case under such chapter, except that—

(1) sections 1505, 1513, and 1514 apply in all cases under this title; and

(2) section 1509 applies whether or not a case under this title is pending.

(l) Subchapter V of chapter 11 of this title applies only in a case under chapter 11 concerning a covered financial corporation.

* * * * *

§ 109. Who may be a debtor

(a) Notwithstanding any other provision of this section, only a person that resides or has a domicile, a place of business, or property in the United States, or a municipality, may be a debtor under this title.

(b) A person may be a debtor under chapter 7 of this title only if such person is not—

(1) a railroad;

(2) a domestic insurance company, bank, savings bank, cooperative bank, savings and loan association, building and loan association, homestead association, a New Markets Venture Capital company as defined in section 351 of the Small Business Investment Act of 1958, a small business investment company licensed by the Small Business Administration under section 301 of the Small Business Investment Act of 1958, credit

union, or industrial bank or similar institution which is an insured bank as defined in section 3(h) of the Federal Deposit Insurance Act, except that an uninsured State member bank, or a corporation organized under section 25A of the Federal Reserve Act, which operates, or operates as, a multilateral clearing organization pursuant to section 409 of the Federal Deposit Insurance Corporation Improvement Act of 1991 may be a debtor if a petition is filed at the direction of the Board of Governors of the Federal Reserve System; **[or]**

(3)(A) a foreign insurance company, engaged in such business in the United States; or

(B) a foreign bank, savings bank, cooperative bank, savings and loan association, building and loan association, or credit union, that has a branch or agency (as defined in section 1(b) of the International Banking Act of 1978) in the United States~~...~~; or

(4) *a covered financial corporation.*

(c) An entity may be a debtor under chapter 9 of this title if and only if such entity—

(1) is a municipality;

(2) is specifically authorized, in its capacity as a municipality or by name, to be a debtor under such chapter by State law, or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under such chapter;

(3) is insolvent;

(4) desires to effect a plan to adjust such debts; and

(5)(A) has obtained the agreement of creditors holding at least a majority in amount of the claims of each class that such entity intends to impair under a plan in a case under such chapter;

(B) has negotiated in good faith with creditors and has failed to obtain the agreement of creditors holding at least a majority in amount of the claims of each class that such entity intends to impair under a plan in a case under such chapter;

(C) is unable to negotiate with creditors because such negotiation is impracticable; or

(D) reasonably believes that a creditor may attempt to obtain a transfer that is avoidable under section 547 of this title.

(d) Only a railroad, a person that may be a debtor under chapter 7 of this title (except a stockbroker or a commodity broker), **[and]** an uninsured State member bank, **[or]** a corporation organized under section 25A of the Federal Reserve Act, which operates, or operates as, a multilateral clearing organization pursuant to section 409 of the Federal Deposit Insurance Corporation Improvement Act of 1991, *or a covered financial corporation* may be a debtor under chapter 11 of this title.

(e) Only an individual with regular income that owes, on the date of the filing of the petition, noncontingent, liquidated, unsecured debts of less than \$250,000 and noncontingent, liquidated, secured debts of less than \$750,000, or an individual with regular income and such individual's spouse, except a stockbroker or a commodity broker, that owe, on the date of the filing of the petition, noncontingent, liquidated, unsecured debts that aggregate less than \$250,000

and noncontingent, liquidated, secured debts of less than \$750,000 may be a debtor under chapter 13 of this title.

(f) Only a family farmer or family fisherman with regular annual income may be a debtor under chapter 12 of this title.

(g) Notwithstanding any other provision of this section, no individual or family farmer may be a debtor under this title who has been a debtor in a case pending under this title at any time in the preceding 180 days if—

(1) the case was dismissed by the court for willful failure of the debtor to abide by orders of the court, or to appear before the court in proper prosecution of the case; or

(2) the debtor requested and obtained the voluntary dismissal of the case following the filing of a request for relief from the automatic stay provided by section 362 of this title.

(h)(1) Subject to paragraphs (2) and (3), and notwithstanding any other provision of this section other than paragraph (4) of this subsection, an individual may not be a debtor under this title unless such individual has, during the 180-day period ending on the date of filing of the petition by such individual, received from an approved nonprofit budget and credit counseling agency described in section 111(a) an individual or group briefing (including a briefing conducted by telephone or on the Internet) that outlined the opportunities for available credit counseling and assisted such individual in performing a related budget analysis.

(2)(A) Paragraph (1) shall not apply with respect to a debtor who resides in a district for which the United States trustee (or the bankruptcy administrator, if any) determines that the approved nonprofit budget and credit counseling agencies for such district are not reasonably able to provide adequate services to the additional individuals who would otherwise seek credit counseling from such agencies by reason of the requirements of paragraph (1).

(B) The United States trustee (or the bankruptcy administrator, if any) who makes a determination described in subparagraph (A) shall review such determination not later than 1 year after the date of such determination, and not less frequently than annually thereafter. Notwithstanding the preceding sentence, a nonprofit budget and credit counseling agency may be disapproved by the United States trustee (or the bankruptcy administrator, if any) at any time.

(3)(A) Subject to subparagraph (B), the requirements of paragraph (1) shall not apply with respect to a debtor who submits to the court a certification that—

(i) describes exigent circumstances that merit a waiver of the requirements of paragraph (1);

(ii) states that the debtor requested credit counseling services from an approved nonprofit budget and credit counseling agency, but was unable to obtain the services referred to in paragraph (1) during the 7-day period beginning on the date on which the debtor made that request; and

(iii) is satisfactory to the court.

(B) With respect to a debtor, an exemption under subparagraph (A) shall cease to apply to that debtor on the date on which the debtor meets the requirements of paragraph (1), but in no case may the exemption apply to that debtor after the date that is 30 days

after the debtor files a petition, except that the court, for cause, may order an additional 15 days.

(4) The requirements of paragraph (1) shall not apply with respect to a debtor whom the court determines, after notice and hearing, is unable to complete those requirements because of incapacity, disability, or active military duty in a military combat zone. For the purposes of this paragraph, incapacity means that the debtor is impaired by reason of mental illness or mental deficiency so that he is incapable of realizing and making rational decisions with respect to his financial responsibilities; and “disability” means that the debtor is so physically impaired as to be unable, after reasonable effort, to participate in an in person, telephone, or Internet briefing required under paragraph (1).

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CHAPTER 3—CASE ADMINISTRATION

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SUBCHAPTER II—OFFICERS

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§ 322. Qualification of trustee

(a) Except as provided in subsection (b)(1), a person selected under section 701, 702, 703, 1104, 1163, 1202, or 1302 of this title to serve as trustee in a case under this title qualifies if before seven days after such selection, and before beginning official duties, such person has filed with the court a bond in favor of the United States conditioned on the faithful performance of such official duties.

(b)(1) The United States trustee qualifies wherever such trustee serves as trustee in a case under this title.

(2) **[The]** *In cases under subchapter V, the United States trustee shall recommend to the court, and in all other cases, the United States trustee shall determine—*

(A) the amount of a bond required to be filed under subsection (a) of this section; and

(B) the sufficiency of the surety on such bond.

(c) A trustee is not liable personally or on such trustee’s bond in favor of the United States for any penalty or forfeiture incurred by the debtor.

(d) A proceeding on a trustee’s bond may not be commenced after two years after the date on which such trustee was discharged.

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CHAPTER 7—LIQUIDATION

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SUBCHAPTER II—COLLECTION, LIQUIDATION, AND DISTRIBUTION OF THE ESTATE

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§ 726. Distribution of property of the estate

(a) Except as provided in section 510 of this title, property of the estate shall be distributed—

(1) first, *in payment of any unpaid fees, costs, and expenses of a special trustee appointed under section 1186, and then in payment of claims of the kind specified in, and in the order specified in, section 507 of this title, proof of which is timely filed under section 501 of this title or tardily filed on or before the earlier of—*

(A) the date that is 10 days after the mailing to creditors of the summary of the trustee's final report; or

(B) the date on which the trustee commences final distribution under this section;

(2) second, in payment of any allowed unsecured claim, other than a claim of a kind specified in paragraph (1), (3), or (4) of this subsection, proof of which is—

(A) timely filed under section 501(a) of this title;

(B) timely filed under section 501(b) or 501(c) of this title; or

(C) tardily filed under section 501(a) of this title, if—

(i) the creditor that holds such claim did not have notice or actual knowledge of the case in time for timely filing of a proof of such claim under section 501(a) of this title; and

(ii) proof of such claim is filed in time to permit payment of such claim;

(3) third, in payment of any allowed unsecured claim proof of which is tardily filed under section 501(a) of this title, other than a claim of the kind specified in paragraph (2)(C) of this subsection;

(4) fourth, in payment of any allowed claim, whether secured or unsecured, for any fine, penalty, or forfeiture, or for multiple, exemplary, or punitive damages, arising before the earlier of the order for relief or the appointment of a trustee, to the extent that such fine, penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered by the holder of such claim;

(5) fifth, in payment of interest at the legal rate from the date of the filing of the petition, on any claim paid under paragraph (1), (2), (3), or (4) of this subsection; and

(6) sixth, to the debtor.

(b) Payment on claims of a kind specified in paragraph (1), (2), (3), (4), (5), (6), (7), (8), (9), or (10) of section 507(a) of this title, or in paragraph (2), (3), (4), or (5) of subsection (a) of this section, shall be made pro rata among claims of the kind specified in each such particular paragraph, except that in a case that has been converted to this chapter under section 1112, 1208, or 1307 of this title, a claim allowed under section 503(b) of this title incurred under this chapter after such conversion has priority over a claim allowed under section 503(b) of this title incurred under any other chapter of this title or under this chapter before such conversion and over any expenses of a custodian superseded under section 543 of this title.

(c) Notwithstanding subsections (a) and (b) of this section, if there is property of the kind specified in section 541(a)(2) of this

title, or proceeds of such property, in the estate, such property or proceeds shall be segregated from other property of the estate, and such property or proceeds and other property of the estate shall be distributed as follows:

(1) Claims allowed under section 503 of this title shall be paid either from property of the kind specified in section 541(a)(2) of this title, or from other property of the estate, as the interest of justice requires.

(2) Allowed claims, other than claims allowed under section 503 of this title, shall be paid in the order specified in subsection (a) of this section, and, with respect to claims of a kind specified in a particular paragraph of section 507 of this title or subsection (a) of this section, in the following order and manner:

(A) First, community claims against the debtor or the debtor's spouse shall be paid from property of the kind specified in section 541(a)(2) of this title, except to the extent that such property is solely liable for debts of the debtor.

(B) Second, to the extent that community claims against the debtor are not paid under subparagraph (A) of this paragraph, such community claims shall be paid from property of the kind specified in section 541(a)(2) of this title that is solely liable for debts of the debtor.

(C) Third, to the extent that all claims against the debtor including community claims against the debtor are not paid under subparagraph (A) or (B) of this paragraph such claims shall be paid from property of the estate other than property of the kind specified in section 541(a)(2) of this title.

(D) Fourth, to the extent that community claims against the debtor or the debtor's spouse are not paid under subparagraph (A), (B), or (C) of this paragraph, such claims shall be paid from all remaining property of the estate.

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CHAPTER 11—REORGANIZATION

SUBCHAPTER I—OFFICERS AND ADMINISTRATION

Sec.

1101. Definitions for this chapter.

* * * * *

SUBCHAPTER V—LIQUIDATION, REORGANIZATION, OR RECAPITALIZATION OF A COVERED FINANCIAL CORPORATION

1181. *Inapplicability of other sections.*

1182. *Definitions for this subchapter.*

1183. *Commencement of a case concerning a covered financial corporation.*

1184. *Regulators.*

1185. *Special transfer of property of the estate.*

1186. *Special trustee.*

1187. *Temporary and supplemental automatic stay; assumed debt.*

1188. *Treatment of qualified financial contracts and affiliate contracts.*

1189. *Licenses, permits, and registrations.*

1190. *Exemption from securities laws.*

1191. *Inapplicability of certain avoiding powers.*

1192. *Consideration of financial stability.*

SUBCHAPTER I—OFFICERS AND ADMINISTRATION

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§ 1112. Conversion or dismissal

(a) The debtor may convert a case under this chapter to a case under chapter 7 of this title unless—

- (1) the debtor is not a debtor in possession;
- (2) the case originally was commenced as an involuntary case under this chapter; or
- (3) the case was converted to a case under this chapter other than on the debtor's request.

(b)(1) Except as provided in paragraph (2) and subsection (c), on request of a party in interest, and after notice and a hearing, the court shall convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate.

(2) The court may not convert a case under this chapter to a case under chapter 7 or dismiss a case under this chapter if the court finds and specifically identifies unusual circumstances establishing that converting or dismissing the case is not in the best interests of creditors and the estate, and the debtor or any other party in interest establishes that—

(A) there is a reasonable likelihood that a plan will be confirmed within the timeframes established in sections 1121(e) and 1129(e) of this title, or if such sections do not apply, within a reasonable period of time; and

(B) the grounds for converting or dismissing the case include an act or omission of the debtor other than under paragraph (4)(A)—

- (i) for which there exists a reasonable justification for the act or omission; and
- (ii) that will be cured within a reasonable period of time fixed by the court.

(3) The court shall commence the hearing on a motion under this subsection not later than 30 days after filing of the motion, and shall decide the motion not later than 15 days after commencement of such hearing, unless the movant expressly consents to a continuance for a specific period of time or compelling circumstances prevent the court from meeting the time limits established by this paragraph.

(4) For purposes of this subsection, the term “cause” includes—

(A) substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation;

(B) gross mismanagement of the estate;

(C) failure to maintain appropriate insurance that poses a risk to the estate or to the public;

(D) unauthorized use of cash collateral substantially harmful to 1 or more creditors;

(E) failure to comply with an order of the court;

(F) unexcused failure to satisfy timely any filing or reporting requirement established by this title or by any rule applicable to a case under this chapter;

(G) failure to attend the meeting of creditors convened under section 341(a) or an examination ordered under rule 2004 of the Federal Rules of Bankruptcy Procedure without good cause shown by the debtor;

(H) failure timely to provide information or attend meetings reasonably requested by the United States trustee (or the bankruptcy administrator, if any);

(I) failure timely to pay taxes owed after the date of the order for relief or to file tax returns due after the date of the order for relief;

(J) failure to file a disclosure statement, or to file or confirm a plan, within the time fixed by this title or by order of the court;

(K) failure to pay any fees or charges required under chapter 123 of title 28;

(L) revocation of an order of confirmation under section 1144;

(M) inability to effectuate substantial consummation of a confirmed plan;

(N) material default by the debtor with respect to a confirmed plan;

(O) termination of a confirmed plan by reason of the occurrence of a condition specified in the plan; and

(P) failure of the debtor to pay any domestic support obligation that first becomes payable after the date of the filing of the petition.

(c) The court may not convert a case under this chapter to a case under chapter 7 of this title if the debtor is a farmer or a corporation that is not a moneyed, business, or commercial corporation, unless the debtor requests such conversion.

(d) The court may convert a case under this chapter to a case under chapter 12 or 13 of this title only if—

(1) the debtor requests such conversion;

(2) the debtor has not been discharged under section 1141(d) of this title; and

(3) if the debtor requests conversion to chapter 12 of this title, such conversion is equitable.

(e) Except as provided in subsections (c) and (f), the court, on request of the United States trustee, may convert a case under this chapter to a case under chapter 7 of this title or may dismiss a case under this chapter, whichever is in the best interest of creditors and the estate if the debtor in a voluntary case fails to file, within fifteen days after the filing of the petition commencing such case or such additional time as the court may allow, the information required by paragraph (1) of section 521(a), including a list containing the names and addresses of the holders of the twenty largest unsecured claims (or of all unsecured claims if there are fewer than twenty unsecured claims), and the approximate dollar amounts of each of such claims.

(f) Notwithstanding any other provision of this section, a case may not be converted to a case under another chapter of this title unless the debtor may be a debtor under such chapter.

(g) *Notwithstanding section 109(b), the court may convert a case under subchapter V to a case under chapter 7 if—*

(1) a transfer approved under section 1185 has been consummated;

(2) the court has ordered the appointment of a special trustee under section 1186; and

(3) the court finds, after notice and a hearing, that conversion is in the best interest of the creditors and the estate.

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SUBCHAPTER II—THE PLAN

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§ 1129. Confirmation of plan

(a) The court shall confirm a plan only if all of the following requirements are met:

(1) The plan complies with the applicable provisions of this title.

(2) The proponent of the plan complies with the applicable provisions of this title.

(3) The plan has been proposed in good faith and not by any means forbidden by law.

(4) Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.

(5)(A)(i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(B) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.

(6) Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

(7) With respect to each impaired class of claims or interests—

(A) each holder of a claim or interest of such class—

(i) has accepted the plan; or

(ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date; or

(B) if section 1111(b)(2) of this title applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim

property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

(8) With respect to each class of claims or interests—

(A) such class has accepted the plan; or

(B) such class is not impaired under the plan.

(9) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that—

(A) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of this title, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(B) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of this title, each holder of a claim of such class will receive—

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim;

(C) with respect to a claim of a kind specified in section 507(a)(8) of this title, the holder of such claim will receive on account of such claim regular installment payments in cash—

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b)); and

(D) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8), but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in subparagraph (C).

(10) If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.

(11) Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

(12) All fees payable under section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

(13) The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of this title, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of this title, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

(14) If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

(15) In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan—

(A) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(B) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

(16) All transfers of property under the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

(17) *In a case under subchapter V, all payable fees, costs, and expenses of the special trustee have been paid or the plan provides for the payment of all such fees, costs, and expenses on the effective date of the plan.*

(18) *In a case under subchapter V, confirmation of the plan is not likely to cause serious adverse effects on financial stability in the United States.*

(b)(1) Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

(2) For the purpose of this subsection, the condition that a plan be fair and equitable with respect to a class includes the following requirements:

(A) With respect to a class of secured claims, the plan provides—

(i)(I) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another

entity, to the extent of the allowed amount of such claims; and

(II) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;

(ii) for the sale, subject to section 363(k) of this title, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this subparagraph; or

(iii) for the realization by such holders of the indubitable equivalent of such claims.

(B) With respect to a class of unsecured claims—

(i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115, subject to the requirements of subsection (a)(14) of this section.

(C) With respect to a class of interests—

(i) the plan provides that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or

(ii) the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

(c) Notwithstanding subsections (a) and (b) of this section and except as provided in section 1127(b) of this title, the court may confirm only one plan, unless the order of confirmation in the case has been revoked under section 1144 of this title. If the requirements of subsections (a) and (b) of this section are met with respect to more than one plan, the court shall consider the preferences of creditors and equity security holders in determining which plan to confirm.

(d) Notwithstanding any other provision of this section, on request of a party in interest that is a governmental unit, the court may not confirm a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933. In any hearing under this subsection, the governmental unit has the burden of proof on the issue of avoidance.

(e) In a small business case, the court shall confirm a plan that complies with the applicable provisions of this title and that is filed

in accordance with section 1121(e) not later than 45 days after the plan is filed unless the time for confirmation is extended in accordance with section 1121(e)(3).

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SUBCHAPTER V—LIQUIDATION, REORGANIZATION, OR RE-CAPITALIZATION OF A COVERED FINANCIAL CORPORATION

§ 1181. Inapplicability of other sections

Sections 303 and 321(c) do not apply in a case under this subchapter concerning a covered financial corporation. Section 365 does not apply to a transfer under section 1185, 1187, or 1188.

§ 1182. Definitions for this subchapter

In this subchapter, the following definitions shall apply:

(1) *The term “Board” means the Board of Governors of the Federal Reserve System.*

(2) *The term “bridge company” means a newly formed corporation to which property of the estate may be transferred under section 1185(a) and the equity securities of which may be transferred to a special trustee under section 1186(a).*

(3) *The term “capital structure debt” means all unsecured debt of the debtor for borrowed money for which the debtor is the primary obligor, other than a qualified financial contract and other than debt secured by a lien on property of the estate that is to be transferred to a bridge company pursuant to an order of the court under section 1185(a).*

(4) *The term “contractual right” means a contractual right of a kind defined in section 555, 556, 559, 560, or 561.*

(5) *The term “qualified financial contract” means any contract of a kind defined in paragraph (25), (38A), (47), or (53B) of section 101, section 741(7), or paragraph (4), (5), (11), or (13) of section 761.*

(6) *The term “special trustee” means the trustee of a trust formed under section 1186(a)(1).*

§ 1183. Commencement of a case concerning a covered financial corporation

(a) *A case under this subchapter concerning a covered financial corporation may be commenced by the filing of a petition with the court by the debtor under section 301 only if the debtor states to the best of its knowledge under penalty of perjury in the petition that it is a covered financial corporation.*

(b) *The commencement of a case under subsection (a) constitutes an order for relief under this subchapter.*

(c) *The members of the board of directors (or body performing similar functions) of a covered financial corporation shall have no liability to shareholders, creditors, or other parties in interest for a good faith filing of a petition to commence a case under this subchapter, or for any reasonable action taken in good faith in contemplation of such a petition or a transfer under section 1185 or section 1186, whether prior to or after commencement of the case.*

(d) *Counsel to the debtor shall provide, to the greatest extent practicable without disclosing the identity of the potential debtor, suffi-*

cient confidential notice to the chief judge of the court of appeals for the circuit embracing the district in which such counsel intends to file a petition to commence a case under this subchapter regarding the potential commencement of such case. The chief judge of such court shall randomly assign to preside over such case a bankruptcy judge selected from among the bankruptcy judges designated by the Chief Justice of the United States under section 298 of title 28.

§ 1184. Regulators

The Board, the Securities Exchange Commission, the Office of the Comptroller of the Currency of the Department of the Treasury, the Commodity Futures Trading Commission, and the Federal Deposit Insurance Corporation may raise and may appear and be heard on any issue in any case or proceeding under this subchapter.

§ 1185. Special transfer of property of the estate

(a) On request of the trustee, and after notice and a hearing that shall occur not less than 24 hours after the order for relief, the court may order a transfer under this section of property of the estate, and the assignment of executory contracts, unexpired leases, and qualified financial contracts of the debtor, to a bridge company. Upon the entry of an order approving such transfer, any property transferred, and any executory contracts, unexpired leases, and qualified financial contracts assigned under such order shall no longer be property of the estate. Except as provided under this section, the provisions of section 363 shall apply to a transfer and assignment under this section.

(b) Unless the court orders otherwise, notice of a request for an order under subsection (a) shall consist of electronic or telephonic notice of not less than 24 hours to—

- (1) the debtor;
 - (2) the holders of the 20 largest secured claims against the debtor;
 - (3) the holders of the 20 largest unsecured claims against the debtor;
 - (4) counterparties to any debt, executory contract, unexpired lease, and qualified financial contract requested to be transferred under this section;
 - (5) the Board;
 - (6) the Federal Deposit Insurance Corporation;
 - (7) the Secretary of the Treasury and the Office of the Comptroller of the Currency of the Treasury;
 - (8) the Commodity Futures Trading Commission;
 - (9) the Securities and Exchange Commission;
 - (10) the United States trustee or bankruptcy administrator;
- and
- (11) each primary financial regulatory agency, as defined in section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, with respect to any affiliate the equity securities of which are proposed to be transferred under this section.

(c) The court may not order a transfer under this section unless the court determines, based upon a preponderance of the evidence, that—

(1) the transfer under this section is necessary to prevent serious adverse effects on financial stability in the United States;

(2) the transfer does not provide for the assumption of any capital structure debt by the bridge company;

(3) the transfer does not provide for the transfer to the bridge company of any property of the estate that is subject to a lien securing a debt, executory contract, unexpired lease or agreement (including a qualified financial contract) of the debtor unless—

(A)(i) the bridge company assumes such debt, executory contract, unexpired lease or agreement (including a qualified financial contract), including any claims arising in respect thereof that would not be allowed secured claims under section 506(a)(1) and after giving effect to such transfer, such property remains subject to the lien securing such debt, executory contract, unexpired lease or agreement (including a qualified financial contract); and

(ii) the court has determined that assumption of such debt, executory contract, unexpired lease or agreement (including a qualified financial contract) by the bridge company is in the best interests of the estate; or

(B) such property is being transferred to the bridge company in accordance with the provisions of section 363;

(4) the transfer does not provide for the assumption by the bridge company of any debt, executory contract, unexpired lease or agreement (including a qualified financial contract) of the debtor secured by a lien on property of the estate unless the transfer provides for such property to be transferred to the bridge company in accordance with paragraph (3)(A) of this subsection;

(5) the transfer does not provide for the transfer of the equity of the debtor;

(6) the trustee has demonstrated that the bridge company is not likely to fail to meet the obligations of any debt, executory contract, qualified financial contract, or unexpired lease assumed and assigned to the bridge company;

(7) the transfer provides for the transfer to a special trustee all of the equity securities in the bridge company and appointment of a special trustee in accordance with section 1186;

(8) after giving effect to the transfer, adequate provision has been made for the fees, costs, and expenses of the estate and special trustee; and

(9) the bridge company will have governing documents, and initial directors and senior officers, that are in the best interest of creditors and the estate.

(d) Immediately before a transfer under this section, the bridge company that is the recipient of the transfer shall—

(1) not have any property, executory contracts, unexpired leases, qualified financial contracts, or debts, other than any property acquired or executory contracts, unexpired leases, or debts assumed when acting as a transferee of a transfer under this section; and

(2) have equity securities that are property of the estate, which may be sold or distributed in accordance with this title.

§ 1186. Special trustee

(a)(1) *An order approving a transfer under section 1185 shall require the trustee to transfer to a qualified and independent special trustee, who is appointed by the court, all of the equity securities in the bridge company that is the recipient of a transfer under section 1185 to hold in trust for the sole benefit of the estate, subject to satisfaction of the special trustee's fees, costs, and expenses. The trust of which the special trustee is the trustee shall be a newly formed trust governed by a trust agreement approved by the court as in the best interests of the estate, and shall exist for the sole purpose of holding and administering, and shall be permitted to dispose of, the equity securities of the bridge company in accordance with the trust agreement.*

(2) *In connection with the hearing to approve a transfer under section 1185, the trustee shall confirm to the court that the Board has been consulted regarding the identity of the proposed special trustee and advise the court of the results of such consultation.*

(b) *The trust agreement governing the trust shall provide—*

(1) *for the payment of the fees, costs, expenses, and indemnities of the special trustee from the assets of the debtor's estate;*

(2) *that the special trustee provide—*

(A) *quarterly reporting to the estate, which shall be filed with the court; and*

(B) *information about the bridge company reasonably requested by a party in interest to prepare a disclosure statement for a plan providing for distribution of any securities of the bridge company if such information is necessary to prepare such disclosure statement;*

(3) *that for as long as the equity securities of the bridge company are held by the trust, the special trustee shall file a notice with the court in connection with—*

(A) *any change in a director or senior officer of the bridge company;*

(B) *any modification to the governing documents of the bridge company; and*

(C) *any material corporate action of the bridge company, including—*

(i) *recapitalization;*

(ii) *a material borrowing;*

(iii) *termination of an intercompany debt or guarantee;*

(iv) *a transfer of a substantial portion of the assets of the bridge company; or*

(v) *the issuance or sale of any securities of the bridge company;*

(4) *that any sale of any equity securities of the bridge company shall not be consummated until the special trustee consults with the Federal Deposit Insurance Corporation and the Board regarding such sale and discloses the results of such consultation with the court;*

(5) *that, subject to reserves for payments permitted under paragraph (1) provided for in the trust agreement, the proceeds of the sale of any equity securities of the bridge company by the special trustee be held in trust for the benefit of or transferred to the estate;*

(6) the process and guidelines for the replacement of the special trustee; and

(7) that the property held in trust by the special trustee is subject to distribution in accordance with subsection (c).

(c)(1) The special trustee shall distribute the assets held in trust—

(A) if the court confirms a plan in the case, in accordance with the plan on the effective date of the plan; or

(B) if the case is converted to a case under chapter 7, as ordered by the court.

(2) As soon as practicable after a final distribution under paragraph (1), the office of the special trustee shall terminate, except as may be necessary to wind up and conclude the business and financial affairs of the trust.

(d) After a transfer to the special trustee under this section, the special trustee shall be subject only to applicable nonbankruptcy law, and the actions and conduct of the special trustee shall no longer be subject to approval by the court in the case under this subchapter.

§1187. Temporary and supplemental automatic stay; assumed debt

(a)(1) A petition filed under section 1183 operates as a stay, applicable to all entities, of the termination, acceleration, or modification of any debt, contract, lease, or agreement of the kind described in paragraph (2), or of any right or obligation under any such debt, contract, lease, or agreement, solely because of—

(A) a default by the debtor under any such debt, contract, lease, or agreement; or

(B) a provision in such debt, contract, lease, or agreement, or in applicable nonbankruptcy law, that is conditioned on—

(i) the insolvency or financial condition of the debtor at any time before the closing of the case;

(ii) the commencement of a case under this title concerning the debtor;

(iii) the appointment of or taking possession by a trustee in a case under this title concerning the debtor or by a custodian before the commencement of the case; or

(iv) a credit rating agency rating, or absence or withdrawal of a credit rating agency rating—

(I) of the debtor at any time after the commencement of the case;

(II) of an affiliate during the period from the commencement of the case until 48 hours after such order is entered;

(III) of the bridge company while the trustee or the special trustee is a direct or indirect beneficial holder of more than 50 percent of the equity securities of—

(aa) the bridge company; or

(bb) the affiliate, if all of the direct or indirect interests in the affiliate that are property of the estate are transferred under section 1185; or

(IV) of an affiliate while the trustee or the special trustee is a direct or indirect beneficial holder of more than 50 percent of the equity securities of—

(aa) the bridge company; or

(bb) the affiliate, if all of the direct or indirect interests in the affiliate that are property of the estate are transferred under section 1185.

(2) A debt, contract, lease, or agreement described in this paragraph is—

(A) any debt (other than capital structure debt), executory contract, or unexpired lease of the debtor (other than a qualified financial contract);

(B) any agreement under which the debtor issued or is obligated for debt (other than capital structure debt);

(C) any debt, executory contract, or unexpired lease of an affiliate (other than a qualified financial contract); or

(D) any agreement under which an affiliate issued or is obligated for debt.

(3) The stay under this subsection terminates—

(A) for the benefit of the debtor, upon the earliest of—

(i) 48 hours after the commencement of the case;

(ii) assumption of the debt, contract, lease, or agreement by the bridge company under an order authorizing a transfer under section 1185;

(iii) a final order of the court denying the request for a transfer under section 1185; or

(iv) the time the case is dismissed; and

(B) for the benefit of an affiliate, upon the earliest of—

(i) the entry of an order authorizing a transfer under section 1185 in which the direct or indirect interests in the affiliate that are property of the estate are not transferred under section 1185;

(ii) a final order by the court denying the request for a transfer under section 1185;

(iii) 48 hours after the commencement of the case if the court has not ordered a transfer under section 1185; or

(iv) the time the case is dismissed.

(4) Subsections (d), (e), (f), and (g) of section 362 apply to a stay under this subsection.

(b) A debt, executory contract (other than a qualified financial contract), or unexpired lease of the debtor, or an agreement under which the debtor has issued or is obligated for any debt, may be assumed by a bridge company in a transfer under section 1185 notwithstanding any provision in an agreement or in applicable non-bankruptcy law that—

(1) prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or

(2) accelerates, terminates, or modifies, or permits a party other than the debtor to terminate or modify, the debt, contract, lease, or agreement on account of—

(A) the assignment of the debt, contract, lease, or agreement; or

(B) a change in control of any party to the debt, contract, lease, or agreement.

(c)(1) A debt, contract, lease, or agreement of the kind described in subparagraph (A) or (B) of subsection (a)(2) may not be accelerated, terminated, or modified, and any right or obligation under such debt, contract, lease, or agreement may not be accelerated, terminated, or modified, as to the bridge company solely because of a

provision in the debt, contract, lease, or agreement or in applicable nonbankruptcy law—

(A) of the kind described in subsection (a)(1)(B) as applied to the debtor;

(B) that prohibits, restricts, or conditions the assignment of the debt, contract, lease, or agreement; or

(C) that accelerates, terminates, or modifies, or permits a party other than the debtor to terminate or modify, the debt, contract, lease or agreement on account of—

(i) the assignment of the debt, contract, lease, or agreement; or

(ii) a change in control of any party to the debt, contract, lease, or agreement.

(2) If there is a default by the debtor under a provision other than the kind described in paragraph (1) in a debt, contract, lease or agreement of the kind described in subparagraph (A) or (B) of subsection (a)(2), the bridge company may assume such debt, contract, lease, or agreement only if the bridge company—

(A) shall cure the default;

(B) compensates, or provides adequate assurance in connection with a transfer under section 1185 that the bridge company will promptly compensate, a party other than the debtor to the debt, contract, lease, or agreement, for any actual pecuniary loss to the party resulting from the default; and

(C) provides adequate assurance in connection with a transfer under section 1185 of future performance under the debt, contract, lease, or agreement, as determined by the court under section 1185(c)(4).

§ 1188. Treatment of qualified financial contracts and affiliate contracts

(a) Notwithstanding sections 362(b)(6), 362(b)(7), 362(b)(17), 362(b)(27), 362(o), 555, 556, 559, 560, and 561, a petition filed under section 1183 operates as a stay, during the period specified in section 1187(a)(3)(A), applicable to all entities, of the exercise of a contractual right—

(1) to cause the modification, liquidation, termination, or acceleration of a qualified financial contract of the debtor or an affiliate;

(2) to offset or net out any termination value, payment amount, or other transfer obligation arising under or in connection with a qualified financial contract of the debtor or an affiliate; or

(3) under any security agreement or arrangement or other credit enhancement forming a part of or related to a qualified financial contract of the debtor or an affiliate.

(b)(1) During the period specified in section 1187(a)(3)(A), the trustee or the affiliate shall perform all payment and delivery obligations under such qualified financial contract of the debtor or the affiliate, as the case may be, that become due after the commencement of the case. The stay provided under subsection (a) terminates as to a qualified financial contract of the debtor or an affiliate immediately upon the failure of the trustee or the affiliate, as the case may be, to perform any such obligation during such period.

(2) Any failure by a counterparty to any qualified financial contract of the debtor or any affiliate to perform any payment or delivery obligation under such qualified financial contract, including during the pendency of the stay provided under subsection (a), shall constitute a breach of such qualified financial contract by the counterparty.

(c) Subject to the court's approval, a qualified financial contract between an entity and the debtor may be assigned to or assumed by the bridge company in a transfer under, and in accordance with, section 1185 if and only if—

(1) all qualified financial contracts between the entity and the debtor are assigned to and assumed by the bridge company in the transfer under section 1185;

(2) all claims of the entity against the debtor in respect of any qualified financial contract between the entity and the debtor (other than any claim that, under the terms of the qualified financial contract, is subordinated to the claims of general unsecured creditors) are assigned to and assumed by the bridge company;

(3) all claims of the debtor against the entity under any qualified financial contract between the entity and the debtor are assigned to and assumed by the bridge company; and

(4) all property securing or any other credit enhancement furnished by the debtor for any qualified financial contract described in paragraph (1) or any claim described in paragraph (2) or (3) under any qualified financial contract between the entity and the debtor is assigned to and assumed by the bridge company.

(d) Notwithstanding any provision of a qualified financial contract or of applicable nonbankruptcy law, a qualified financial contract of the debtor that is assumed or assigned in a transfer under section 1185 may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185, and any right or obligation under the qualified financial contract may not be accelerated, terminated, or modified, after the entry of the order approving a transfer under section 1185 solely because of a condition described in section 1187(c)(1), other than a condition of the kind specified in section 1187(b) that occurs after property of the estate no longer includes a direct beneficial interest or an indirect beneficial interest through the special trustee, in more than 50 percent of the equity securities of the bridge company.

(e) Notwithstanding any provision of any agreement or in applicable nonbankruptcy law, an agreement of an affiliate (including an executory contract, an unexpired lease, qualified financial contract, or an agreement under which the affiliate issued or is obligated for debt) and any right or obligation under such agreement may not be accelerated, terminated, or modified, solely because of a condition described in section 1187(c)(1), other than a condition of the kind specified in section 1187(b) that occurs after the bridge company is no longer a direct or indirect beneficial holder of more than 50 percent of the equity securities of the affiliate, at any time after the commencement of the case if—

(1) all direct or indirect interests in the affiliate that are property of the estate are transferred under section 1185 to the bridge company within the period specified in subsection (a);

(2) *the bridge company assumes—*

(A) *any guarantee or other credit enhancement issued by the debtor relating to the agreement of the affiliate; and*

(B) *any obligations in respect of rights of setoff, netting arrangement, or debt of the debtor that directly arises out of or directly relates to the guarantee or credit enhancement; and*

(3) *any property of the estate that directly serves as collateral for the guarantee or credit enhancement is transferred to the bridge company.*

§ 1189. Licenses, permits, and registrations

(a) *Notwithstanding any otherwise applicable nonbankruptcy law, if a request is made under section 1185 for a transfer of property of the estate, any Federal, State, or local license, permit, or registration that the debtor or an affiliate had immediately before the commencement of the case and that is proposed to be transferred under section 1185 may not be accelerated, terminated, or modified at any time after the request solely on account of—*

(1) *the insolvency or financial condition of the debtor at any time before the closing of the case;*

(2) *the commencement of a case under this title concerning the debtor;*

(3) *the appointment of or taking possession by a trustee in a case under this title concerning the debtor or by a custodian before the commencement of the case; or*

(4) *a transfer under section 1185.*

(b) *Notwithstanding any otherwise applicable nonbankruptcy law, any Federal, State, or local license, permit, or registration that the debtor had immediately before the commencement of the case that is included in a transfer under section 1185 shall be valid and all rights and obligations thereunder shall vest in the bridge company.*

§ 1190. Exemption from securities laws

For purposes of section 1145, a security of the bridge company shall be deemed to be a security of a successor to the debtor under a plan if the court approves the disclosure statement for the plan as providing adequate information (as defined in section 1125(a)) about the bridge company and the security.

§ 1191. Inapplicability of certain avoiding powers

A transfer made or an obligation incurred by the debtor to an affiliate prior to or after the commencement of the case, including any obligation released by the debtor or the estate to or for the benefit of an affiliate, in contemplation of or in connection with a transfer under section 1185 is not avoidable under section 544, 547, 548(a)(1)(B), or 549, or under any similar nonbankruptcy law.

§ 1192. Consideration of financial stability

The court may consider the effect that any decision in connection with this subchapter may have on financial stability in the United States.

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TITLE 28, UNITED STATES CODE

PART I—ORGANIZATION OF COURTS

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CHAPTER 13—ASSIGNMENT OF JUDGES TO OTHER COURTS

Sec.

291. Circuit judges.

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298. *Judge for a case under subchapter V of chapter 11 of title 11.*

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§ 298. Judge for a case under subchapter V of chapter 11 of title 11

(a)(1) *Notwithstanding section 295, the Chief Justice of the United States shall designate not fewer than 10 bankruptcy judges to be available to hear a case under subchapter V of chapter 11 of title 11. Bankruptcy judges may request to be considered by the Chief Justice of the United States for such designation.*

(2) *Notwithstanding section 155, a case under subchapter V of chapter 11 of title 11 shall be heard under section 157 by a bankruptcy judge designated under paragraph (1), who shall be randomly assigned to hear such case by the chief judge of the court of appeals for the circuit embracing the district in which the case is pending. To the greatest extent practicable, the approvals required under section 155 should be obtained.*

(3) *If the bankruptcy judge assigned to hear a case under paragraph (2) is not assigned to the district in which the case is pending, the bankruptcy judge shall be temporarily assigned to the district.*

(b) *A case under subchapter V of chapter 11 of title 11, and all proceedings in the case, shall take place in the district in which the case is pending.*

(c) *In this section, the term “covered financial corporation” has the meaning given that term in section 101(9A) of title 11.*

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PART IV—JURISDICTION AND VENUE

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CHAPTER 85—DISTRICT COURTS; JURISDICTION

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§ 1334. Bankruptcy cases and proceedings

(a) Except as provided in subsection (b) of this section, the district courts shall have original and exclusive jurisdiction of all cases under title 11.

(b) Except as provided in subsection (e)(2), and notwithstanding any Act of Congress that confers exclusive jurisdiction on a court or courts other than the district courts, the district courts shall

have original but not exclusive jurisdiction of all civil proceedings arising under title 11, or arising in or related to cases under title 11.

(c)(1) Except with respect to a case under chapter 15 of title 11, nothing in this section prevents a district court in the interest of justice, or in the interest of comity with State courts or respect for State law, from abstaining from hearing a particular proceeding arising under title 11 or arising in or related to a case under title 11.

(2) Upon timely motion of a party in a proceeding based upon a State law claim or State law cause of action, related to a case under title 11 but not arising under title 11 or arising in a case under title 11, with respect to which an action could not have been commenced in a court of the United States absent jurisdiction under this section, the district court shall abstain from hearing such proceeding if an action is commenced, and can be timely adjudicated, in a State forum of appropriate jurisdiction.

(d) Any decision to abstain or not to abstain made under subsection (c) (other than a decision not to abstain in a proceeding described in subsection (c)(2)) is not reviewable by appeal or otherwise by the court of appeals under section 158(d), 1291, or 1292 of this title or by the Supreme Court of the United States under section 1254 of this title. Subsection (c) and this subsection shall not be construed to limit the applicability of the stay provided for by section 362 of title 11, United States Code, as such section applies to an action affecting the property of the estate in bankruptcy.

(e) The district court in which a case under title 11 is commenced or is pending shall have exclusive jurisdiction—

(1) of all the property, wherever located, of the debtor as of the commencement of such case, and of property of the estate; and

(2) over all claims or causes of action that involve construction of section 327 of title 11, United States Code, or rules relating to disclosure requirements under section 327.

(f) *This section does not grant jurisdiction to the district court after a transfer pursuant to an order under section 1185 of title 11 of any proceeding related to a special trustee appointed, or to a bridge company formed, in connection with a case under subchapter V of chapter 11 of title 11.*

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DISSENTING VIEWS OF REP. NITA LOWEY AND REP. MIKE QUIGLEY

The Financial Services and General Government (FSGG) bill funds critical programs that impact the lives of every American in their capacity as consumers, as investors, and as taxpayers. The bill's jurisdiction covers a diverse range of agencies including those that provide oversight and regulation of the financial and telecommunications industries, manage government buildings and infrastructure projects, and oversee the federal workforce. In addition, funding in this bill supports the operations of the White House, the Federal Judiciary, and the District of Columbia.

We appreciate Chairman Graves' efforts in assembling the Fiscal Year (FY) 2018 FSGG bill. We were pleased to cooperate with the Chairman to identify areas of common ground. However, the overwhelming share of funding decisions and policy provisions in this bill reflect an unprecedented degree of focus on partisan priorities from the Majority's side of the aisle.

The bill's FY 2018 allocation is \$20,231,000,000. This level is \$1,283,967,000 below the FY 2017 level, a cut of 6 percent. Such an allocation requires severe programmatic cuts and is unsustainable. Taxpayers would find an Internal Revenue Service (IRS) unable to handle basic requests for information after years of no growth budgets manifest in worsened customer service. Government agencies pay rent to a landlord that would not fulfill its basic repair responsibilities because this Committee uses those rent payments for other unrelated priorities and does not put it back into the Government Services Administration (GSA).

Despite the unrealistically insufficient allocation, the bill rejects at least a few of the Trump Administration's worst proposals. For example, the bill restores funding to current FY 2017 levels for two Treasury Department functions that are key to national security—the Financial Crimes Enforcement Network and the office of Terrorism and Financial Intelligence. It is clear that both are in need of even greater resources, but freezing investment at the fiscal year 2017 level is certainly preferable to the dangerous cuts proposed in the President's budget request. In short, while we appreciate the efforts the Chairman made to adequately fund these particular programs, they are small bright spots in an otherwise dismal bill.

The best example of the inadequacy of this bill is the 23 percent cut to the Community Development Financial Institutions Fund (CDFI). While the Committee does not fully embrace President Trump's proposal to end CDFI grants, this steep cut would greatly reduce access to financing and affordable financial services in countless rural, urban, low-income, and Native American communities nationwide.

Another particularly irresponsible cut targets the GSA, which functions as the Federal Government's developer and landlord. The

bill decimates funding for the Federal Buildings Fund, forcing the agency to neglect high priority safety and security projects. This lack of sufficient funding for repair projects further exacerbates an already dire situation. Persistently inadequate appropriations for GSA in recent years have resulted in a \$1.1 billion backlog for GSA's repairs and alterations programs. Again, these decisions do not make long-term fiscal sense. Every dollar that GSA does not reinvest back into basic maintenance and repairs now leads to a long-term capital liability of four to five dollars in the future.

In addition, zero funding for the new construction account at GSA means forgoing three critical Land Ports of Entry projects which would negatively impact the lawful trade, travel and the security of this country.

The bill even inexplicably rescinds previously appropriated GSA funding for a much-needed consolidation and modernization for the headquarters of the Federal Bureau Investigations (FBI), which Rep. Dutch Ruppersberger offered an amendment to reverse. The current FBI headquarters is in such disrepair that it constitutes a national security threat by preventing FBI employees from having access to necessary and secure facilities to do their important work protecting our nation. This project has been years in the making, and this rescission takes our nation backward in addressing this urgently needed infrastructure improvement.

The bill contains numerous funding levels and legislative text to make it easier for large financial institutions to return to the practices that led to the collapse of the U.S. economy in 2008. The Securities and Exchange Commission (SEC) is funded at \$1.602 billion for core functions, an inadequate level that would ensure a lack of enforcement on Wall Street. Rep. Aguilar offered an amendment to boost resources for SEC that failed despite the fact that the proposed increase would be deficit neutral and does not spend taxpayer funds. Republicans are hiding behind false declarations of fiscal responsibility in order to pursue policies that are in fact aimed at protecting Wall Street interest.

The Committee adopted an outrageous amendment that would significantly weaken consumer protections against Pyramid Schemes and make it easier for predatory businesses to target vulnerable populations, particularly immigrant communities.

Most troubling is the inclusion of an eighty-eight page authorization bill that significantly rolls back enhanced consumer protections implemented through the landmark Dodd-Frank Act. The distilled version of the majority's Financial Choice Act would repeal mechanisms put in place to ensure that American taxpayers are never again forced to bail out Wall Street and suffer personal financial ruin as a result of the reckless practices at irresponsible institutions. Not only is the content of this legislative proposal wrong-headed and dangerous, but it has no place hiding in an appropriations bill. Congress has a process for debating and enacting this type of law which allows for transparency and public input. Rep. Mark Pocan's amendment to strip that authorization was unanimously rejected by Republicans.

The bill continues the Republican tradition of interfering in the local affairs of the District of Columbia by restricting the District from spending its own funds with autonomy. As in past years, the

bill contains a variety of provisions that impose limits on the District's ability to govern itself. Even worse, a disappointing Republican amendment was adopted prohibiting the District of Columbia from implementing a new law adopted by its locally elected government to allow city residents access to medical aid in dying in certain cases. We were particularly offended by the statement in Committee that the law would encourage terminally ill persons to flock to the District to obtain such aid, when the law clearly makes such aid available only to its residents.

Democrats also tried to roll back the provisions that interfere in women's health decisions. Our Republican colleagues evidently are not satisfied with the restrictions already in place under current law, so this year's FSGG appropriations bill carries a new provision to make it even more difficult for a woman to purchase the health insurance she wants. Federal law already prohibits Federal funds from being used to pay for abortion services, so these poison-pill riders are utterly unnecessary. Mrs. Lowey offered an amendment to strike these harmful provisions and protect a woman's right to make legal and private health choices without government interference. By opposing adoption of this important amendment while passing the amendment related to medical aid in dying, the Republican Majority continued its hypocritical allegiance to limited government, until it concerns a women's right to choose or an individual's right to die in a manner of his or her choosing under a doctor's care.

In an attempt to undermine the Affordable Care Act, this bill blocks the IRS from enforcing the individual coverage mandate. This will create greater uncertainty within individual healthcare exchanges around the country and cause insurance premiums to rise substantially. The American people have made it increasingly clear that they want Congress to fix the ACA, not sabotage it. That's why we were extremely disappointed that the Republicans would not agree to Rep. Quigley's amendment to repeal this harmful rider.

Rep. Aguilar offered an amendment, which passed by voice vote, to make sure that Dreamers, certain non-criminal immigrants that entered the country as children and remain without U.S. citizenship, can lend their talents to the Federal workforce. Democrats will work to ensure that this language remains intact.

Unfortunately, that was the only case of success in our attempts to oppose the long list of ideological riders in the bill. Two common-sense amendments were not adopted that would have prevented President Trump's so-called Commission on Election Integrity from compelling states to share non-publicly available individual voting data. Republican and Democratic Governors alike have objected to the Trump administration's federal overreach and violation of privacy for individual voters.

All across the bill, similarly unwise cuts will reduce the ability of the government to effectively protect consumers and investors and investigate tax cheats and collect revenues. The bill will also necessitate the furlough of many hundreds of federal and private workers, increase unemployment, and reduce vital services to the public. Overall, the proposed spending reductions are not fiscally responsible since they will actually increase costs in the future

through reduced revenue and diminished enforcement. As a consequence, we are gravely concerned that the bill fails to make the necessary investments to confront the challenges facing this nation. Of equal concern are the reckless and ill-advised policy riders that do not belong on an appropriations bill. Many of these provisions threaten to impose even greater damage to the nation's democratic principles and core financial infrastructure.

MIKE QUIGLEY.

NITA M. LOWEY.

ADDITIONAL VIEWS OF ROBERT B. ADERHOLT, JOHN ABNEY CULBERSON, JOHN R. CARTER, KEN CALVERT, TOM COLE, TOM GRAVES, STEVE WOMACK, THOMAS J. ROONEY, CHARLES J. FLEISCHMANN, DAVID P. JOYCE, ANDY HARRIS, MARTHA ROBY, CHRIS STEWART, DAVID YOUNG, EVAN H. JENKINS, STEVEN PALAZZO, AND JOHN R. MOOLENAAR

During Full Committee markup, Representative Aguilar of California offered an amendment regarding work eligibility for Deferred Action for Childhood Arrivals participants, which resulted in the adoption of Section 746 in the bill.

Each of us voted no, however the amendment passed by voice vote. Had this amendment received a roll call vote, each of us would have voted no then as well.

ROBERT ADERHOLT.
JOHN R. CARTER.
TOM COLE.
STEVE WOMACK.
CHARLES J. FLEISCHMANN.
ANDY HARRIS.
CHRIS STEWART.
EVAN H. JENKINS.
JOHN R. MOOLENAAR.
JOHN ABNEY CULBERSON.
KEN CALVERT.
TOM GRAVES.
THOMAS J. ROONEY.
DAVID P. JOYCE.
MARTHA ROBY.
DAVID YOUNG.
STEVEN PALAZZO.

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