

Calendar No. 35

106TH CONGRESS
1ST Session

S. 576

[Report No. 106-11]

A BILL

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

MARCH 10, 1999

Read twice and placed on the calendar

Calendar No. 35

106TH CONGRESS
1ST SESSION

S. 576

[Report No. 106–11]

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1999

Mr. GRAMM, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Financial Regulatory Relief and Economic Efficiency Act
 4 of 1999”.

5 (b) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—IMPROVING MONETARY POLICY AND FINANCIAL
 INSTITUTION MANAGEMENT PRACTICES

- Sec. 101. Payment of interest on reserves at Federal reserve banks.
- Sec. 102. Amendments relating to interest on certain accounts at depository institutions.
- Sec. 103. Repeal of savings association liquidity provision.
- Sec. 104. Repeal of dividend notice requirement.
- Sec. 105. Thrift service companies.
- Sec. 106. Elimination of thrift multistate multiple holding company restrictions.
- Sec. 107. Noncontrolling investments by savings association holding companies.
- Sec. 108. Repeal of deposit broker notification and recordkeeping requirement.
- Sec. 109. Uniform regulation of extensions of credit to executive officers.
- Sec. 110. Expedited procedures for certain reorganizations.
- Sec. 111. National bank directors.
- Sec. 112. Amendment to Bank Consolidation and Merger Act.
- Sec. 113. Loans on or purchases by institutions of their own stock; affiliations.
- Sec. 114. Depository institution management interlocks.
- Sec. 115. Purchased mortgage servicing rights.
- Sec. 116. Cross marketing restriction; limited purpose bank relief.
- Sec. 117. Divestiture requirement.

TITLE II—STREAMLINING ACTIVITIES OF INSTITUTIONS

- Sec. 201. Updating of authority for community development investments.
- Sec. 202. Federal Reserve Act lending limits.
- Sec. 203. Business purpose credit extensions.
- Sec. 204. Affinity groups.
- Sec. 205. Fair debt collection practices.
- Sec. 206. Restriction on acquisitions of other insured depository institutions.
- Sec. 207. Mutual holding companies.
- Sec. 208. Call report simplification.

TITLE III—STREAMLINING AGENCY ACTIONS

- Sec. 301. Elimination of duplicative disclosure of fair market value of assets and liabilities.
- Sec. 302. Payment of interest in receiverships with surplus funds.
- Sec. 303. Repeal of reporting requirement on differences in accounting standards.
- Sec. 304. Agency review of competitive factors in Bank Merger Act filings.
- Sec. 305. Elimination of SAIF and DIF special reserves.

TITLE IV—MISCELLANEOUS

- Sec. 401. Alternative compliance methods for advertising credit terms.
 Sec. 402. Positions of Board of Governors of Federal Reserve System on the Executive Schedule.
 Sec. 403. Federal Housing Finance Board.
 Sec. 404. CRA Flexibility for credit card banks.

TITLE V—TECHNICAL CORRECTIONS

- Sec. 501. Technical correction relating to deposit insurance funds.
 Sec. 502. Rules for continuation of deposit insurance for member banks converting charters.
 Sec. 503. Amendments to the Revised Statutes.
 Sec. 504. Conforming change to the International Banking Act of 1978.

1 **TITLE I—IMPROVING MONETARY**
 2 **POLICY AND FINANCIAL IN-**
 3 **STITUTION MANAGEMENT**
 4 **PRACTICES**

5 **SEC. 101. PAYMENT OF INTEREST ON RESERVES AT FED-**
 6 **ERAL RESERVE BANKS.**

7 (a) IN GENERAL.—Section 19(b) of the Federal Re-
 8 serve Act (12 U.S.C. 461(b)) is amended by adding at
 9 the end the following new paragraph:

10 “(12) EARNINGS ON RESERVES.—

11 “(A) IN GENERAL.—Balances maintained
 12 at a Federal reserve bank by or on behalf of a
 13 depository institution may receive earnings, to
 14 be paid by the Federal reserve bank at least
 15 once in each calendar quarter, at a rate or rates
 16 not to exceed the general level of short-term in-
 17 terest rates.

1 “(B) REGULATIONS RELATING TO PAY-
 2 MENTS AND DISTRIBUTION.—The Board may
 3 prescribe regulations concerning—

4 “(i) the payment of earnings in ac-
 5 cordance with this paragraph;

6 “(ii) the distribution of such earnings
 7 to the depository institutions which main-
 8 tain balances at such banks, or on behalf
 9 of which such balances are maintained;
 10 and

11 “(iii) the responsibilities of depository
 12 institutions, Federal home loan banks, and
 13 the National Credit Union Administration
 14 Central Liquidity Facility with respect to
 15 the crediting and distribution of earnings
 16 attributable to balances maintained, in ac-
 17 cordance with subsection (c)(1)(B), in a
 18 Federal reserve bank by any such entity on
 19 behalf of depository institutions which are
 20 not member banks.”.

21 (b) AUTHORIZATION FOR PASS THROUGH RESERVES
 22 FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Fed-
 23 eral Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by
 24 striking “which is not a member bank”.

1 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
 2 Section 19 of the Federal Reserve Act (12 U.S.C. 461)
 3 is amended—

4 (1) in subsection (b)(4) (12 U.S.C. 461(b)(4)),
 5 by striking subparagraph (C) and redesignating sub-
 6 paragraphs (D) and (E) as subparagraphs (C) and
 7 (D), respectively; and

8 (2) in subsection (c)(1)(A) (12 U.S.C.
 9 461(c)(1)(A)), by striking “subsection (b)(4)(C)”
 10 and inserting “subsection (b)”.

11 **SEC. 102. AMENDMENTS RELATING TO INTEREST ON CER-**
 12 **TAIN ACCOUNTS AT DEPOSITORY INSTITU-**
 13 **TIONS.**

14 (a) INTEREST-BEARING TRANSACTION ACCOUNTS
 15 AUTHORIZED FOR ALL BUSINESSES.—Section 2 of Public
 16 Law 93–100 (12 U.S.C. 1832) is amended—

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

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

21 “(b) TRANSFERS.—Notwithstanding any other provi-
 22 sion of law, any depository institution may, before Janu-
 23 ary 1, 2001, permit the owner of any deposit or account
 24 on which interest or dividends are paid to make up to 24
 25 transfers per month, for any purpose, to another account

1 of the owner in the same institution. Nothing in this sub-
 2 section shall be construed to prevent an account offered
 3 pursuant to this subsection from being considered a trans-
 4 action account (as defined in section 19(b) of the Federal
 5 Reserve Act (12 U.S.C. 461(b)) for purposes of that Act.”.

6 (b) AMENDMENTS RELATING TO SAVINGS AND DE-
 7 MAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITU-
 8 TIONS.—

9 (1) NOW ACCOUNTS AUTHORIZED FOR ALL
 10 BUSINESSES.—Section 2 of Public Law 93–100 (12
 11 U.S.C. 1832) is amended to read as follows:

12 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**
 13 **ABLE INSTRUMENTS FOR TRANSFERS TO**
 14 **THIRD PARTIES.**

15 “Notwithstanding any other provision of law, any de-
 16 pository institution (as defined in section 3 of the Federal
 17 Deposit Insurance Act) may permit the owner of any de-
 18 posit or account to make withdrawals from such deposit
 19 or account by negotiable or transferable instruments for
 20 the purpose of making payments to third parties. With
 21 respect to an escrow account maintained in connection
 22 with a loan, a lender or servicer shall pay interest on such
 23 account only if such payments are required by contract
 24 between the lender or servicer and the borrower, or a spe-
 25 cific statutory provision of the law of the State in which

1 the security property is located requires the lender or
 2 servicer to make such payments.”.

3 (2) REPEAL OF PROHIBITION ON PAYMENT OF
 4 INTEREST ON DEMAND DEPOSITS.—

5 (A) FEDERAL RESERVE ACT.—Section
 6 19(i) of the Federal Reserve Act (12 U.S.C.
 7 371a) is amended to read as follows:
 8 “(i) [Reserved].”.

9 (B) HOME OWNERS’ LOAN ACT.—Section
 10 5(b)(1)(B) of the Home Owners’ Loan Act (12
 11 U.S.C. 1464(b)(1)(B)) is amended in the first
 12 sentence, by striking “savings association may
 13 not—” and all that follows through “(ii) permit
 14 any” and inserting “savings association may
 15 not permit any”.

16 (C) FEDERAL DEPOSIT INSURANCE ACT.—
 17 Section 18(g) of the Federal Deposit Insurance
 18 Act (12 U.S.C. 1828(g)) is amended to read as
 19 follows:
 20 “(g) [Reserved].”.

21 (3) EFFECTIVE DATE.—The amendments made
 22 by this subsection shall take effect on January 1,
 23 2001.

1 **SEC. 103. REPEAL OF SAVINGS ASSOCIATION LIQUIDITY**
 2 **PROVISION.**

3 (a) REPEAL OF LIQUIDITY PROVISION.—Section 6 of
 4 the Home Owners’ Loan Act (12 U.S.C. 1465) is repealed.

5 (b) CONFORMING AMENDMENTS.—

6 (1) SECTION 5.—Section 5(c)(1)(M) of the
 7 Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)(M))
 8 is amended to read as follows:

9 “(M) LIQUIDITY INVESTMENTS.—Invest-
 10 ments identified by the Director, including
 11 cash, funds on deposit at a Federal reserve
 12 bank or a Federal home loan bank, or bankers’
 13 acceptances.”.

14 (2) SECTION 10.—Section 10(m)(4)(B)(iii) of
 15 the Home Owners’ Loan Act (12 U.S.C.
 16 1467a(m)(4)(B)(iii)) is amended by striking “liquid
 17 assets” and all that follows through “Loan Act,”
 18 and inserting “cash and marketable securities identi-
 19 fied by the Director,”.

20 **SEC. 104. REPEAL OF DIVIDEND NOTICE REQUIREMENT.**

21 Section 10(f) of the Home Owners’ Loan Act (12
 22 U.S.C. 1467a(f)) is amended to read as follows:

23 “(f) [Reserved].”.

24 **SEC. 105. THRIFT SERVICE COMPANIES.**

25 Section 5(c)(4)(B) of the Home Owners’ Loan Act
 26 (12 U.S.C. 1464(c)(4)(B)) is amended—

1 (1) in the subparagraph heading, by striking
 2 “CORPORATIONS” and inserting “COMPANIES”; and

3 (2) in the first sentence, by striking “corpora-
 4 tion organized” and all that follows through “such
 5 State.” and inserting “company, if such company
 6 engages or will engage only in activities reasonably
 7 related to the activities of financial institutions, as
 8 the Director may determine and approve. For pur-
 9 poses of this subparagraph, the term ‘company’ in-
 10 cludes any corporation and any limited liability com-
 11 pany (as defined in section 1(b)(7) of the Bank
 12 Service Company Act).”.

13 **SEC. 106. ELIMINATION OF THRIFT MULTISTATE MULTIPLE**
 14 **HOLDING COMPANY RESTRICTIONS.**

15 Section 10(e) of the Home Owners’ Loan Act (12
 16 U.S.C. 1467a(e)) is amended—

17 (1) by striking paragraph (3); and

18 (2) by redesignating paragraphs (4), (5), and
 19 (6) as paragraphs (3), (4), and (5), respectively.

20 **SEC. 107. NONCONTROLLING INVESTMENTS BY SAVINGS**
 21 **ASSOCIATION HOLDING COMPANIES.**

22 Section 10(e)(1)(A)(iii) of the Home Owners’ Loan
 23 Act (12 U.S.C. 1467a(e)(1)(A)(iii)) is amended—

24 (1) by inserting “, except with the prior written
 25 approval of the Director,” after “or to retain”;

1 (2) by striking “so acquire or retain” and in-
 2 serting “acquire or retain, and the Director may not
 3 authorize acquisition or retention of,”; and

4 (3) by striking “(c)(2). This clause” and insert-
 5 ing “(c)(2), except that this clause”.

6 **SEC. 108. REPEAL OF DEPOSIT BROKER NOTIFICATION AND**
 7 **RECORDKEEPING REQUIREMENT.**

8 Section 29A of the Federal Deposit Insurance Act
 9 (12 U.S.C. 1831f–1) is repealed.

10 **SEC. 109. UNIFORM REGULATION OF EXTENSIONS OF**
 11 **CREDIT TO EXECUTIVE OFFICERS.**

12 Section 22(g)(4) of the Federal Reserve Act (12
 13 U.S.C. 375a(4)) is amended by striking “member bank’s
 14 appropriate Federal banking agency” and inserting
 15 “Board”.

16 **SEC. 110. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 17 **NIZATIONS.**

18 The National Bank Consolidation and Merger Act
 19 (12 U.S.C. 215 et seq.) is amended—

20 (1) by redesignating section 5 as section 7; and

21 (2) by inserting after section 4 the following
 22 new section:

1 **“SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
 2 **NIZATIONS.**

3 “(a) IN GENERAL.—A national banking association
 4 may, with the approval of the Comptroller, pursuant to
 5 rules and regulations promulgated by the Comptroller, and
 6 upon the affirmative vote of the shareholders of such asso-
 7 ciation owning at least two-thirds of its capital stock out-
 8 standing, reorganize so as to become a subsidiary of a
 9 bank holding company or a company that will, upon con-
 10 summation of such reorganization, become a bank holding
 11 company.

12 “(b) REORGANIZATION PLAN.—A reorganization au-
 13 thorized under subsection (a) shall be carried out in ac-
 14 cordance with a reorganization plan that—

15 “(1) specifies the manner in which the reorga-
 16 nization shall be carried out;

17 “(2) is approved by a majority of the entire
 18 board of directors of the association;

19 “(3) specifies—

20 “(A) the amount of cash or securities of
 21 the bank holding company, or both, or other
 22 consideration, to be paid to the shareholders of
 23 the reorganizing association in exchange for
 24 their shares of stock of the association;

1 “(B) the date as of which the rights of
2 each shareholder to participate in such ex-
3 change will be determined; and

4 “(C) the manner in which the exchange
5 will be carried out; and

6 “(4) is submitted to the shareholders of the re-
7 organizing association at a meeting to be held on the
8 call of the directors in accordance with the proce-
9 dures prescribed in connection with a merger of a
10 national bank under section 3.

11 “(c) RIGHTS OF DISSENTING SHAREHOLDERS.—If,
12 pursuant to this section, a reorganization plan has been
13 approved by the shareholders and the Comptroller, any
14 shareholder of the association who has voted against the
15 reorganization at the meeting referred to in subsection
16 (b)(4), or has given notice in writing at or prior to that
17 meeting to the presiding officer that the shareholder dis-
18 sents from the reorganization plan, shall be entitled to re-
19 ceive the value of his or her shares, as provided by section
20 3 for the merger of a national bank.

21 “(d) EFFECT OF REORGANIZATION.—The corporate
22 existence of an association that reorganizes in accordance
23 with this section shall not be deemed to have been affected
24 in any way by reason of such reorganization.

1 “(e) APPROVAL UNDER THE BANK HOLDING COM-
 2 PANY ACT.—This section does not affect in any way the
 3 applicability of the Bank Holding Company Act of 1956
 4 to a transaction described in subsection (a).”.

5 **SEC. 111. NATIONAL BANK DIRECTORS.**

6 (a) AMENDMENTS TO THE REVISED STATUTES.—
 7 Section 5145 of the Revised Statutes of the United States
 8 (12 U.S.C. 71) is amended—

9 (1) by striking “for one year” and inserting
 10 “for a period of not more than 3 years”; and

11 (2) by adding at the end the following: “In ac-
 12 cordance with regulations issued by the Comptroller
 13 of the Currency, an association may adopt bylaws
 14 that provide for staggering the terms of its direc-
 15 tors.”.

16 (b) AMENDMENT TO THE BANKING ACT OF 1933.—
 17 Section 31 of the Banking Act of 1933 (12 U.S.C. 71a)
 18 is amended in the first sentence, by inserting before the
 19 period “, except that the Comptroller of the Currency may,
 20 by regulation or order, exempt a national banking associa-
 21 tion from the 25-member limit established by this sec-
 22 tion”.

1 **SEC. 112. AMENDMENT TO BANK CONSOLIDATION AND**
 2 **MERGER ACT.**

3 The National Bank Consolidation and Merger Act
 4 (12 U.S.C. 215 et seq.) is amended by inserting after sec-
 5 tion 5, as added by section 110 of this Act, the following
 6 new section:

7 **“SEC. 6. MERGERS AND CONSOLIDATIONS WITH SUBSIDI-**
 8 **ARIES AND NONBANK AFFILIATES.**

9 “(a) IN GENERAL.—Upon the approval of the Comp-
 10 troller, a national banking association may merge with 1
 11 or more of its nonbank subsidiaries or affiliates.

12 “(b) SCOPE.—Nothing in this section shall be
 13 construed—

14 “(1) to affect the applicability of section 18(c)
 15 of the Federal Deposit Insurance Act; or

16 “(2) to grant a national banking association
 17 any power or authority that is not permissible for a
 18 national banking association under other applicable
 19 provisions of law.

20 “(c) REGULATIONS.—The Comptroller shall promul-
 21 gate regulations to implement this section.”.

22 **SEC. 113. LOANS ON OR PURCHASES BY INSTITUTIONS OF**
 23 **THEIR OWN STOCK; AFFILIATIONS.**

24 (a) AMENDMENT TO REVISED STATUTES.—Section
 25 5201 of the Revised Statutes of the United States (12
 26 U.S.C. 83) is amended to read as follows:

1 **“SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.**

2 “(a) GENERAL PROHIBITION.—No national banking
3 association shall make any loan or discount on the security
4 of the shares of its own capital stock.

5 “(b) EXCLUSION.—For purposes of this section, an
6 association shall not be deemed to be making a loan or
7 discount on the security of the shares of its own capital
8 stock if it acquires the stock to prevent loss upon a debt
9 previously contracted for in good faith.”.

10 (b) AMENDMENT TO FEDERAL DEPOSIT INSURANCE
11 ACT.—Section 18 of the Federal Deposit Insurance Act
12 (12 U.S.C. 1828) is amended by adding at the end the
13 following new subsection:

14 “(t) LOANS BY INSURED INSTITUTIONS ON THEIR
15 OWN STOCK.—

16 “(1) GENERAL PROHIBITION.—No insured de-
17 pository institution shall make any loan or discount
18 on the security of the shares of its own capital stock.

19 “(2) EXCLUSION.—For purposes of this sub-
20 section, an insured depository institution shall not be
21 deemed to be making a loan or discount on the secu-
22 rity of the shares of its own capital stock if it ac-
23 quires the stock to prevent loss upon a debt pre-
24 viously contracted for in good faith.”.

25 (c) REMOVAL OF PROHIBITION ON CERTAIN AFFILI-
26 ATIONS.—Section 18(s) of the Federal Deposit Insurance

1 Act (12 U.S.C. 1828(s)) is amended by adding at the end
 2 the following new paragraph:

3 “(6) CERTAIN INVESTMENTS.—Paragraph (1)
 4 does not apply with respect to investments lawfully
 5 made prior to April 11, 1996, by a depository insti-
 6 tution in any Government-sponsored enterprise (as
 7 defined in section 1404(e)(1) of the Financial Insti-
 8 tutions Reform, Recovery, and Enforcement Act of
 9 1989 (12 U.S.C. 1811 note)).”.

10 **SEC. 114. DEPOSITORY INSTITUTION MANAGEMENT INTER-**
 11 **LOCKS.**

12 Section 205(8) of the Depository Institution Manage-
 13 ment Interlocks Act (12 U.S.C. 3204(8)) is amended by
 14 striking “director” each place it appears and inserting
 15 “management official”.

16 **SEC. 115. PURCHASED MORTGAGE SERVICING RIGHTS.**

17 Section 475 of the Federal Depository Insurance Cor-
 18 poration Improvement Act of 1991 (12 U.S.C. 1828 note)
 19 is amended—

20 (1) in subsection (a)(1), by inserting “(or such
 21 other percentage exceeding 90 percent but not ex-
 22 ceeding 100 percent, as may be determined under
 23 subsection (b))” after “90 percent”; and

1 (2) by redesignating subsections (b) and (c) as
 2 subsections (c) and (d), respectively, and by insert-
 3 ing after subsection (a) the following new subsection:

4 “(b) **AUTHORITY TO DETERMINE PERCENTAGE BY**
 5 **WHICH TO DISCOUNT VALUE OF SERVICING RIGHTS.—**
 6 The appropriate Federal banking agencies may allow read-
 7 ily marketable purchased mortgage servicing rights to be
 8 valued at more than 90 percent of their fair market value
 9 but at not more than 100 percent of such value, if such
 10 agencies jointly make a finding that such valuation would
 11 not have an adverse effect on the deposit insurance funds
 12 or the safety and soundness of insured depository institu-
 13 tions.”.

14 **SEC. 116. CROSS MARKETING RESTRICTION; LIMITED PUR-**
 15 **POSE BANK RELIEF.**

16 (a) **CROSS MARKETING RESTRICTION.**—Section 4(f)
 17 of the Bank Holding Company Act of 1956 (12 U.S.C.
 18 1843(f)) is amended by striking paragraph (3).

19 (b) **DAYLIGHT OVERDRAFTS.**—Section 4(f) of the
 20 Bank Holding Company Act of 1956 (12 U.S.C. 1843(f))
 21 is amended by inserting after paragraph (2) the following
 22 new paragraph:

23 “(3) **PERMISSIBLE OVERDRAFTS DESCRIBED.—**
 24 For purposes of paragraph (2)(C), an overdraft is
 25 described in this paragraph if—

1 “(A) such overdraft results from an inad-
2 vertent computer or accounting error that is be-
3 yond the control of both the bank and the affili-
4 ate;

5 “(B) such overdraft—

6 “(i) is permitted or incurred on behalf
7 of an affiliate that is monitored by, reports
8 to, and is recognized as a primary dealer
9 by the Federal Reserve Bank of New York;
10 and

11 “(ii) is fully secured, as required by
12 the Board, by bonds, notes, or other obli-
13 gations that are direct obligations of the
14 United States or on which the principal
15 and interest are fully guaranteed by the
16 United States or by securities and obliga-
17 tions eligible for settlement on the Federal
18 Reserve book entry system; or

19 “(C) such overdraft—

20 “(i) is permitted or incurred by, or on
21 behalf of, an affiliate that is engaged in ac-
22 tivities that are so closely related to bank-
23 ing, or managing or controlling banks, as
24 to be a proper incident thereto; and

1 “(ii) does not cause the bank to vio-
 2 late any provision of section 23A or 23B of
 3 the Federal Reserve Act, either directly, in
 4 the case of a bank that is a member of the
 5 Federal Reserve System, or by virtue of
 6 section 18(j) of the Federal Deposit Insur-
 7 ance Act, in the case of a bank that is not
 8 a member of the Federal Reserve Sys-
 9 tem.”.

10 (c) ACTIVITIES LIMITATIONS.—Section 4(f)(2) of the
 11 Bank Holding Company Act of 1956 (12 U.S.C.
 12 1843(f)(2)) is amended—

13 (1) by striking “Paragraph (1) shall cease to
 14 apply to any company described in such paragraph
 15 if—” and inserting “Subject to paragraph (3), a
 16 company described in paragraph (1) shall no longer
 17 qualify for the exemption provided under that para-
 18 graph if—”;

19 (2) in subparagraph (A)—

20 (A) in clause (ii)(IX), by striking “and” at
 21 the end;

22 (B) in clause (ii)(X), by inserting “and”
 23 after the semicolon;

24 (C) in clause (ii), by inserting after sub-
 25 clause (X) the following:

1 “(XI) assets that are derived
2 from, or incidental to, consumer lend-
3 ing activities in which institutions de-
4 scribed in section 2(c)(2)(F) or sec-
5 tion 2(c)(2)(H) are permitted to en-
6 gage;”; and

7 (D) by striking “or” at the end; and

8 (3) by striking subparagraph (B) and inserting
9 the following:

10 “(B) any bank subsidiary of such
11 company—

12 “(i) accepts demand deposits or de-
13 posits that the depositor may withdraw by
14 check or similar means for payment to
15 third parties; and

16 “(ii) engages in the business of mak-
17 ing commercial loans (except that, for pur-
18 poses of this clause, loans made in the or-
19 dinary course of a credit card operation
20 shall not be treated as commercial loans);
21 or

22 “(C) after the date of enactment of the
23 Competitive Equality Amendments of 1987, any
24 bank subsidiary of such company permits any
25 overdraft (including any intraday overdraft), or

1 incurs any such overdraft in the account of the
 2 bank at a Federal reserve bank, on behalf of an
 3 affiliate, other than an overdraft described in
 4 paragraph (3).”.

5 **SEC. 117. DIVESTITURE REQUIREMENT.**

6 Section 4(f)(4) of the Bank Holding Company Act
 7 of 1956 (12 U.S.C. 1843(f)(4)) is amended to read as fol-
 8 lows:

9 “(4) DIVESTITURE IN CASE OF LOSS OF EX-
 10 EMPTION.—If any company described in paragraph
 11 (1) fails to qualify for the exemption provided under
 12 such paragraph by operation of paragraph (2), such
 13 exemption shall cease to apply to such company and
 14 such company shall divest control of each bank it
 15 controls before the end of the 180-day period begin-
 16 ning on the date that the company receives notice
 17 from the Board that the company has failed to con-
 18 tinue to qualify for such exemption, unless before
 19 the end of such 180-day period, the company has—

20 “(A) either—

21 “(i) corrected the condition or ceased
 22 the activity that caused the company to
 23 fail to continue to qualify for the exemp-
 24 tion; or

1 “(ii) submitted a plan to the Board
 2 for approval to cease the activity or correct
 3 the condition in a timely manner (which
 4 shall not exceed 1 year); and

5 “(B) implemented procedures that are rea-
 6 sonably adapted to avoid the reoccurrence of
 7 such condition or activity.”.

8 **TITLE II—STREAMLINING** 9 **ACTIVITIES OF INSTITUTIONS**

10 **SEC. 201. UPDATING OF AUTHORITY FOR COMMUNITY DE-** 11 **VELOPMENT INVESTMENTS.**

12 Section 5(c)(3)(A) of the Home Owners’ Loan Act
 13 (12 U.S.C. 1464(c)(3)(A)) is amended by striking “lo-
 14 cated” and all that follows through “1974” and inserting
 15 “for the primary purpose of promoting the public welfare,
 16 including the welfare of low- and moderate-income com-
 17 munities or families (including the provision of housing,
 18 services, or jobs)”.

19 **SEC. 202. FEDERAL RESERVE ACT LENDING LIMITS.**

20 Section 11 of the Federal Reserve Act (12 U.S.C.
 21 248) is amended—

22 (1) by striking subsection (m); and

23 (2) by redesignating subsection (o) as sub-
 24 section (m).

1 **SEC. 203. BUSINESS PURPOSE CREDIT EXTENSIONS.**

2 Section 4 of the Bank Holding Company Act of 1956
3 (12 U.S.C. 1843) is amended by adding at the end the
4 following new subsection:

5 “(k) BUSINESS PURPOSE CREDIT EXTENSIONS.—

6 “(1) IN GENERAL.—An institution referred to
7 in section 2(c)(2)(F) or 4(f)(3) may engage in the
8 provision of credit card accounts for business pur-
9 poses, including the issuance of such accounts to
10 small businesses.

11 “(2) DEFINITION.—For purposes of this sub-
12 section, the term ‘credit card’ has the same meaning
13 as in section 103 of the Truth In Lending Act (15
14 U.S.C. 1602).”.

15 **SEC. 204. AFFINITY GROUPS.**

16 (a) SECTION 3 OF RESPA.—Section 3 of the Real
17 Estate Settlement Procedures Act of 1974 (12 U.S.C.
18 2602) is amended—

19 (1) in paragraph (7), by striking “and” at the
20 end;

21 (2) in paragraph (8), by striking the period at
22 the end and inserting “; and”; and

23 (3) by adding at the end the following:

24 “(9) the term ‘affinity group’ means any per-
25 son, other than an individual, that—

1 “(A) is established for a common objective
2 or purpose;

3 “(B) is not established directly or indi-
4 rectly by 1 or more settlement service providers
5 for the principal purpose of endorsing the prod-
6 ucts or services of a settlement service provider;

7 “(C) the common objective or purpose of
8 which is not principally the conduct of settle-
9 ment services; and

10 “(D) does not consist of or is not estab-
11 lished by any member organization (or any af-
12 filiate, parent, or subsidiary thereof), the prin-
13 cipal business of which is providing settlement
14 services.”.

15 (b) SECTION 8 OF RESPA.—Section 8(c) of the Real
16 Estate Settlement Procedures Act of 1974 (12 U.S.C.
17 2607(c)) is amended—

18 (1) by striking “prohibiting (1) the” and insert-
19 ing “prohibiting—

20 “(1) the”;

21 (2) by striking “loan, (2) the” and inserting
22 “loan;

23 “(2) the”;

24 (3) by striking “performed, (3) payments” and
25 inserting “performed;

1 “(3) payments”;

2 (4) by striking “brokers, (4) affiliated” and in-
3 serting “brokers;

4 “(4) affiliated”; and

5 (5) by striking “relationship, or (5) such” and
6 inserting “relationship;

7 “(5) the payment or other transfer of any thing
8 of value to an affinity group for or in connection
9 with a written endorsement, either through an ad-
10 vertisement or through a communication addressed
11 to a consumer by name or by mailing address, of the
12 products or services of a settlement service provider
13 other than as to a federally related mortgage loan,
14 the proceeds of which are used to acquire the prop-
15 erty securing the loan, if—

16 “(A) the consumer will receive a direct fi-
17 nancial benefit from the endorsement; and

18 “(B) the disclosure is clearly made at the
19 time of the first written communication with
20 the consumer of the fact that a payment has
21 been made or may be made or any other thing
22 of value may accrue to the affinity group for
23 the endorsement; or

24 “(6) such”.

1 **SEC. 205. FAIR DEBT COLLECTION PRACTICES.**

2 (a) UNFAIR PRACTICES.—Section 808(1) of the Fair
3 Debt Collection Practices Act (15 U.S.C. 1692f(1)) is
4 amended by striking “unless” and all that follows through
5 the period and inserting the following: “unless such
6 amount—

7 “(A) is expressly authorized by the agree-
8 ment creating the debt;

9 “(B) is permitted by law; or

10 “(C) is reasonable, does not exceed \$25,
11 results from the collection of a check returned
12 for insufficient funds, and notice of the charge
13 was conspicuously posted at the place where the
14 check was written, in a State in which the law
15 does not address the collection of such
16 amounts.”.

17 (b) COLLECTION ACTIVITY FOLLOWING INITIAL NO-
18 TICE.—Section 809 of the Fair Debt Collection Practices
19 Act (15 U.S.C. 1692g) is amended by adding at the end
20 the following new subsection:

21 “(d) CONTINUATION DURING PERIOD.—Except as
22 provided in subsection (b), collection activities and legal
23 proceedings may continue during the 30-day period de-
24 scribed in subsection (a) to the extent that the activities
25 and communications do not overshadow or contradict the
26 information provided in accordance with subsection (a).”.

1 (c) CERTAIN STUDENT LOANS.—Section 805(b) of
 2 the Fair Debt Collection Practices Act (15 U.S.C.
 3 1692c(b)) is amended by inserting “or a prejudgment ad-
 4 ministrative wage garnishment permitted under section
 5 488A of the Higher Education Act of 1965 (20 U.S.C.
 6 1095a),” after “remedy,”.

7 **SEC. 206. RESTRICTION ON ACQUISITIONS OF OTHER IN-**
 8 **SURED DEPOSITORY INSTITUTIONS.**

9 Section 4(f)(12) of the Bank Holding Company Act
 10 of 1956 (12 U.S.C. 1843(f)(12)) is amended—

11 (1) in subparagraph (A), by striking “or” at
 12 the end;

13 (2) in subparagraph (B), by striking the period
 14 at the end and inserting “; or”; and

15 (3) by adding at the end the following new sub-
 16 paragraph:

17 “(C) in an acquisition in which the insured
 18 institution has been found to be undercapital-
 19 ized by the appropriate Federal or State au-
 20 thority.”.

21 **SEC. 207. MUTUAL HOLDING COMPANIES.**

22 Section 10(o) of the Home Owners’ Loan Act (12
 23 U.S.C. 1467a(o)) is amended—

24 (1) by striking paragraph (1) and inserting the
 25 following:

1 “(1) REORGANIZATION.—A savings association
2 operating in mutual form may reorganize so as to
3 become a holding company—

4 “(A) by chartering a savings association,
5 the stock of which is to be wholly owned, except
6 as otherwise provided in this section, directly or
7 indirectly by the mutual association and by
8 transferring the substantial part of its assets
9 and liabilities, by merger or otherwise, including
10 all of its insured liabilities, to the interim sav-
11 ings association;

12 “(B) by converting to a stock association
13 charter and simultaneously forming a subsidi-
14 ary stock holding company that owns 100 per-
15 cent of the voting stock of the converting asso-
16 ciation; or

17 “(C) in any other manner approved by the
18 Director, including by the formation of a sub-
19 sidiary stock holding company, transferring as-
20 sets and liabilities by merger or otherwise to
21 the subsidiary stock holding company, or
22 through the use of one or more interim institu-
23 tions.”;

24 (2) in paragraph (3)(D)—

1 (A) by striking “a savings association” and
 2 inserting “the mutual holding company or sub-
 3 sidiary stock holding company”;

4 (B) by striking “such capital” and insert-
 5 ing “the capital of the association”;

6 (C) by striking “association’s”; and

7 (D) by inserting “of the association” be-
 8 fore “established”;

9 (3) in paragraph (5)—

10 (A) by inserting “or subsidiary stock hold-
 11 ing company” before “may engage”;

12 (B) in subparagraph (A)—

13 (i) by inserting “or acquiring” after
 14 “Investing in”; and

15 (ii) by inserting “, savings bank, or
 16 bank” before the period; and

17 (C) in subparagraph (C), by inserting “or
 18 bank” before the period;

19 (4) by striking paragraph (7) and inserting the
 20 following:

21 “(7) CHARTERING AND REGULATION.—

22 “(A) IN GENERAL.—A mutual holding
 23 company shall be chartered by the Director,
 24 and a subsidiary stock holding company may be
 25 chartered under State law, and such holding

1 companies shall be subject to such regulations
 2 as the Director may prescribe. Unless the con-
 3 text otherwise requires, a mutual holding com-
 4 pany shall be subject to the other requirements
 5 of this section regarding regulation of holding
 6 companies.

7 “(B) CONVERSION TO STATE CHARTER.—

8 A mutual holding company organized pursuant
 9 to paragraph (1) may convert its charter to a
 10 State mutual holding company charter.

11 “(C) CONVERSION TO FEDERAL CHAR-

12 TER.—Notwithstanding any other provision of
 13 Federal law, a mutual holding company orga-
 14 nized under State law may convert its State
 15 mutual holding company charter to a Federal
 16 mutual holding company charter.”;

17 (5) in paragraph (8)—

18 (A) in subparagraph (A), by inserting “or
 19 subsidiary stock holding company” after “com-
 20 pany”; and

21 (B) by striking subparagraph (B) and in-
 22 serting the following:

23 “(B) ISSUANCE OF SHARES.—This section
 24 does not prohibit a savings association or sub-
 25 sidiary stock holding company chartered as part

1 of a transaction described in paragraph (1)
2 from—

3 “(i) issuing any nonvoting shares or
4 less than 50 percent of the voting share of
5 such association or subsidiary stock hold-
6 ing company to any person other than the
7 mutual holding company;

8 “(ii) issuing all of the voting shares of
9 such association to a subsidiary stock hold-
10 ing company, if more than 50 percent of
11 the voting shares of the subsidiary stock
12 holding company are owned by the mutual
13 holding company; or

14 “(iii) issuing to any person other than
15 the mutual holding company, in connection
16 with the formation of the mutual holding
17 company or at a later date, a separate
18 class of voting shares, the rights and pref-
19 erences of which are identical to those of
20 the class of voting shares issued to the mu-
21 tual holding company, except with respect
22 to the payment of dividends.

23 “(C) MUTUAL SAVINGS ASSOCIATION.—In
24 the case of a mutual savings association in
25 which holders of accounts or obligors exercise

1 voting rights, such holders of accounts or obli-
 2 gors shall have the right to subscribe on a pri-
 3 ority basis for voting shares of the subsidiary
 4 stock holding company or savings association
 5 chartered pursuant to paragraph (1), pursuant
 6 to regulations of the Director, but only with re-
 7 spect to the voting shares issued in connection
 8 with the initial reorganization pursuant to para-
 9 graph (1). The priority subscription rights ap-
 10 plicable to voting shares issued to the mutual
 11 holding company in connection with the initial
 12 reorganization pursuant to paragraph (1) shall
 13 be exercisable at such time as the shares are
 14 subsequently sold by the subsidiary savings as-
 15 sociation or subsidiary stock holding com-
 16 pany.”;

17 (6) in paragraph (9)(A)(i)(I), by inserting “, di-
 18 rectly or indirectly,” after “owned”; and

19 (7) in paragraph (10)—

20 (A) by striking “subsection—” and insert-
 21 ing “subsection, the following definitions shall
 22 apply.”; and

23 (B) by adding at the end the following:

24 “(D) SUBSIDIARY STOCK HOLDING COM-
 25 PANY.—The term ‘subsidiary stock holding

1 company’ means a stock holding company orga-
 2 nized under applicable State law, that is wholly-
 3 owned, except as otherwise provided in this sec-
 4 tion, by the mutual holding company.”.

5 **SEC. 208. CALL REPORT SIMPLIFICATION.**

6 (a) MODERNIZATION OF CALL REPORT FILING AND
 7 DISCLOSURE SYSTEM.—In order to reduce the adminis-
 8 trative requirements pertaining to bank reports of condi-
 9 tion, savings association financial reports, and bank hold-
 10 ing company consolidated and parent-only financial state-
 11 ments, and to improve the timeliness of such reports and
 12 statements, the Federal banking agencies shall—

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

15 (A) insured depository institutions and
 16 their affiliates may file such reports and state-
 17 ments electronically; and

18 (B) the Federal banking agencies may
 19 make such reports and statements available to
 20 the public electronically; and

21 (2) not later than 1 year after the date of en-
 22 actment of this Act, report to the Congress and
 23 make recommendations for legislation that would en-
 24 hance efficiency for filers and users of such reports
 25 and statements.

1 (b) UNIFORM REPORTS AND SIMPLIFICATION OF IN-
2 STRUCTIONS.—The Federal banking agencies shall, con-
3 sistent with the principles of safety and soundness, work
4 jointly—

5 (1) to adopt a single form for the filing of core
6 information required to be submitted under Federal
7 law to all such agencies in the reports and state-
8 ments referred to in subsection (a); and

9 (2) to simplify instructions accompanying such
10 reports and statements and to provide an index to
11 the instructions that is adequate to meet the needs
12 of both filers and users.

13 (c) REVIEW OF CALL REPORT SCHEDULE.—Each
14 Federal banking agency shall—

15 (1) review the information required by sched-
16 ules supplementing the core information referred to
17 in subsection (b); and

18 (2) eliminate requirements that are not war-
19 ranted for reasons of safety and soundness or other
20 public purposes.

TITLE III—STREAMLINING AGENCY ACTIONS

SEC. 301. ELIMINATION OF DUPLICATIVE DISCLOSURE OF FAIR MARKET VALUE OF ASSETS AND LIABILITIES.

Section 37(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831n(a)(3)) is amended by striking subparagraph (D).

SEC. 302. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH SURPLUS FUNDS.

Section 11(d)(10) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)(10)) is amended by adding at the end the following new subparagraph:

“(C) RULEMAKING AUTHORITY OF CORPORATION.—The Corporation may prescribe such rules, including definitions of terms, as it deems appropriate to establish the interest rate for or to make payments of post insolvency interest to creditors holding proven claims against the receivership estates of insured Federal or State depository institutions following satisfaction by the receiver of the principal amount of all creditor claims.”.

1 **SEC. 303. REPEAL OF REPORTING REQUIREMENT ON DIF-**
 2 **FERENCES IN ACCOUNTING STANDARDS.**

3 Section 37(c) of the Federal Deposit Insurance Act
 4 (12 U.S.C. 1831n(c)) is amended—

5 (1) in paragraph (1), by striking “Each” and
 6 all that follows through “a report” and inserting
 7 “The Federal banking agencies shall jointly submit
 8 an annual report”; and

9 (2) by inserting “any” before “such agency”
 10 each place that term appears.

11 **SEC. 304. AGENCY REVIEW OF COMPETITIVE FACTORS IN**
 12 **BANK MERGER ACT FILINGS.**

13 (a) REPORT REQUIRED.—Section 18(c)(4) of the
 14 Federal Deposit Insurance Act (12 U.S.C. 1828(c)(4)) is
 15 amended by striking “request reports” and all that follows
 16 through the period at the end of the paragraph and insert-
 17 ing the following: “request a report on the competitive fac-
 18 tors involved from the Attorney General. The report shall
 19 be furnished not later than 30 calendar days after the date
 20 on which it is requested, or not later than 10 calendar
 21 days after such date if the requesting agency advises the
 22 Attorney General that an emergency exists requiring expe-
 23 ditious action.”.

24 (b) TIMING OF TRANSACTION.—Section 18(c)(6) of
 25 the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6))
 26 is amended by striking the third sentence and inserting

1 the following: “If the agency has advised the Attorney
 2 General of the existence of an emergency requiring expedi-
 3 tious action and has requested a report on the competitive
 4 factors within 10 days, the transaction may not be con-
 5 summated before the fifth calendar day after the date of
 6 approval by the agency.”.

7 (c) EVALUATION OF COMPETITIVE EFFECT.—

8 (1) AMENDMENTS TO THE BANK HOLDING
 9 COMPANY ACT OF 1956.—Section 3(c) of the Bank
 10 Holding Company Act of 1956 (12 U.S.C. 1842(c))
 11 is amended—

12 (A) by adding at the end the following new
 13 paragraph:

14 “(6) EVALUATION OF COMPETITIVE EFFECT.—
 15 The Board may not disapprove of a transaction pur-
 16 suant to paragraph (1)(B) unless the Board takes
 17 into account, to the extent that data are readily
 18 available—

19 “(A) competition from institutions, other
 20 than depository institutions (as defined in sec-
 21 tion 3 of the Federal Deposit Insurance Act),
 22 that provide financial services;

23 “(B) efficiencies and cost savings that the
 24 transaction may create;

1 “(C) deposits of the participants in the
2 transaction that are not derived from the rel-
3 evant market;

4 “(D) the capacity of savings associations
5 to make small business loans;

6 “(E) lending by institutions other than de-
7 pository institutions to small businesses; and

8 “(F) such other factors as the Board
9 deems relevant.”; and

10 (B) in paragraph (1)(B), by striking “re-
11 straint or trade” and inserting “restraint of
12 trade”.

13 (2) AMENDMENTS TO THE FEDERAL DEPOSIT
14 INSURANCE ACT.—Section 18(c)(5) of the Federal
15 Deposit Insurance Act (12 U.S.C. 1828(c)(5)) is
16 amended—

17 (A) by redesignating subparagraphs (A)
18 and (B) as clauses (i) and (ii), respectively;

19 (B) by inserting “(A)” after “(5)”;

20 (C) by striking “In every case” and insert-
21 ing the following:

22 “(B) In every case under this subsection”; and

23 (D) by adding at the end the following:

1 “(C) The responsible agency may not dis-
 2 approve of a transaction pursuant to subparagraph
 3 (A), unless the agency takes into account—

4 “(i) competition from institutions that pro-
 5 vide financial services;

6 “(ii) efficiencies and cost savings that the
 7 transaction may create;

8 “(iii) deposits of the participants in the
 9 transaction that are not derived from the rel-
 10 evant markets;

11 “(iv) the capacity of the institutions to
 12 make small business loans;

13 “(v) lending by institutions other than de-
 14 pository institutions to small businesses; and

15 “(vi) such other factors as the responsible
 16 agency deems relevant.”.

17 **SEC. 305. ELIMINATION OF SAIF AND DIF SPECIAL RE-**
 18 **SERVES.**

19 (a) SAIF SPECIAL RESERVES.—Section 11(a)(6) of
 20 the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6))
 21 is amended by striking subparagraph (L).

22 (b) DIF SPECIAL RESERVES.—Section 2704 of the
 23 Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821
 24 note) is amended—

25 (1) by striking subsection (b); and

1 (2) in subsection (d)—

2 (A) by striking paragraph (4);

3 (B) in paragraph (6)(C)(i), by striking

4 “(6) and (7)” and inserting “(5), (6), and (7)”;

5 and

6 (C) in paragraph (6)(C), by striking clause

7 (ii) and inserting the following:

8 “(ii) by redesignating paragraph (8)

9 as paragraph (5).”.

10 **TITLE IV—MISCELLANEOUS**

11 **SEC. 401. ALTERNATIVE COMPLIANCE METHODS FOR AD-**

12 **VERTISING CREDIT TERMS.**

13 Chapter 3 of the Truth in Lending Act (15 U.S.C.

14 1661 et seq.) is amended by adding at the end the follow-

15 ing new section:

16 **“SEC. 148. ALTERNATIVE DISCLOSURES.**

17 “(a) IN GENERAL.—A radio or television advertise-

18 ment to aid, promote, or assist, directly or indirectly, any

19 extension of consumer credit may satisfy the disclosure re-

20 quirements in sections 143, 144(d), 147(a), or 147(e), by

21 complying with all of the requirements in subsections (b)

22 and (c) of this section.

23 “(b) INFORMATION TO BE DISCLOSED.—A radio or

24 television advertisement referred to in subsection (a) com-

25 plies with this subsection if it clearly and conspicuously

1 sets forth, in such form and manner as the Board may
2 require—

3 “(1) the annual percentage rate of any finance
4 charge and, at the option of the creditor, the simple
5 interest rate with respect to closed-end credit, or the
6 periodic rate with respect to an open-end credit plan;

7 “(2) whether the interest rate may vary;

8 “(3) if the advertisement states an introductory
9 rate (or states with respect to a variable-rate plan
10 an initial rate that is not based on the index and
11 margin used to make later rate adjustments)—

12 “(A) with equal prominence, the annual
13 percentage rate that will be in effect after the
14 introductory or initial rate period expires (or
15 for a variable-rate plan, a reasonably current
16 annual percentage rate that would have been in
17 effect using the index and margin); and

18 “(B) the period during which the introduc-
19 tory or initial rate will remain in effect;

20 “(4) the amount of any annual fee for an open-
21 end credit plan;

22 “(5) a telephone number established in accord-
23 ance with subsection (c) that may be used by con-
24 sumers to obtain all of the information otherwise re-
25 quired to be disclosed pursuant to sections 143 and

1 144(d), and subsections (a) and (e) of section 147;
2 and

3 “(6) a statement that the consumer may use
4 the telephone number established in accordance with
5 subsection (c) to obtain further details about addi-
6 tional terms and costs associated with the offer of
7 credit.

8 “(c) REQUIREMENTS FOR TELEPHONE NUMBERS.—
9 In the case of an advertisement described in subsection
10 (b) that refers to a telephone number—

11 “(1) the creditor shall establish the telephone
12 number for a broadcast area not later than the date
13 on which the advertisement is first broadcast in that
14 area;

15 “(2) the required information shall be available
16 by telephone for a broadcast area for a period of not
17 less than 10 days following the date of the final
18 broadcast of the advertisement in that area;

19 “(3) the creditor shall provide all of the infor-
20 mation that is otherwise required pursuant to sec-
21 tions 143 and 144(d), and subsections (a) and (e)
22 of section 147 orally by telephone or, if requested by
23 the consumer, in written form; and

1 “(4) the consumer shall obtain the required in-
 2 formation by telephone without incurring any long-
 3 distance charges.”.

4 **SEC. 402. POSITIONS OF BOARD OF GOVERNORS OF FED-**
 5 **ERAL RESERVE SYSTEM ON THE EXECUTIVE**
 6 **SCHEDULE.**

7 (a) IN GENERAL.—

8 (1) POSITIONS AT LEVEL I OF THE EXECUTIVE
 9 SCHEDULE.—Section 5312 of title 5, United States
 10 Code, is amended by adding at the end the follow-
 11 ing:

12 “Chairman, Board of Governors of the Federal
 13 Reserve System.”.

14 (2) POSITIONS AT LEVEL II OF THE EXECUTIVE
 15 SCHEDULE.—Section 5313 of title 5, United States
 16 Code, is amended—

17 (A) by striking “Chairman, Board of Gov-
 18 ernors of the Federal Reserve System.”; and

19 (B) by adding at the end the following:

20 “Members, Board of Governors of the Federal
 21 Reserve System.”.

22 (3) POSITIONS AT LEVEL III OF THE EXECU-
 23 TIVE SCHEDULE.—Section 5314 of title 5, United
 24 States Code, is amended by striking “Members,

1 Board of Governors of the Federal Reserve Sys-
 2 tem.”.

3 (b) EFFECTIVE DATE.—This section and the amend-
 4 ments made by this section shall take effect on the first
 5 day of the first pay period for the Chairman and Members
 6 of the Board of Governors of the Federal Reserve System
 7 beginning on or after the date of enactment of this section.

8 **SEC. 403. FEDERAL HOUSING FINANCE BOARD.**

9 Section 2A(b)(2) of the Federal Home Loan Bank
 10 Act (12 U.S.C. 1422a(b)(2)) is amended—

11 (1) by striking subparagraph (B); and

12 (2) by redesignating subparagraphs (C) and
 13 (D) as subparagraphs (B) and (C), respectively.

14 **SEC. 404. CRA FLEXIBILITY FOR CREDIT CARD BANKS.**

15 Section 2(c)(2)(F) of the Bank Holding Company Act
 16 of 1956 (12 U.S.C. 1841(c)(2)(F)) is amended—

17 (1) in clause (i), by striking “in credit card op-
 18 erations;” and inserting “in—

19 “(I) credit card operations; and

20 “(II) making and purchasing

21 loans, in an aggregate amount not to

22 exceed 1 percent of the total assets of

23 the institution, which loans help to

24 meet the credit needs of low- and

25 moderate-income persons and neigh-

1 borhoods or promote economic devel-
 2 opment by financing small businesses
 3 or farms, consistent with the safe and
 4 sound operation of the institution;”;
 5 and

6 (2) in clause (v), by inserting before the period
 7 “, other than making or purchasing loans for the
 8 purposes described in and to the extent permitted in
 9 clause (i)(II)”.

10 **TITLE V—TECHNICAL** 11 **CORRECTIONS**

12 **SEC. 501. TECHNICAL CORRECTION RELATING TO DEPOSIT** 13 **INSURANCE FUNDS.**

14 (a) IN GENERAL.—Section 2707 of the Deposit In-
 15 surance Funds Act of 1996 (Public Law 104–208; 110
 16 Stat. 3009–496) is amended—

17 (1) by striking “7(b)(2)(C)” and inserting
 18 “7(b)(2)(E)”; and

19 (2) by striking “, as redesignated by section
 20 2704(d)(6) of this subtitle”.

21 (b) EFFECTIVE DATE.—The amendments made by
 22 subsection (a) shall be deemed to have the same effective
 23 date as section 2707 of the Deposit Insurance Funds Act
 24 of 1996.

1 **SEC. 502. RULES FOR CONTINUATION OF DEPOSIT INSUR-**
 2 **ANCE FOR MEMBER BANKS CONVERTING**
 3 **CHARTERS.**

4 Section 8(o) of the Federal Deposit Insurance Act
 5 (12 U.S.C. 1818(o)) is amended in the second sentence,
 6 by striking “subsection (d) of section 4” and inserting
 7 “subsection (c) or (d) of section 4”.

8 **SEC. 503. AMENDMENTS TO THE REVISED STATUTES.**

9 (a) **WAIVER OF CITIZENSHIP REQUIREMENT FOR**
 10 **NATIONAL BANK DIRECTORS.**—Section 5146 of the Re-
 11 vised Statutes of the United States (12 U.S.C. 72) is
 12 amended in the first sentence, by inserting before the pe-
 13 riod “, and waive the requirement of citizenship in the case
 14 of not more than a minority of the total number of direc-
 15 tors”.

16 (b) **TECHNICAL AMENDMENT TO THE REVISED**
 17 **STATUTES.**—Section 329 of the Revised Statutes of the
 18 United States (12 U.S.C. 11) is amended by striking “to
 19 be interested in any association issuing national currency
 20 under the laws of the United States” and inserting “to
 21 hold an interest in any national bank”.

22 (c) **REPEAL OF UNNECESSARY CAPITAL AND SUR-**
 23 **PLUS REQUIREMENT.**—Section 5138 of the Revised Stat-
 24 utes of the United States (12 U.S.C. 51) is repealed.

1 **SEC. 504. CONFORMING CHANGE TO THE INTERNATIONAL**
2 **BANKING ACT OF 1978.**

3 Section 4(b) of the International Banking Act of
4 1978 (12 U.S.C. 3102(b)) is amended in the second sen-
5 tence, by striking paragraph (1) and by redesignating
6 paragraphs (2) through (4) as paragraphs (1) through
7 (3), respectively.