

# Union Calendar No. 358

107TH CONGRESS  
2D SESSION

# H. R. 3951

**[Report No. 107-516, Parts I and II]**

To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2002

Mrs. CAPITO (for herself, Mr. SANDLIN, Mr. OXLEY, and Mr. BACHUS) introduced the following bill; which was referred to the Committee on Financial Services

JUNE 18, 2002

Reported with an amendment and referred to the Committee on Judiciary for a period ending not later than July 22, 2002, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(k), rule X

[Strike out all after the enacting clause and insert the part printed in italic]

JULY 22, 2002

Additional sponsors: Mr. GILLMOR, Mr. WAMP, and Mr. BACA

JULY 22, 2002

Reported from the Committee on the Judiciary with amendments; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Omit the part struck through in italic and insert the part printed in boldface roman]

[For text of introduced bill, see copy of bill as introduced on March 13, 2002]

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# A BILL

To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes.

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

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

4       *(a) SHORT TITLE.—This Act may be cited as the “Fi-  
5 nancial Services Regulatory Relief Act of 2002”.*

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

*Sec. 1. Short title; table of contents.*

## **TITLE I—NATIONAL BANK PROVISIONS**

*Sec. 101. National bank directors.*

*Sec. 102. Voting in shareholder elections.*

*Sec. 103. Simplifying dividend calculations for national banks.*

*Sec. 104. Repeal of obsolete limitation on removal authority of the Comptroller of the Currency.*

*Sec. 105. Repeal of intrastate branch capital requirements.*

*Sec. 106. Clarification of waiver of publication requirements for bank merger notices.*

*Sec. 107. Capital equivalency deposits for Federal branches and agencies of foreign banks.*

*Sec. 108. Equal treatment for Federal agencies of foreign banks.*

*Sec. 109. Maintenance of a Federal branch and a Federal agency in the same State.*

## **TITLE II—SAVINGS ASSOCIATION PROVISIONS**

*Sec. 201. Parity for savings associations under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.*

*Sec. 202. Investments by Federal savings associations authorized to promote the public welfare.*

*Sec. 203. Merger and consolidation of Federal savings associations with non-depository institution affiliates.*

- Sec. 204. *Repeal of statutory dividend notice requirement for savings association subsidiaries of savings and loan holding companies.*
- Sec. 205. *Modernizing statutory authority for trust ownership of savings associations.*
- Sec. 206. *Repeal of overlapping rules governing purchased mortgage servicing rights.*
- Sec. 207. *Restatement of authority for Federal savings associations to invest in small business investment companies.*
- Sec. 208. *Removal of limitation on investments in auto loans.*
- Sec. 209. *Selling and offering of deposit products.*
- Sec. 210. *Funeral- and cemetery-related fiduciary services.*
- Sec. 211. *Repeal of qualified thrift lender requirement with respect to out-of-State branches.*
- Sec. 212. *Small business and other commercial loans.*
- Sec. 213. *Clarifying citizenship of Federal savings associations for Federal court jurisdiction.*
- Sec. 214. *Clarification of applicability of certain procedural doctrines.*

### **TITLE III—CREDIT UNION PROVISIONS**

- Sec. 301. *Privately insured credit unions authorized to become members of a Federal home loan bank.*
- Sec. 302. *Leases of land on Federal facilities for credit unions.*
- Sec. 303. *Investments in securities by Federal credit unions.*
- Sec. 304. *Increase in general 12-year limitation of term of Federal credit union loans to 15 years.*
- Sec. 305. *Increase in 1 percent investment limit in credit union service organizations.*
- Sec. 306. *Member business loan exclusion for loans to nonprofit religious organizations.*
- Sec. 307. *Check cashing and money transfer services offered within the field of membership.*
- Sec. 308. *Voluntary mergers involving multiple common-bond credit unions.*
- Sec. 309. *Conversions involving common-bond credit unions.*
- Sec. 310. *Credit union governance.*
- Sec. 311. *Providing the National Credit Union Administration with greater flexibility in responding to market conditions.*
- Sec. 312. Exemption from premerger notification requirement of the Clayton Act.**

### **TITLE IV—DEPOSITORY INSTITUTION PROVISIONS**

- Sec. 401. *Easing restrictions on interstate branching and mergers.*
- Sec. 402. *Statute of limitations for judicial review of appointment of a receiver for depository institutions.*
- Sec. 403. *Reporting requirements relating to insider lending.*
- Sec. 404. *Amendment to provide an inflation adjustment for the small depository institution exception under the Depository Institution Management Interlocks Act.*
- Sec. 405. *Enhancing the safety and soundness of insured depository institutions.*
- Sec. 406. *Investments by insured savings associations in bank service companies authorized.*
- Sec. 407. *Cross guarantee authority.*
- Sec. 408. *Golden parachute authority and nonbank holding companies.*
- Sec. 409. *Duty of depository institutions to inform customers of certain adverse actions.*

## TITLE V—DEPOSITORY INSTITUTION AFFILIATES PROVISIONS

Sec. 501. *Clarification of cross marketing provision.*  
 Sec. 502. *Amendment to provide the Federal Reserve Board with discretion concerning the imputation of control of shares of a company by trustees.*  
 Sec. 503. *Eliminating geographic limits on thrift service companies.*  
 Sec. 504. *Clarification of scope of applicable rate provision.*

## TITLE VI—BANKING AGENCY PROVISIONS

Sec. 601. *Waiver of examination schedule in order to allocate examiner resources.*  
 Sec. 602. *Credit card accounts permitted for bank examiners on same terms as other consumers.*  
 Sec. 603. *Interagency data sharing.*  
 Sec. 604. *Penalty for unauthorized participation by convicted individual.*  
 Sec. 605. *Amendment permitting the destruction of old records of a depository institution by the FDIC after the appointment of the FDIC as receiver.*  
 Sec. 606. *Modernization of FDIC recordkeeping requirement.*  
 Sec. 607. *Repeat of minimum antitrust review period with the agreement of the Attorney General.*  
 Sec. 608 **607.** *Clarification of extent of suspension, removal, and prohibition authority of Federal banking agencies in cases of certain crimes by institution-affiliated parties.*  
 Sec. 609 **608.** *Streamlining depository institution merger application requirements.*  
 Sec. 610 **609.** *Inclusion of Director of the Office of Thrift Supervision in list of banking agencies regarding insurance customer protection regulations.*

## TITLE VII—CLERICAL AND TECHNICAL AMENDMENTS

Sec. 701. *Clerical amendments to the Home Owners' Loan Act.*  
 Sec. 702. *Technical corrections to the Federal Credit Union Act.*  
 Sec. 703. *Other technical corrections.*

# 1           **TITLE I—NATIONAL BANK PROVISIONS**

## 3   **SEC. 101. NATIONAL BANK DIRECTORS.**

4       *Section 5146 of the Revised Statutes of the United  
5 States (12 U.S.C. 72) is amended—  
6           (1) by striking “SEC. 5146. Every director must  
7           during” and inserting the following:*

1   **“SEC. 5146. REQUIREMENTS FOR BANK DIRECTORS.**2       “(a) *RESIDENCY REQUIREMENTS.*—Every director of  
3    *a national bank shall, during*”;4           “(2) *by striking “total number of directors. Every*  
5    *director must own in his or her own right” and in-*  
6    *serting “total number of directors.*7       “(b) *INVESTMENT REQUIREMENT.*—8           “(1) *IN GENERAL.*—Every director of a national  
9    *bank shall own, in his or her own right,*”; and10          “(3) *by adding at the end the following new para-*  
11    *graph:*12          “(2) *EXCEPTION FOR SUBORDINATED DEBT IN*  
13    *CERTAIN CASES.*—*In lieu of the requirements of para-*  
14    *graph (1) relating to the ownership of capital stock*  
15    *in the national bank, the Comptroller of the Currency*  
16    *may, by regulation or order, permit an individual to*  
17    *serve as a director of a national bank that has elected,*  
18    *or notifies the Comptroller of the bank’s intention to*  
19    *elect, to operate as a S corporation pursuant to sec-*  
20    *tion 1362(a) of the Internal Revenue Code of 1986, if*  
21    *that individual holds debt of at least \$1,000 issued by*  
22    *the national bank that is subordinated to the interests*  
23    *of depositors and other general creditors of the na-*  
24    *tional bank.”.*

1 **SEC. 102. VOTING IN SHAREHOLDER ELECTIONS.**

2       Section 5144 of the Revised Statutes of the United  
3 States (12 U.S.C. 61) is amended—

4               (1) by striking “or to cumulate” and inserting  
5               “or, if so provided by the articles of association of the  
6               national bank, to cumulate”;

7               (2) by striking the comma after ‘his shares shall  
8               equal’; and

9               (3) by adding at the end the following new sen-  
10          tence: “The Comptroller of the Currency may pre-  
11          scribe such regulations to carry out the purposes of  
12          this section as the Comptroller determines to be ap-  
13          propriate.”.

14 **SEC. 103. SIMPLIFYING DIVIDEND CALCULATIONS FOR NA-  
15               TIONAL BANKS.**

16       Section 5199 of the Revised Statutes of the United  
17          States (12 U.S.C. 60) is amended to read as follows:

18 **“SEC. 5199. NATIONAL BANK DIVIDENDS.**

19               “(a) *IN GENERAL.*—Subject to subsection (b), the di-  
20          rectors of any national bank may declare a dividend of so  
21          much of the undivided profits of the bank as the directors  
22          judge to be expedient.

23               “(b) *APPROVAL REQUIRED UNDER CERTAIN CIR-  
24          CUMSTANCES.*—A national bank may not declare and pay  
25          dividends in any year in excess of an amount equal to the  
26          sum of the total of the net income of the bank for that year

1 and the retained net income of the bank in the preceding  
2 two years, minus any transfers required by the Comptroller  
3 of the Currency (including any transfers required to be  
4 made to a fund for the retirement of any preferred stock),  
5 unless the Comptroller of the Currency approves the dec-  
6 laration and payment of dividends in excess of such  
7 amount.”.

8 **SEC. 104. REPEAL OF OBSOLETE LIMITATION ON REMOVAL**  
9 **AUTHORITY OF THE COMPTROLLER OF THE**  
10 **CURRENCY.**

11 Section 8(e)(4) of the Federal Deposit Insurance Act  
12 (12 U.S.C. 1818(e)(4)) is amended by striking the 5th sen-  
13 tence.

14 **SEC. 105. REPEAL OF INTRASTATE BRANCH CAPITAL RE-**  
15 **QUIREMENTS.**

16 Section 5155(c) of the Revised Statutes of the United  
17 States (12 U.S.C. 36(c)) is amended—

18 (1) in the 2nd sentence, by striking “, without  
19 regard to the capital requirements of this section.”;  
20 and

21 (2) by striking the last sentence.

22 **SEC. 106. CLARIFICATION OF WAIVER OF PUBLICATION RE-**  
23 **QUIREMENTS FOR BANK MERGER NOTICES.**

24 The last sentence of sections 2(a) and 3(a)(2) of the  
25 National Bank Consolidation and Merger Act (12 U.S.C.

1 215(a) and 215a(a)(2), respectively) are each amended by  
2 striking “Publication of notice may be waived, in cases  
3 where the Comptroller determines that an emergency exists  
4 justifying such waiver, by unanimous action of the share-  
5 holders of the association or State bank” and inserting  
6 “Publication of notice may be waived if the Comptroller  
7 determines that an emergency exists justifying such waiver  
8 or if the shareholders of the association or State bank agree  
9 by unanimous action to waive the publication requirement  
10 for their respective institutions”.

11 **SEC. 107. CAPITAL EQUIVALENCY DEPOSITS FOR FEDERAL**  
12 **BRANCHES AND AGENCIES OF FOREIGN**  
13 **BANKS.**

14 (a) *IN GENERAL.*—Section 4(g) of the International  
15 Banking Act of 1978 (12 U.S.C. 3102(g)) is amended to  
16 read as follows:

17 “(g) *CAPITAL EQUIVALENCY DEPOSIT.*—

18 “(1) *IN GENERAL.*—Upon the opening of a Fed-  
19 eral branch or agency of a foreign bank in any State  
20 and thereafter, the foreign bank, in addition to any  
21 deposit requirements imposed under section 6, shall  
22 keep on deposit investment securities, dollar deposits,  
23 or other similar types of assets approved by the  
24 Comptroller of the Currency in such amounts as the  
25 Comptroller of the Currency determines to be nec-

1       *essary for the protection of depositors and other inves-*  
2       *tors and to be consistent with the principles of safety*  
3       *and soundness.*

4       “(2) *REGULATIONS REQUIRED.*—*The Compt-*  
5       *troller of the Currency shall prescribe such regulations*  
6       *as the Comptroller determines to be necessary or ap-*  
7       *propriate for implementing the requirements estab-*  
8       *lished under paragraph (1), in consultation with the*  
9       *Financial Institutions Examination Council.*

10       “(3) *SUMMARY OF CONSULTATION.*—*In pub-*  
11       *lishing any proposed or final regulation under para-*  
12       *graph (2), the Comptroller of the Currency shall in-*  
13       *clude a description of the issues taken into account in*  
14       *developing such regulation, a summary of the com-*  
15       *ments of the Financial Institutions Examination*  
16       *Council with respect to such regulation, and a state-*  
17       *ment describing the manner in which such comments*  
18       *were addressed by the Comptroller.”.*

19       *(b) SUNSET PROVISION.*—

20       *(1) IN GENERAL.*—*The amendment made by sub-*  
21       *section (a) shall cease to apply as of the date that the*  
22       *Board of Governors of the Federal Reserve System de-*  
23       *termines that any State described in paragraph (2)*  
24       *has in effect a provision of law or regulation applica-*  
25       *ble to State branches or agencies (of foreign banks) lo-*

1 cated in such State that is essentially equivalent to  
2 the amendment made by subsection (a). As of such  
3 date, section 4(g) of the International Banking Act of  
4 1978 is amended to read as such section was in effect  
5 immediately before the effective date of the amend-  
6 ment made by subsection (a).

13 **SEC. 108. EQUAL TREATMENT FOR FEDERAL AGENCIES OF**  
14 **FOREIGN BANKS.**

15        *The 1st sentence of section 4(d) of the International  
16 Banking Act of 1978 (12 U.S.C. 3102(d)) is amended by  
17 inserting “from citizens or residents of the United States”  
18 after “deposits”.*

19 SEC. 109. MAINTENANCE OF A FEDERAL BRANCH AND A  
20 FEDERAL AGENCY IN THE SAME STATE.

21        *Section 4(e) of the International Banking Act of 1978*  
22    *(12 U.S.C. 3102(e)) is amended by inserting “if the mainte-*  
23    *nance of both an agency and a branch in the State is pro-*  
24    *hibited under the law of such State” before the period at*  
25    *the end.*

1 **TITLE II—SAVINGS ASSOCIATION  
2 PROVISIONS**

3 **SEC. 201. PARITY FOR SAVINGS ASSOCIATIONS UNDER THE  
4 SECURITIES EXCHANGE ACT OF 1934 AND THE  
5 INVESTMENT ADVISERS ACT OF 1940.**

6 (a) *SECURITIES EXCHANGE ACT OF 1934.—*

7 (1) *DEFINITION OF BANK.—Section 3(a)(6) of  
8 the Securities Exchange Act of 1934 (15 U.S.C.  
9 78c(a)(6)) is amended by striking “(A) a banking in-  
10 stitution organized under the laws of the United  
11 States” and inserting “(A) a depository institution  
12 (as defined in section 3 of the Federal Deposit Insur-  
13 ance Act) or a branch or agency of a foreign bank (as  
14 such terms are defined in section 1(b) of the Inter-  
15 national Banking Act of 1978)”.*

16 (2) *INCLUDE OTS UNDER THE DEFINITION OF  
17 APPROPRIATE REGULATORY AGENCY FOR CERTAIN  
18 PURPOSES.—Section 3(a)(34) of such Act (15 U.S.C.  
19 78c(a)(34)) is amended—*

20 (A) *in subparagraph (A)—*

21 (i) *in clause (ii), by striking “(i) or  
22 (iii)” and inserting “(i), (iii), or (iv)”;*

23 (ii) *by striking “and” at the end of  
24 clause (iii);*

3 (iv) by inserting the following new  
4 clause after clause (iii):

14 (B) in subparagraph (B)—

15 (i) in clause (ii), by striking “(i) or  
16 (iii)” and inserting “(i), (iii), or (iv)”;

17 (ii) by striking “and” at the end of  
18 clause (iii);

19 (iii) by redesignating clause (iv) as  
20 clause (v); and

21 (iv) by inserting the following new  
22 clause after clause (iii):

1                   *Federal Deposit Insurance Act (12 U.S.C.*  
2                   *1813(b))) the deposits of which are insured*  
3                   *by the Federal Deposit Insurance Corpora-*  
4                   *tion, or a subsidiary of any such savings*  
5                   *association, or a savings and loan holding*  
6                   *company; and”;*

7                   *(C) in subparagraph (C)—*

8                    *(i) in clause (ii), by striking “(i) or*  
9                   *(iii)” and inserting “(i), (iii), or (iv)”;*

10                  *(ii) by striking “and” at the end of*  
11                  *clause (iii);*

12                  *(iii) by redesignating clause (iv) as*  
13                  *clause (v); and*

14                  *(iv) by inserting the following new*  
15                  *clause after clause (iii):*

16                  *“(iv) the Director of the Office of*  
17                  *Thrift Supervision, in the case of a savings*  
18                  *association (as defined in section 3(b) of the*  
19                  *Federal Deposit Insurance Act (12 U.S.C.*  
20                  *1813(b))) the deposits of which are insured*  
21                  *by the Federal Deposit Insurance Corpora-*  
22                  *tion, a savings and loan holding company,*  
23                  *or a subsidiary of a savings and loan hold-*  
24                  *ing company when the appropriate regu-*

1                   *latory agency for such clearing agency is*  
2                   *not the Commission; and”;*

3                   *(D) in subparagraph (D)—*

4                   *(i) by striking “and” at the end of*  
5                   *clause (ii);*

6                   *(ii) by redesignating clause (iii) as*  
7                   *clause (iv); and*

8                   *(iii) by inserting the following new*  
9                   *clause after clause (ii):*

10                   *“(iii) the Director of the Office of*  
11                   *Thrift Supervision, in the case of a savings*  
12                   *association (as defined in section 3(b) of the*  
13                   *Federal Deposit Insurance Act (12 U.S.C.*  
14                   *1813(b))) the deposits of which are insured*  
15                   *by the Federal Deposit Insurance Corpora-*  
16                   *tion; and”;*

17                   *(E) in subparagraph (F)—*

18                   *(i) by redesignating clauses (ii), (iii),*  
19                   *and (iv) as clauses (iii), (iv), and (v), re-*  
20                   *spectively; and*

21                   *(ii) by inserting the following new*  
22                   *clause after clause (i):*

23                   *“(ii) the Director of the Office of Thrift*  
24                   *Supervision, in the case of a savings asso-*  
25                   *ciation (as defined in section 3(b) of the*

1                   *Federal Deposit Insurance Act (12 U.S.C.*  
2                   *1813(b))) the deposits of which are insured*  
3                   *by the Federal Deposit Insurance Corpora-*  
4                   *tion; and”;* and

5                   *(F) at the end of the last undesignated*  
6                   *paragraph, by inserting the following new sen-*  
7                   *tence: “As used in this paragraph, the term ‘sav-*  
8                   *ings and loan holding company’ has the mean-*  
9                   *ing given it in section 10(a) of the Home Own-*  
10                   *ers’ Loan Act (12 U.S.C. 1467a(a)).”.*

11                   *(b) INVESTMENT ADVISERS ACT OF 1940.—*

12                   *(1) DEFINITION OF BANK.—Section 202(a)(2) of*  
13                   *the Investment Advisers Act of 1940 (15 U.S.C. 80b–*  
14                   *2(a)(2)) is amended by striking “(A) a banking insti-*  
15                   *tution organized under the laws of the United States”*  
16                   *and inserting “(A) a depository institution (as de-*  
17                   *fined in section 3 of the Federal Deposit Insurance*  
18                   *Act) or a branch or agency of a foreign bank (as such*  
19                   *terms are defined in section 1(b) of the International*  
20                   *Banking Act of 1978)”.*

21                   *(2) CONFORMING AMENDMENTS.—Subsections*  
22                   *(a)(1)(A)(i), (a)(1)(B), (a)(2), and (b) of section 210A*  
23                   *of such Act (15 U.S.C. 80b–10a), as added by section*  
24                   *220 of the Gramm-Leach-Bliley Act, are each amend-*  
25                   *ed by striking “bank holding company” each place it*

1       occurs and inserting “bank holding company or sav-  
2       ings and loan holding company”.

(c) CONFORMING AMENDMENT TO THE INVESTMENT COMPANY ACT OF 1940.—Section 10(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-10(c)), as amended by section 213(c) of the Gramm-Leach-Bliley Act, is amended by inserting after “1956)” the following: “or any one savings and loan holding company (together with its affiliates and subsidiaries) (as such terms are defined in section 10 of the Home Owners’ Loan Act)”.

11 **SEC. 202. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
12 **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
13 **LIC WELFARE.**

14           (a) *IN GENERAL.*—Section 5(c)(3) of the Home Own-  
15 ers' Loan Act (12 U.S.C. 1464(c)) is amended by adding  
16 at the end the following new subparagraph:

17                   “(E) DIRECT INVESTMENTS TO PROMOTE  
18                   THE PUBLIC WELFARE —

1                             “(ii) *DIRECT INVESTMENTS OR ACQUI-*  
2                             *SITION OF INTEREST IN OTHER COMPAN-*  
3                             *IES.*—*Investments under clause (i) may be*  
4                             *made directly or by purchasing interests in*  
5                             *an entity primarily engaged in making*  
6                             *such investments.*

7                             “(iii) *PROHIBITION ON UNLIMITED LI-*  
8                             *ABILITY.*—*No investment may be made*  
9                             *under this subparagraph which would sub-*  
10                             *ject a Federal savings association to unlim-*  
11                             *ited liability to any person.*

12                             “(iv) *SINGLE INVESTMENT LIMITATION*  
13                             *TO BE ESTABLISHED BY DIRECTOR.*—*Sub-*  
14                             *ject to clauses (v) and (vi), the Director*  
15                             *shall establish, by order or regulation, lim-*  
16                             *its on—*

17                             “(I) *the amount any savings asso-*  
18                             *ciation may invest in any 1 project;*  
19                             *and*

20                             “(II) *the aggregate amount of in-*  
21                             *vestment of any savings association*  
22                             *under this subparagraph.*

23                             “(v) *FLEXIBLE AGGREGATE INVEST-*  
24                             *MENT LIMITATION.*—*The aggregate amount*  
25                             *of investments of any savings association*

1           *under this subparagraph may not exceed an*  
2           *amount equal to the sum of 5 percent of the*  
3           *savings association's capital stock actually*  
4           *paid in and unimpaired and 5 percent of*  
5           *the savings association's unimpaired sur-*  
6           *plus, unless—*

7                    “(I) *the Director determines that*  
8                   *the savings association is adequately*  
9                   *capitalized; and*

10                   “(II) *the Federal Deposit Insur-*  
11                   *ance Corporation determines, by order,*  
12                   *that the aggregate amount of invest-*  
13                   *ments in a higher amount than the*  
14                   *limit under this clause will pose no*  
15                   *significant risk to the affected deposit*  
16                   *insurance fund.*

17                   “(vi) *MAXIMUM AGGREGATE INVEST-*  
18                   *MENT LIMITATION.*—*Notwithstanding clause*  
19                   *(v), the aggregate amount of investments of*  
20                   *any savings association under this subpara-*  
21                   *graph may not exceed an amount equal to*  
22                   *the sum of 10 percent of the savings associa-*  
23                   *tion's capital stock actually paid in and*  
24                   *unimpaired and 10 percent of the savings*  
25                   *association's unimpaired surplus.*

1                             “(vii) *INVESTMENTS NOT SUBJECT TO*  
2                             *OTHER LIMITATION ON QUALITY OF INVEST-*  
3                             *MENTS.—No obligation a Federal savings*  
4                             *association acquires or retains under this*  
5                             *subparagraph shall be taken into account*  
6                             *for purposes of the limitation contained in*  
7                             *section 28(d) of the Federal Deposit Insur-*  
8                             *ance Act on the acquisition and retention of*  
9                             *any corporate debt security not of invest-*  
10                             *ment grade.”.*

11                             (b) *TECHNICAL AND CONFORMING AMENDMENT.—Sec-*  
12                             *tion 5(c)(3)(A) of the Home Owners’ Loan Act (12 U.S.C.*  
13                             *1464(c)(3)(A)) is amended to read as follows:*

14                             “(A) *[Repealed.]*”.

15                             **SEC. 203. MERGERS AND CONSOLIDATIONS OF FEDERAL**  
16                             **SAVINGS ASSOCIATIONS WITH NONDEPOSI-**  
17                             **TORY INSTITUTION AFFILIATES.**

18                             *Section 5(d)(3) of the Home Owners’ Loan Act (12*  
19                             *U.S.C. 1464(d)(3)) is amended—*

20                             *(1) by redesignating subparagraph (B) as sub-*  
21                             *paragraph (C); and*

22                             *(2) by inserting after subparagraph (A) the fol-*  
23                             *lowing new subparagraph:*

24                             “(B) *MERGERS AND CONSOLIDATIONS WITH*  
25                             *NONDEPOSITORY INSTITUTION AFFILIATES.—*

1                   “(i) *IN GENERAL.*—Upon the approval  
2                   of the Director, a Federal savings associa-  
3                   tion may merge with any nondepository in-  
4                   stitution affiliate of the savings association.

5                   “(ii) *RULE OF CONSTRUCTION.*—No  
6                   provision of clause (i) shall be construed  
7                   as—

8                   “(I) affecting the applicability of  
9                   section 18(c) of the Federal Deposit In-  
10                   surance Act; or

11                   “(II) granting a Federal savings  
12                   association any power or any author-  
13                   ity to engage in any activity that is  
14                   not authorized for a Federal savings  
15                   association under any other provision  
16                   of this Act or any other provision of  
17                   law.”.

18 **SEC. 204. REPEAL OF STATUTORY DIVIDEND NOTICE RE-**  
19                   **QUIREMENT FOR SAVINGS ASSOCIATION SUB-**  
20                   **SIDIARIES OF SAVINGS AND LOAN HOLDING**  
21                   **COMPANIES.**

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

24                   “(f) *DECLARATION OF DIVIDEND.*—The Director  
25 may—

1           “(1) require a savings association that is a sub-  
2       sidiary of a savings and loan holding company to  
3       give prior notice to the Director of the intent of the  
4       savings association to pay a dividend on its guar-  
5       anty, permanent, or other nonwithdrawable stock;  
6       and

7           “(2) establish conditions on the payment of divi-  
8       dends by such a savings association.”.

9 **SEC. 205. MODERNIZING STATUTORY AUTHORITY FOR**  
10           **TRUST OWNERSHIP OF SAVINGS ASSOCIA-**  
11           **TIONS.**

12       (a) *IN GENERAL.*—Section 10(a)(1)(C) of the Home  
13       Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(C)) is  
14       amended—

15           (1) by striking “trust,” and inserting “business  
16       trust,”; and

17           (2) by inserting “or any other trust unless by its  
18       terms it must terminate within 25 years or not later  
19       than 21 years and 10 months after the death of indi-  
20       viduals living on the effective date of the trust,” after  
21       “or similar organization.”.

22       (b) *TECHNICAL AND CONFORMING AMENDMENT.*—Sec-  
23       tion 10(a)(3) of the Home Owners’ Loan Act (12 U.S.C.  
24       1467a(a)(3)) is amended—

1                   (1) by striking “does not include—” and all that  
2                   follows through “any company by virtue” where such  
3                   term appears in subparagraph (A) and inserting  
4                   “does not include any company by virtue”;  
5                   (2) by striking “; and” at the end of subparagraph  
6                   (A) and inserting a period; and  
7                   (3) by striking subparagraph (B).

8   **SEC. 206. REPEAL OF OVERLAPPING RULES GOVERNING**  
9                   **PURCHASED MORTGAGE SERVICING RIGHTS.**

10                  Section 5(t) of the Home Owners’ Loan Act (12 U.S.C.  
11 1464(t)) is amended—

12                  (1) by striking paragraph (4) and inserting the  
13                  following new paragraph:  
14                  “(4) [Repealed.]”; and  
15                  (2) in paragraph (9)(A), by striking “intangible  
16                  assets, plus” and all that follows through the period  
17                  at the end and inserting “intangible assets.”.

18   **SEC. 207. RESTATEMENT OF AUTHORITY FOR FEDERAL SAV-**  
19                   **INGS ASSOCIATIONS TO INVEST IN SMALL**  
20                   **BUSINESS INVESTMENT COMPANIES.**

21                  Subparagraph (D) of section 5(c)(4) of the Home Own-  
22                  ers’ Loan Act (12 U.S.C. 1464(c)(4)) is amended to read  
23                  as follows:

24                  “(D) SMALL BUSINESS INVESTMENT COMPA-  
25                  NIES.—Any Federal savings association may in-

1           *vest in 1 or more small business investment com-*  
2           *panies, or in any entity established to invest*  
3           *solely in small business investment companies*  
4           *formed under the Small Business Investment Act*  
5           *of 1958, except that the total amount of invest-*  
6           *ments under this subparagraph may not at any*  
7           *time exceed the amount equal to 5 percent of*  
8           *capital and surplus of the savings association.”.*

9   **SEC. 208. REMOVAL OF LIMITATION ON INVESTMENTS IN**

10           **AUTO LOANS.**

11           (a) *IN GENERAL.*—Section 5(c)(1) of the Home Own-  
12    ers’ Loan Act (12 U.S.C. 1464(c)(1)) is amended by adding  
13    at the end the following new subparagraph:

14           “(V) *AUTO LOANS.*—Loans and leases for  
15    motor vehicles acquired for personal, family, or  
16    household purposes.”.

17           (b) *TECHNICAL AND CONFORMING AMENDMENT RE-*  
18    *LATING TO QUALIFIED THRIFT INVESTMENTS.*—Section  
19    10(m)(4)(C)(ii) of the Home Owners’ Loan Act (12 U.S.C.  
20    1467a(m)(4)(C)(ii)) is amended by adding at the end the  
21    following new subclause:

22           “(VIII) *Loans and leases for*  
23    *motor vehicles acquired for personal,*  
24    *family, or household purposes.”.*

1 **SEC. 209. SELLING AND OFFERING OF DEPOSIT PRODUCTS.**

2           *Section 15(h) of the Securities Exchange Act of  
3           1934 (15 U.S.C. 78o(h)) is amended by adding at the  
4           end the following new paragraph:*

5           *“(4) SELLING AND OFFERING OF DEPOSIT PROD-  
6           UCTS.—No law, rule, regulation, or order, or other  
7           administrative action of any State or political sub-  
8           division thereof shall directly or indirectly require  
9           any agent who represents 1 Federal savings associa-  
10           tion (as such term is defined in section 2(5) of the  
11           Home Owners’ Loan Act (12 U.S.C. 1462(5)) in sell-  
12           ing or offering deposit (as such term is defined in sec-  
13           tion 3 of the Federal Deposit Insurance Act (12  
14           U.S.C. 1813(l)) products issued by such association to  
15           qualify or register as a broker, dealer, associated per-  
16           son of a broker, or associated person of a dealer, or  
17           to qualify or register in any other similar status or  
18           capacity.”.*

19 **SEC. 210. FUNERAL- AND CEMETERY-RELATED FIDUCIARY  
20           SERVICES.**

21           *Section 5(n) of the Home Owners’ Loan Act (12 U.S.C.  
22           1464(n)) is amended by adding at the end the following  
23           new paragraph:*

24           *“(11) FUNERAL- AND CEMETERY-RELATED FIDU-  
25           CIARY SERVICES.—*

1                     “(A) *IN GENERAL.*—A funeral director or  
2 cemetery operator, when acting in such capacity,  
3 (or any other person in connection with a con-  
4 tract or other agreement with a funeral director  
5 or cemetery operator) may engage any Federal  
6 savings association, regardless of where the asso-  
7 ciation is located, to act in any fiduciary capac-  
8 ity in which the savings association has the right  
9 to act in accordance with this section, including  
10 holding funds deposited in trust or escrow by the  
11 funeral director or cemetery operator (or by such  
12 other party), and the savings association may  
13 act in such fiduciary capacity on behalf of the  
14 funeral director or cemetery operator (or such  
15 other person).

16                     “(B) *DEFINITIONS.*—For purposes of this  
17 paragraph, the following definitions shall apply:

18                         “(i) *CEMETERY.*—The term ‘cemetery’  
19 means any land or structure used, or in-  
20 tended to be used, for the interment of  
21 human remains in any form.

22                         “(ii) *CEMETERY OPERATOR.*—The term  
23 ‘cemetery operator’ means any person who  
24 contracts or accepts payment for merchan-

1                   *dise, endowment, or perpetual care services*  
2                   *in connection with a cemetery.*

3                   “(iii) *FUNERAL DIRECTOR*.—The term  
4                   *funeral director*’ means any person who  
5                   contracts or accepts payment to provide or  
6                   arrange—

7                   “(I) *services for the final disposi-*  
8                   *tion of human remains; or*

9                   “(II) *funeral services, property, or*  
10                   *merchandise (including cemetery serv-*  
11                   *ices, property, or merchandise)*.”.

12 **SEC. 211. REPEAL OF QUALIFIED THRIFT REQUIREMENT**  
13                   **WITH RESPECT TO OUT-OF-STATE BRANCHES.**

14                   Section 5(r)(1) of the Home Owners’ Loan Act (12  
15 U.S.C. 1464(r)(1)) is amended by striking the ultimate sen-  
16 tence.

17 **SEC. 212. SMALL BUSINESS AND OTHER COMMERCIAL**  
18                   **LOANS.**

19                   (a) *ELIMINATION OF LENDING LIMIT ON SMALL BUSI-*  
20 *NESS LOANS*.—Section 5(c)(1) of the Home Owners’ Loan  
21 Act (12 U.S.C. 1464(c)(1)) is amended by inserting after  
22 subparagraph (V) (as added by section 208 of this title)  
23 the following new subparagraph:

1                   “(W)    SMALL    BUSINESS    LOANS.—*Small*  
2                   *business loans, as defined in regulations which*  
3                   *the Director shall prescribe.”*

4                   **(b) INCREASE IN LENDING LIMIT ON OTHER BUSINESS**  
5    **LOANS.**—*Section 5(c)(2)(A) of the Home Owners’ Loan Act*  
6    *(12 U.S.C. 1464(c)(2)(A)) is amended by striking “, and*  
7    *amounts in excess of 10 percent” and all that follows*  
8    *through “by the Director”.*

9                   **SEC. 213. CLARIFYING CITIZENSHIP OF FEDERAL SAVINGS**  
10                   **ASSOCIATIONS FOR FEDERAL COURT JURIS-**  
11                   **DICTION.**

12                   *Section 5 of the Home Owners’ Loan Act (12 U.S.C.*  
13    *1464) is amended by adding at the end the following new*  
14    *subsection:*

15                   “(x)    **HOME STATE CITIZENSHIP.**—*In determining*  
16    *whether a Federal court has diversity jurisdiction over a*  
17    *case in which a Federal savings association is a party, the*  
18    *Federal savings association shall be considered to be a cit-*  
19    *izen only of the State in which such savings association*  
20    *has its main office.”.*

21                   **SEC. 214. CLARIFICATION OF APPLICABILITY OF CERTAIN**  
22                   **PROCEDURAL DOCTRINES.**

23                   *Section 11A(d) of the Federal Deposit Insurance Act*  
24    *(12 U.S.C. 1821a(d)) is amended—*

“(2) CLARIFICATION OF APPLICABILITY OF CERTAIN PROCEDURAL DOCTRINES.—In any proceeding seeking a monetary recovery against the United States, or an agency or official thereof, based upon actions of the Federal Savings and Loan Insurance Corporation prior to its dissolution, or the Federal Home Loan Bank Board prior to its dissolution, and arising from the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or its implementation, and where any monetary recovery in such proceeding would be paid from the FSLIC Resolution Fund or any supplements thereto, neither the United States Court of Federal Claims, the United States Court of Appeals for the Federal Circuit, nor any other court of competent jurisdiction shall dismiss, or affirm on appeal the dismissal of, the claims of any party seeking such monetary recovery, on the basis of res judicata, collateral estoppel, or any similar doctrine, defense, or rule of law, based upon any decision, opinion, or order of judgment entered by any

1       *court prior to July 1, 1996. Unless some other defense*  
2       *is applicable, in any such proceeding, the United*  
3       *States Court of Federal Claims, the United States*  
4       *Court of Appeals for the Federal Circuit, and any*  
5       *other court of competent jurisdiction shall review the*  
6       *merits of the claims of the party seeking such mone-*  
7       *tary relief and shall enter judgment accordingly.”.*

8       **TITLE III—CREDIT UNION**  
9       **PROVISIONS**

10      **SEC. 301. PRIVATELY INSURED CREDIT UNIONS AUTHOR-**  
11                   **IZED TO BECOME MEMBERS OF A FEDERAL**  
12                   **HOME LOAN BANK.**

13       (a) *IN GENERAL.*—Section 4(a) of the Federal Home  
14       Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding  
15       at the end the following new paragraph:

16               “(5) CERTAIN PRIVATELY INSURED CREDIT  
17               UNIONS.—

18               “(A) *IN GENERAL.*—A credit union which  
19       has been determined, in accordance with section  
20       43(e)(1) of the Federal Deposit Insurance Act  
21       and subject to the requirements of subparagraph  
22       (B), to meet all eligibility requirements for Fed-  
23       eral deposit insurance shall be treated as an in-  
24       sured depository institution for purposes of de-  
25       termining the eligibility of such credit union for

1           *membership in a Federal home loan bank under*  
2           *paragraphs (1), (2), and (3).*

3           “*(B) CERTIFICATION BY APPROPRIATE SU-*  
4           *PERVISOR.—*

5           “*(i) IN GENERAL.—For purposes of*  
6           *this paragraph and subject to clause (ii), a*  
7           *credit union which lacks Federal deposit in-*  
8           *surance and which has applied for mem-*  
9           *ber-*  
10           *ship in a Federal home loan bank may be*  
11           *treated as meeting all the eligibility require-*  
12           *ments for Federal deposit insurance only if*  
13           *the appropriate supervisor of the State in*  
14           *which the credit union is chartered has de-*  
15           *termined that the credit union meets all the*  
16           *eligibility requirements for Federal deposit*  
17           *insurance as of the date of the application*  
18           *for membership.*

19           “*(ii) CERTIFICATION DEEMED*  
20           *VALID.—If, in the case of any credit union*  
21           *to which clause (i) applies, the appropriate*  
22           *supervisor of the State in which such credit*  
23           *union is chartered fails to make a deter-*  
24           *mination pursuant to such clause by the*  
25           *end of the 6-month period beginning on the*  
26           *date of the application, the credit union*

1                   *shall be deemed to have met the require-*  
2                   *ments of clause (i).*

3                   “*(C) SECURITY INTERESTS OF FEDERAL*  
4                   *HOME LOAN BANK NOT AVOIDABLE.*—*Notwith-*  
5                   *standing any provision of State law authorizing*  
6                   *a conservator or liquidating agent of a credit*  
7                   *union to repudiate contracts, no such provision*  
8                   *shall apply with respect to—*

9                   “*(i) any extension of credit from any*  
10                   *Federal home loan bank to any credit union*  
11                   *which is a member of any such bank pursu-*  
12                   *ant to this paragraph; or*

13                   “*(ii) any security interest in the assets*  
14                   *of such credit union securing any such ex-*  
15                   *tension of credit.”.*

16                   *(b) COPIES OF AUDITS OF PRIVATE INSURERS OF*  
17                   *CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE*  
18                   *PROVIDED TO SUPERVISORY AGENCIES.*—*Section 43(a)(2)*  
19                   *of the Federal Deposit Insurance Act (12 U.S.C.*  
20                   *1831t(a)(2)) is amended—*

21                   *(1) by striking “and” at the end of subpara-*  
22                   *graph (A)(i);*

23                   *(2) by striking the period at the end of clause*  
24                   *(ii) of subparagraph (A) and inserting a semicolon;*

18                             “(C) CONSULTATION.—The appropriate su-  
19                             pervisory agency of each State in which a pri-  
20                             vate deposit insurer insures deposits in an insti-  
21                             tution described in subsection (f)(2)(A) which—

1           shall provide the National Credit Union Admin-  
2           istration, upon request, with the results of any  
3           examination and reports related thereto con-  
4           cerning the private deposit insurer to which such  
5           agency may have in its possession.”.

6   **SEC. 302. LEASES OF LAND ON FEDERAL FACILITIES FOR**  
7           **CREDIT UNIONS.**

8           (a) *IN GENERAL.*—Section 124 of the Federal Credit  
9           Union Act (12 U.S.C. 1770) is amended—

10           (1) by striking “Upon application by any credit  
11           union” and inserting “Notwithstanding any other  
12           provision of law, upon application by any credit  
13           union”;

14           (2) by inserting “on lands reserved for the use of,  
15           and under the exclusive or concurrent jurisdiction of,  
16           the United States or” after “officer or agency of the  
17           United States charged with the allotment of space”;

18           (3) by inserting “lease land or” after “such offi-  
19           cer or agency may in his or its discretion”; and

20           (4) by inserting “or the facility built on the lease  
21           land” after “credit union to be served by the allot-  
22           ment of space”.

23           (b) *CLERICAL AMENDMENT.*—The heading for section  
24           124 is amended by inserting “OR FEDERAL LAND” after  
25           “BUILDINGS”.

1 **SEC. 303. INVESTMENTS IN SECURITIES BY FEDERAL CRED-**2 **IT UNIONS.**3 *Section 107 of the Federal Credit Union Act (12*4 *U.S.C. 1757) is amended—*5 *(1) in the matter preceding paragraph (1) by*  
6 *striking “A Federal credit union” and inserting “(a)*  
7 *IN GENERAL.—Any Federal credit union”; and*8 *(2) by adding at the end the following new sub-*  
9 *section:*10 **“(b) INVESTMENT FOR THE CREDIT UNION’S OWN AC-**11 **COUNT.—**12 *“(1) IN GENERAL.—A Federal credit union may*  
13 *purchase and hold for its own account such invest-*  
14 *ment securities of investment grade as the Board may*  
15 *authorize by regulation, subject to such limitations*  
16 *and restrictions as the Board may prescribe in the*  
17 *regulations.*18 *“(2) PERCENTAGE LIMITATION.—In no event*  
19 *may the total amount of investment securities of any*  
20 *single obligor or maker held by a Federal credit union*  
21 *for the credit union’s own account exceed at any time*  
22 *an amount equal to 10 percent of the net worth of the*  
23 *credit union.*24 **“(3) INVESTMENT SECURITY DEFINED.—**25 *“(A) IN GENERAL.—For purposes of this*  
26 *subsection, the term ‘investment security’ means*

1           *marketable obligations evidencing the indebted-*  
2           *ness of any person in the form of bonds, notes,*  
3           *or debentures and other instruments commonly*  
4           *referred to as investment securities.*

5           “*(B) FURTHER DEFINITION BY BOARD.*—  
6           *The Board may further define the term ‘invest-*  
7           *ment security’.*

8           “*(4) INVESTMENT GRADE DEFINED.*—*The term*  
9           *‘investment grade’ means with respect to an invest-*  
10           *ment security purchased by a credit union for its own*  
11           *account, an investment security that at the time of*  
12           *such purchase is rated in one of the 4 highest rating*  
13           *categories by at least 1 nationally recognized statis-*  
14           *tical rating organization.*

15           “*(5) CLARIFICATION OF PROHIBITION ON STOCK*  
16           *OWNERSHIP.*—*No provision of this subsection shall be*  
17           *construed as authorizing a Federal credit union to*  
18           *purchase shares of stock of any corporation for the*  
19           *credit union’s own account, except as otherwise per-*  
20           *mitted by law.”.*

1 **SEC. 304. INCREASE IN GENERAL 12-YEAR LIMITATION OF**  
2 **TERM OF FEDERAL CREDIT UNION LOANS TO**  
3 **15 YEARS.**

4 *Section 107(a)(5) of the Federal Credit Union Act (12*  
5 *U.S.C. 1757(5)) (as so designated by section 303 of this*  
6 *title) is amended—*

7 *(1) in the matter preceding subparagraph (A),*  
8 *by striking “to make loans, the maturities of which*  
9 *shall not exceed twelve years except as otherwise pro-*  
10 *vided herein” and inserting “to make loans, the ma-*  
11 *turities of which shall not exceed 15 years or any*  
12 *longer maturity as the Board may allow, in regula-*  
13 *tions, except as otherwise provided in this Act”;*

14 *(2) in subparagraph (A)—*

15 *(A) by striking clause (ii);*  
16 *(B) by redesignating clauses (iii) through*  
17 *(x) as clauses (ii) through (ix), respectively; and*  
18 *(C) by inserting “and” after the semicolon*  
19 *at the end of clause (viii) (as so redesignated).*

20 **SEC. 305. INCREASE IN 1 PERCENT INVESTMENT LIMIT IN**  
21 **CREDIT UNION SERVICE ORGANIZATIONS.**

22 *Section 107(a)(7)(I) of the Federal Credit Union Act*  
23 *(12 U.S.C. 1757(7)(I)) (as so designated by section 303 of*  
24 *this title) is amended by striking “up to 1 per centum of*  
25 *the total paid” and inserting “up to 3 percent of the total*  
26 *paid”.*

1 **SEC. 306. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS**2 **TO NONPROFIT RELIGIOUS ORGANIZATIONS.**

3 *Section 107A(a) of the Federal Credit Union Act (12  
4 U.S.C. 1757a(a)) is amended by inserting “, excluding  
5 loans made to nonprofit religious organizations,” after  
6 “total amount of such loans”.*

7 **SEC. 307. CHECK CASHING AND MONEY TRANSFER SERV-**8 **ICES OFFERED WITHIN THE FIELD OF MEM-  
9 BERSHIP.**

10 *Paragraph (12) of section 107(a) of the Federal Credit  
11 Union Act (12 U.S.C. 1757(12)) (as so designated by sec-  
12 tion 303 of this title) is amended to read as follows:*

13 *“(12) in accordance with regulations prescribed  
14 by the Board—*

15 *“(A) to sell, to persons in the field of mem-  
16 bership, negotiable checks (including travelers  
17 checks), money orders, and other similar money  
18 transfer instruments (including electronic fund  
19 transfers); and*

20 *“(B) to cash checks and money orders and  
21 receive electronic fund transfers for persons in  
22 the field of membership for a fee;”.*

23 **SEC. 308. VOLUNTARY MERGERS INVOLVING MULTIPLE  
24 COMMON-BOND CREDIT UNIONS.**

25 *Section 109(d)(2) of the Federal Credit Union Act (12  
26 U.S.C. 1759(d)(2) is amended—*

7                   “(D) a merger involving any such Federal  
8                   credit union approved by the Board on or after  
9                   August 7, 1998.”:

10 SEC. 309. CONVERSIONS INVOLVING COMMON-BOND CRED-  
11 *IT UNIONS.*

12        *Section 109(g) of the Federal Credit Union Act (12*  
13 *U.S.C. 1759(g)) is amended by inserting after paragraph*  
14 *(2) the following new paragraph:*

15                     “(3) CRITERIA FOR CONTINUED MEMBERSHIP OF  
16                     CERTAIN MEMBER GROUPS IN COMMUNITY CHARTER  
17                     CONVERSIONS.—*In the case of a voluntary conversion*  
18                     *of a common-bond credit union described in para-*  
19                     *graph (1) or (2) of subsection (b) into a community*  
20                     *credit union described in subsection (b)(3), the Board*  
21                     *shall prescribe, by regulation, the criteria under*  
22                     *which the Board may determine that a member group*  
23                     *or other portion of a credit union’s existing member-*  
24                     *ship, that is located outside the well-defined local*  
25                     *community, neighborhood, or rural district that shall*

1       *constitute the community charter, can be satisfac-*  
2       *torily served by the credit union and remain within*  
3       *the community credit union's field of membership.”.*

4       **SEC. 310. CREDIT UNION GOVERNANCE.**

5       *(a) EXPULSION OF MEMBERS FOR JUST CAUSE.—*  
6       *Subsection (b) of section 118 of the Federal Credit Union*  
7       *Act (12 U.S.C. 1764(b)) is amended to read as follows:*

8           *“(b) POLICY AND ACTIONS OF BOARDS OF DIRECTORS*  
9       *OF FEDERAL CREDIT UNIONS.—*

10           *“(1) EXPULSION OF MEMBERS FOR NONPARTICI-*  
11       *PATION OR FOR JUST CAUSE.—The board of directors*  
12       *of a Federal credit union may, by majority vote of a*  
13       *quorum of directors, adopt and enforce a policy with*  
14       *respect to expulsion from membership, by a majority*  
15       *vote of such board of directors, based on just cause,*  
16       *including disruption of credit union operations, or on*  
17       *nonparticipation by a member in the affairs of the*  
18       *credit union.*

19           *“(2) WRITTEN NOTICE OF POLICY TO MEM-*  
20       *BERS.—If a policy described in paragraph (1) is*  
21       *adopted, written notice of the policy as adopted and*  
22       *the effective date of such policy shall be provided to—*

23           *“(A) each existing member of the credit*  
24       *union not less than 30 days prior to the effective*  
25       *date of such policy; and*

1                   “(B) each new member prior to or upon ap-  
2                   plying for membership.”.

3                   (b) *TERM LIMITS AUTHORIZED FOR BOARD MEMBERS*  
4                   *OF FEDERAL CREDIT UNIONS.*—Section 111(a) of the Fed-  
5                   eral Credit Union Act (12 U.S.C. 1761(a)) is amended by  
6                   adding at the end the following new sentence: “The bylaws  
7                   of a Federal credit union may limit the number of consecu-  
8                   tive terms any person may serve on the board of directors  
9                   of such credit union.”.

10                  (c) *REIMBURSEMENT FOR LOST WAGES DUE TO*  
11                  *SERVICE ON CREDIT UNION BOARD NOT TREATED AS COM-*  
12                  *PENSATION.*—Section 111(c) of the Federal Credit Union  
13                  Act (12 U.S.C. 1761(c)) is amended by inserting “, includ-  
14                  ing lost wages,” after “the reimbursement of reasonable ex-  
15                  penses”.

16                  **SEC. 311. PROVIDING THE NATIONAL CREDIT UNION AD-**  
17                  **MINISTRATION WITH GREATER FLEXIBILITY**  
18                  **IN RESPONDING TO MARKET CONDITIONS.**

19                  Section 107(a)(5)(A)(vi)(I) of the Federal Credit  
20                  Union Act (12 U.S.C. 1757(5)(A)(vi)(I)) (as so designated  
21                  by section 303 of this title) is amended by striking “six-  
22                  month period and that prevailing interest rate levels” and  
23                  inserting “6-month period or that prevailing interest rate  
24                  levels”.

## 1 SEC. 312. EXEMPTION FROM PREMERGER NOTIFICATION

## 2 REQUIREMENT OF THE CLAYTON ACT.

3 Section 7A(c)(7) of the Clayton Act (15

4 U.S.C. 18a(c)(7)) is amended by inserting

5 “205(b)(3) of the Federal Credit Union Act (12

6 U.S.C. 1785(b)(3),” before “or section 3”.

7 **TITLE IV—DEPOSITORY  
8 INSTITUTION PROVISIONS**

## 9 SEC. 401. EASING RESTRICTIONS ON INTERSTATE BRANCH-

10 **ING AND MERGERS.**11 (a) *DE NOVO INTERSTATE BRANCHES OF NATIONAL*12 *BANKS.*—13 (1) *IN GENERAL.*—Section 5155(g)(1) of the Re-  
14 vised Statutes of the United States (12 U.S.C.  
15 36(g)(1)) is amended by striking “maintain a branch  
16 if—” and all that follows through the end of clause  
17 (ii) and inserting “maintain a branch.”.18 (2) *CLERICAL AMENDMENT.*—The heading for  
19 paragraph (4) of section 18(d) of the Federal Deposit  
20 Insurance Act is amended by striking “STATE ‘OPT-  
21 IN’ ELECTION TO PERMIT INTERSTATE” and inserting  
22 “INTERSTATE”.23 (c) *DE NOVO INTERSTATE BRANCHES OF STATE MEM-  
24 BER BANKS.*—The 3rd undesignated paragraph of section  
25 9 of the Federal Reserve Act (12 U.S.C. 321) is amended  
26 by adding at the end the following new sentences: “A State

1 member bank may establish and operate a de novo branch  
2 in a host State (as such terms are defined in section 18(d)  
3 of the Federal Deposit Insurance Act) on the same terms  
4 and conditions and subject to the same limitations and re-  
5 strictions as are applicable to the establishment of a de novo  
6 branch of a national bank in a host State under section  
7 5155(g) of the Revised Statutes of the United States. Such  
8 section 5155(g) shall be applied for purposes of the pre-  
9 ceding sentence by substituting ‘Board of Governors of the  
10 Federal Reserve System’ for ‘Comptroller of the Currency’  
11 and ‘State member bank’ for ‘national bank.’.”

12 (d) INTERSTATE MERGER OF BANKS.—

13 (1) MERGER OF INSURED BANK WITH ANOTHER  
14 DEPOSITORY INSTITUTION OR TRUST COMPANY.—Sec-  
15 tion 44(a)(1) of the Federal Deposit Insurance Act  
16 (12 U.S.C. 1831u(a)(1)) is amended)—

17 (A) by striking “Beginning on June 1,  
18 1997, the” and inserting “The”; and

19 (B) by striking “insured banks with dif-  
20 ferent home States” and inserting “an insured  
21 bank and another insured depository institution  
22 or trust company with a different home State  
23 than the resulting insured bank”.

24 (2) NATIONAL BANK TRUST COMPANY MERGER  
25 WITH OTHER TRUST COMPANY.—Subsection (b) of sec-

1        *tion 4 of the National Bank Consolidation and Merg-*  
2        *er Act (12 U.S.C. 215a-1(b)) is amended to read as*  
3        *follows:*

4        “(b) **MERGER OF NATIONAL BANK TRUST COMPANY**  
5 **WITH ANOTHER TRUST COMPANY.**—A national bank that  
6 is a trust company may engage in a consolidation or merg-  
7 er under this Act with any trust company with a different  
8 home State, under the same terms and conditions that  
9 would apply if the trust companies were located within the  
10 same State.”.

11        (e) **INTERSTATE FIDUCIARY ACTIVITY.**—Section 18(d)  
12 of the Federal Deposit Insurance Act (12 U.S.C. 1828(d))  
13 is amended by adding at the end the following new para-  
14 graph:

15        “(5) **INTERSTATE FIDUCIARY ACTIVITY.**—  
16        “(A) **AUTHORITY OF STATE BANK SUPER-**  
17 **VISOR.**—The State bank supervisor of a State  
18 bank may approve an application by the State  
19 bank, when not in contravention of home State  
20 or host State law, to act as trustee, executor, ad-  
21 ministrator, registrar of stocks and bonds,  
22 guardian of estates, assignee, receiver, committee  
23 of estates of lunatics, or in any other fiduciary  
24 capacity in a host State in which State banks or  
25 other corporations which come into competition

1       *with national banks are permitted to act under*  
2       *the laws of such host State.*

3           “*(B) NONCONTRAVENTION OF HOST STATE*  
4       *LAW.*—*Whenever the laws of a host State author-*  
5       *ize or permit the exercise of any or all of the*  
6       *foregoing powers by State banks or other cor-*  
7       *porations which compete with national banks,*  
8       *the granting to and the exercise of such powers*  
9       *by a State bank as provided in this paragraph*  
10      *shall not be deemed to be in contravention of host*  
11      *State law within the meaning of this paragraph.*

12           “*(C) STATE BANK INCLUDES TRUST COMPANIES.*—*For purposes of this paragraph, the term*  
13      *‘State bank’ includes any State-chartered trust*  
14      *company (as defined in section 44(g)).*

16           “*(D) OTHER DEFINITIONS.*—*For purposes*  
17      *of this paragraph, the term ‘home State’ and*  
18      *‘host State’ have the meanings given such terms*  
19      *in section 44.”.*

20      *(f) TECHNICAL AND CONFORMING AMENDMENTS.*—

21           *(1) Section 44 of the Federal Deposit Insurance*  
22      *Act (12 U.S.C. 1831u) is amended—*

23           *(A) in subsection (a)—*

24           *(i) by striking paragraph (4) and in-*  
25      *serting the following new paragraph:*

1                   “(4) *TREATMENT OF BRANCHES IN CONNECTION*  
2                   *WITH CERTAIN INTERSTATE MERGER TRANS-*  
3                   *ACTIONS.*—*In the case of an interstate merger trans-*  
4                   *action which involves the acquisition of a branch of*  
5                   *an insured depository institution or trust company*  
6                   *without the acquisition of the insured depository in-*  
7                   *stitution or trust company, the branch shall be treat-*  
8                   *ed, for purposes of this section, as an insured deposi-*  
9                   *tory institution or trust company the home State of*  
10                   *which is the State in which the branch is located.”;*  
11                   *and*

12                   (ii) *by striking paragraphs (5) and*  
13                   *(6);*

14                   (B) *in subsection (b)—*

15                   (i) *by striking “bank” each place such*  
16                   *term appears in paragraph (2)(B)(i) and*  
17                   *inserting “insured depository institution or*  
18                   *trust company”;*

19                   (ii) *by striking “banks” where such*  
20                   *term appears in paragraph (2)(E) and in-*  
21                   *serting “insured depository institutions or*  
22                   *trust companies”;*

23                   (iii) *by striking “bank affiliate” each*  
24                   *place such term appears in that portion of*  
25                   *paragraph (3) that precedes subparagraph*

3 (iv) by striking “any bank” where such  
4 term appears in paragraph (3)(B) and in-  
5 serting “any insured depository institu-  
6 tion”;

11 (vi) by striking "all banks" where such  
12 term appears in paragraph (5) and insert-  
13 ing "all insured depository institutions and  
14 trust companies";

15 (C) in subsection (d)(1), by striking “any  
16 bank” and inserting “any insured depository in-  
17 stitution or trust company”;

18 (D) in subsection (e)—

19 (i) by striking "1 or more banks" and  
20 inserting "1 or more insured depository in-  
21 stitutions"; and

22 (ii) by striking “paragraph (2), (4), or  
23 (5)” and inserting “paragraph (2);

(E) by striking clauses (i) and (ii) of subsection (g)(4)(A) and inserting the following new clauses:

13 (F) by striking paragraph (5) of subsection  
14 (g) and inserting the following new paragraph:

15                   “(5)    HOST    STATE.—*The term ‘host State’*

22                             “(B) with respect to a trust company, a  
23                             State, other than the home State of the trust  
24                             company, in which the trust company acts, or  
25                             seeks to act, in 1 or more fiduciary capacities.”;

1 (G) in subsection (g)(10), by striking “sec-  
2 tion 18(c)(2)” and inserting “paragraph (1) or  
3 (2) of section 18(c), as appropriate;” and

6                   “(12) *TRUST COMPANY*.—The term ‘trust com-  
7                   pany’ means—

10                   “(C) any bank, banking association, trust  
11                   company, savings bank, or other banking institu-  
12                   tion which is incorporated under the laws of any  
13                   State,

14       *that is authorized to act in 1 or more fiduciary ca-  
15        pacities but is not in the business of receiving deposits  
16        other than trust funds (as defined in section 3(p)).”.*

19 (A) in paragraph (1)—

20 (i) by striking subparagraphs (B) and  
21 (C); and

22 (ii) by redesignating subparagraph (D)  
23 as subparagraph (B); and

7       “(c) *DEFINITIONS*.—For purposes of this section, the  
8 terms ‘home State’, ‘out-of-State bank’, and ‘trust company’  
9 each have same meaning as in section 44(g) of the Federal  
10 *Deposit Insurance Act*.

11 (g) CLERICAL AMENDMENTS.—

24 (a) *NATIONAL BANKS.*—Section 2 of the *National*  
25 *Bank Receivership Act* (12 U.S.C. 191) is amended—

1                   (1) by striking “SECTION 2. The Comptroller of  
2                   the Currency” and inserting the following:

3                   **SEC. 2. APPOINTMENT OF RECEIVER FOR A NATIONAL  
4                   BANK.**

5                   “(a) IN GENERAL.—The Comptroller of the Currency”;  
6                   and

7                   (2) by adding at the end the following new sub-  
8                   section:

9                   “(b) JUDICIAL REVIEW.—If the Comptroller of the  
10                   Currency appoints a receiver under subsection (a), the na-  
11                   tional bank may, within 30 days thereafter, bring an action  
12                   in the United States district court for the judicial district  
13                   in which the home office of such bank is located, or in the  
14                   United States District Court for the District of Columbia,  
15                   for an order requiring the Comptroller of the Currency to  
16                   remove the receiver, and the court shall, upon the merits,  
17                   dismiss such action or direct the Comptroller of the Cur-  
18                   rency to remove the receiver.”.

19                   (b) INSURED DEPOSITORY INSTITUTIONS.—Section  
20                   11(c)(7) of the Federal Deposit Insurance Act (12 U.S.C.  
21                   1821(c)(7)) is amended to read as follows:

22                   “(7) JUDICIAL REVIEW.—If the Corporation is  
23                   appointed (including the appointment of the Corpora-  
24                   tion as receiver by the Board of Directors) as conser-  
25                   vator or receiver of a depository institution under

1       paragraph (4), (9), or (10), the depository institution  
2       may, within 30 days thereafter, bring an action in  
3       the United States district court for the judicial dis-  
4       trict in which the home office of such depository insti-  
5       tution is located, or in the United States District  
6       Court for the District of Columbia, for an order re-  
7       quiring the Corporation to be removed as the conserva-  
8       tor or receiver (regardless of how such appointment  
9       was made), and the court shall, upon the merits, dis-  
10      miss such action or direct the Corporation to be re-  
11      moved as the conservator or receiver.”.

12        (c) EXPANSION OF PERIOD FOR CHALLENGING THE  
13 APPOINTMENT OF A LIQUIDATING AGENT.—Subparagraph  
14 (B) of section 207(a)(1) of the Federal Credit Union Act  
15 (12 U.S.C. 1787(a)(1)) is amended by striking “10 days”  
16 and inserting “30 days”.

17       (d) *EFFECTIVE DATE.*—The amendments made by  
18 subsections (a), (b), and (c) shall apply with respect to con-  
19 servators, receivers, or liquidating agents appointed on or  
20 after the date of the enactment of this Act.

21 SEC. 403. REPORTING REQUIREMENTS RELATING TO IN-  
22 SIDER LENDING.

23           (a) *REPORTING REQUIREMENTS REGARDING LOANS*  
24 *TO EXECUTIVE OFFICERS OF MEMBER BANKS.*—Section

1 22(g) of the Federal Reserve Act (12 U.S.C. 375a) is  
2 amended—

3 (1) by striking paragraphs (6) and (9); and  
4 (2) by redesignating paragraphs (7), (8), and  
5 (10) as paragraphs (6), (7), and (8), respectively.

6 (b) **REPORTING REQUIREMENTS REGARDING LOANS**  
7 **FROM CORRESPONDENT BANKS TO EXECUTIVE OFFICERS**  
8 **AND SHAREHOLDERS OF INSURED BANKS.**—Section  
9 106(b)(2) of the Bank Holding Company Act Amendments  
10 of 1970 (12 U.S.C. 1972(2)) is amended—

11 (1) by striking subparagraph (G); and  
12 (2) by redesignating subparagraphs (H) and (I)  
13 as subparagraphs (G) and (H), respectively.

14 **SEC. 404. AMENDMENT TO PROVIDE AN INFLATION ADJUST-**  
15 **MENT FOR THE SMALL DEPOSITORY INSTITU-**  
16 **TION EXCEPTION UNDER THE DEPOSITORY**  
17 **INSTITUTION MANAGEMENT INTERLOCKS**  
18 **ACT.**

19 Section 203(1) of the Depository Institution Manage-  
20 ment Interlocks Act (12 U.S.C. 3202(1)) is amended by  
21 striking “\$20,000,000” and inserting “\$100,000,000”.

22 **SEC. 405. ENHANCING THE SAFETY AND SOUNDNESS OF IN-**  
23 **SURED DEPOSITORY INSTITUTIONS.**

24 (a) **CLARIFICATION RELATING TO THE ENFORCE-**  
25 **ABILITY OF AGREEMENTS AND CONDITIONS.**—The Federal

1 *Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended*  
2 *by adding at the end the following new section:*

3 **“SEC. 49. ENFORCEMENT OF AGREEMENTS.**

4       “(a) *IN GENERAL.*—Notwithstanding clause (i) or (ii)  
5 *of section 8(b)(6)(A) or section 38(e)(2)(E), an appropriate*  
6 *Federal banking agency may enforce, under section 8, the*  
7 *terms of—*

8           “(1) *any condition imposed in writing by the*  
9 *agency on a depository institution or an institution-*  
10 *affiliated party (including a bank holding company)*  
11 *in connection with any action on any application,*  
12 *notice, or other request concerning a depository insti-*  
13 *tution; or*

14           “(2) *any written agreement entered into between*  
15 *the agency and an institution-affiliated party (in-*  
16 *cluding a bank holding company).*

17       “(b) *RECEIVERSHIPS AND CONSERVATORSHIPS.*—After  
18 *the appointment of the Corporation as the receiver or con-*  
19 *servator for any insured depository institution, the Cor-*  
20 *poration may enforce any condition or agreement described*  
21 *in paragraph (1) or (2) of subsection (a) involving such*  
22 *institution or any institution-affiliated party (including a*  
23 *bank holding company), through an action brought in an*  
24 *appropriate United States district court.”.*

1       (b) *PROTECTION OF CAPITAL OF INSURED DEPOSI-*  
2 *TORY INSTITUTIONS.*—Paragraph (1) of section 18(u) of the  
3 *Federal Deposit Insurance Act* (12 U.S.C. 1828(u)) is  
4 amended by striking subparagraph (B) and by redesign-  
5 nating subparagraph (C) as subparagraph (B).

6 **SEC. 406. INVESTMENTS BY INSURED SAVINGS ASSOCIA-**  
7 **TIONS IN BANK SERVICE COMPANIES AU-**  
8 **THORIZED.**

9       (a) *IN GENERAL.*—Sections 2 and 3 of the *Bank Serv-*  
10 *ice Company Act* (12 U.S.C. 1862, 1863) are each amended  
11 by striking “insured bank” each place such term appears  
12 and inserting “insured depository institution”.

13       (b) *TECHNICAL AND CONFORMING AMENDMENTS.*—

14           (1) *Section 1(b)(4) of the Bank Service Company*  
15 *Act* (12 U.S.C. 1861(b)(4)) is amended—

16           (A) by inserting “, except when such term  
17 appears in connection with the term ‘insured de-  
18 pository institution,’” after “means”; and

19           (B) by striking “Federal Home Loan Bank  
20 *Board*” and inserting “Director of the *Office of*  
21 *Thrift Supervision*”.

22           (2) *Section 1(b) of the Bank Service Company*  
23 *Act* (12 U.S.C. 1861(b)) is amended—

24           (A) by striking paragraph (5) and inserting  
25 the following new paragraph:

1           “(5) *INSURED DEPOSITORY INSTITUTION*.—The  
2        term ‘insured depository institution’ has the meaning  
3        given the term in section 3(c) of the *Federal Deposit*  
4        *Insurance Act*;”;

5           (B) by striking “and” at the end of para-  
6        graph (7);

7           (C) by striking the period at the end of  
8        paragraph (8) and inserting “; and”; and

9           (D) by adding at the end the following new  
10        paragraph:

11           “(9) the terms ‘State depository institution’,  
12        ‘Federal depository institution’, ‘State savings asso-  
13        ciation’ and ‘Federal savings association’ have the  
14        meanings given the terms in section 3 of the *Federal*  
15        *Deposit Insurance Act*.”.

16           (3) The 1st sentence of section 5(c)(4)(B) of the  
17        *Home Owners’ Loan Act* (12 U.S.C. 1464(c)(4)(B)) is  
18        amended by striking “by savings associations of such  
19        State and by Federal associations” and inserting “by  
20        State and Federal depository institutions”.

21           (4) Subparagraph (A)(ii) and subparagraph  
22        (B)(ii) of section 1(b)(2) of the *Bank Service Com-*  
23        *pany Act* (12 U.S.C. 1861(b)(2)) are each amended  
24        by striking “insured banks” and inserting “insured  
25        depository institutions”;

(B) by striking "insured banks" each place such term appears and inserting "insured depositary institutions"; and

4           “(e) A bank service company may perform—

5                   “(1) only those services that each depository in-  
6 stitution shareholder or member is otherwise author-  
7 ized to perform under any applicable Federal or State  
8 law; and

9               “(2) such services only at locations in a State in  
10              which each such shareholder or member is authorized  
11              to perform such services.”.

17 (A) in subsection (a)—

21 (ii) by striking “bank’s” and inserting  
22 “institution’s”.

(B) in subsection (b), by striking “insured bank” and inserting “insured depository institution”; and

1 (C) in subsection (c)—

2 (i) by striking "the bank or banks"

3 and inserting “any depository institution”;

4 and

5 (ii) by striking “capability of the  
6 bank” and inserting “capability of the de-  
7 pository institution”.

8 (12) *Section 7 of the Bank Service Company Act*

9 (12 U.S.C. 1867) is amended—

10 (A) in subsection (b), by striking “insured  
11 bank” and inserting “insured depository institu-  
12 tion”;

13 (B) in subsection (c)—

14 (i) by striking "a bank" each place  
15 such term appears and inserting "a deposi-  
16 tory institution"; and

17 (ii) by striking "the bank" each place  
18 such term appears and inserting "the depos-  
19 itory institution".

20 SEC. 407. CROSS GUARANTEE AUTHORITY.

21        *Subparagraph (A) of section 5(e)(9) of the Federal De-*  
22 *posit Insurance Act (12 U.S.C. 1815(e)(9)(A)) is amended*  
23 *to read as follows:*

24                   “(A) such institutions are controlled by the  
25                   same company; or”.

1 **SEC. 408. GOLDEN PARACHUTE AUTHORITY AND NONBANK**2 ***HOLDING COMPANIES.***3 *Subsection (k) of section 18 of the Federal Deposit In-*  
4 *surance Act (12 U.S.C. 1828(k)) is amended—*5 *(1) in paragraph (2)(A), by striking “or deposi-*  
6 *tory institution holding company” and inserting “or*  
7 *covered company”;*8 *(2) by striking subparagraph (B) of paragraph*  
9 *(2) and inserting the following new subparagraph:*10 *“(B) Whether there is a reasonable basis to*  
11 *believe that the institution-affiliated party is*  
12 *substantially responsible for—*13 *“(i) the insolvency of the depository in-*  
14 *stitution or covered company;*15 *“(ii) the appointment of a conservator*  
16 *or receiver for the depository institution; or*  
17 *“(iii) the depository institution’s trou-*18 *bled condition (as defined in the regulations*  
19 *prescribed pursuant to section 32(f)).”;*20 *(3) in paragraph (2)(F), by striking “depository*  
21 *institution holding company” and inserting “covered*  
22 *company”;*23 *(4) in paragraph (3) in the matter preceding*  
24 *subparagraph (A), by striking “depository institution*  
25 *holding company” and inserting “covered company”;*

3 (6) in paragraph (4)(A)—

14 (8) in paragraph (5), by adding at the end the  
15 following new subparagraph:

16                             “(D) COVERED COMPANY.—The term ‘cov-  
17                             ered company’ means any depository institution  
18                             holding company (including any company re-  
19                             quired to file a report under section 4(f)(6) of the  
20                             Bank Holding Company Act of 1956), or any  
21                             other company that controls an insured deposi-  
22                             tory institution.”; and

23 (9) in paragraph (6)—

6 **SEC. 409. DUTY OF DEPOSITORY INSTITUTIONS TO INFORM**  
7 **CUSTOMERS OF CERTAIN ADVERSE ACTIONS.**

8       (a) *INSURED DEPOSITORY INSTITUTIONS.*—Section 18  
9 of the *Federal Deposit Insurance Act* (12 U.S.C. 1828) is  
10 amended by adding at the end the following new subsection:

11       “(x) *DUTY TO NOTIFY OF ADVERSE ACTION*.—Any in-  
12   sured depository institution that furnishes, to a consumer  
13   reporting agency (as defined in section 603 of the Fair  
14   Credit Reporting Act), any information relating to a cus-  
15   tomer of the depository institution that is, or may be con-  
16   strued as being, adverse to the interests of the customer shall  
17   notify the customer, at the same time the information is  
18   furnished to the agency, that such information has been pro-  
19   vided to such agency, together with a brief description of  
20   such information sufficient to allow the customer to deter-  
21   mine the accuracy or completeness of the information so  
22   furnished.”.

(b) *INSURED CREDIT UNIONS.*—Section 206 of the Federal Credit Union Act (12 U.S.C. 1786) is amended by adding at the end the following new subsection:

1       “(w) *DUTY TO NOTIFY OF ADVERSE ACTION.*—Any in-  
2   sured credit union that furnishes, to a consumer reporting  
3   agency (as defined in section 603 of the Fair Credit Report-  
4   ing Act), any information relating to a shareholder or mem-  
5   ber of the insured credit union that is, or may be construed  
6   as being, adverse to the interests of the shareholder or mem-  
7   ber shall notify the shareholder or member, at the same time  
8   the information is furnished to the agency, that such infor-  
9   mation has been provided to such agency, together with a  
10   brief description of such information sufficient to allow the  
11   shareholder or member to determine the accuracy or com-  
12   pleteness of the information so furnished.”.

13   **TITLE V—DEPOSITORY INSTITU-**  
14   **TION AFFILIATES PROVI-**  
15   **SIONS**

16   **SEC. 501. CLARIFICATION OF CROSS MARKETING PROVI-**  
17   **SION.**

18       Section 4(n)(5) of the Bank Holding Company Act of  
19   1956 (12 U.S.C. 1843(n)(5)) is amended—

20           (1) in subparagraph (B), by striking “subsection  
21       (k)(4)(I)” and inserting “subparagraph (H) or (I) of  
22       subsection (k)(4)”; and

23           (2) by adding at the end the following new sub-  
24       paragraph:

1                   “(C) *THRESHOLD OF CONTROL*.—Subpara-  
2                   graph (A) shall not apply with respect to a com-  
3                   pany described or referred to in clause (i) or (ii)  
4                   of such subparagraph if the financial holding  
5                   company does not own or control 25 percent or  
6                   more of the total equity or any class of voting se-  
7                   curities of such company.”.

8                   **SEC. 502. AMENDMENT TO PROVIDE THE FEDERAL RE-**  
9                   **SERVE BOARD WITH DISCRETION CON-**  
10                   **CERNING THE IMPUTATION OF CONTROL OF**  
11                   **SHARES OF A COMPANY BY TRUSTEES.**

12                   Section 2(g)(2) of the Bank Holding Company Act of  
13 1956 (12 U.S.C. 1841(g)(2)) is amended by inserting “, un-  
14 less the Board determines that such treatment is not appro-  
15 priate in light of the facts and circumstances of the case  
16 and the purposes of this Act” before the period at the end.

17                   **SEC. 503. ELIMINATING GEOGRAPHIC LIMITS ON THRIFT**  
18                   **SERVICE COMPANIES.**

19                   (a) *IN GENERAL*.—The 1st sentence of section  
20 5(c)(4)(B) of the Home Owners’ Loan Act (12 U.S.C.  
21 1464(c)(4)(B)) (as amended by section 406(b)(3) of this  
22 Act) is amended—

23                   (1) by striking “corporation organized” and all  
24                   that follows through “is available for purchase” and

1       *inserting “company, if the entire capital of the com-*  
2       *pany is available for purchase”; and*

3           *(2) by striking “having their home offices in*  
4       *such State”.*

5       *(b) TECHNICAL CORRECTIONS.—*

6           *(1) The heading for subparagraph (B) of section*  
7       *5(c)(4) of the Home Owners’ Loan Act (12 U.S.C.*  
8       *1464(c)(4)(B)) is amended by striking “CORPORA-*  
9       *TIONS” and inserting “COMPANIES”.*

10          *(2) The 2nd sentence of section 5(n)(1) of the*  
11       *Home Owners’ Loan Act (12 U.S.C. 1464(n)(1)) is*  
12       *amended by striking “service corporations” and in-*  
13       *serting “service companies”.*

14          *(3) Section 5(q)(1) of the Home Owners’ Loan*  
15       *Act (12 U.S.C. 1464(q)(1)) is amended by striking*  
16       *“service corporation” each place such term appears in*  
17       *subparagraphs (A), (B), and (C) and inserting “serv-*  
18       *ice company”.*

19          *(4) Section 10(m)(4)(C)(iii)(II) of the Home*  
20       *Owners’ Loan Act (12 U.S.C.*  
21       *1467a(m)(4)(C)(iii)(II)) is amended by striking*  
22       *“service corporation” each place such term appears*  
23       *and inserting “service company”.*

1 **SEC. 504. CLARIFICATION OF SCOPE OF APPLICABLE RATE**2 **PROVISION.**3 *Section 44(f) of the Federal Deposit Insurance Act (12*4 *U.S.C. 1831u(f)) is amended—*5 *(1) in paragraph (1), by striking “loan*  
6 *or discount” and all that follows through “the greater*  
7 *of—” and inserting “loan, discount, or credit sale*  
8 *made or upon any note, bill of exchange, financing*  
9 *transaction, or other evidence of debt issued to or ac-*  
10 *quired by any competing lender, shall be equal to not*  
11 *more than the greater of—”;*12 *(2) in paragraph (2), by striking subparagraph*  
13 *(A) and inserting the following:*14 *“(A) the authority of any competing lender*  
15 *to take, receive, reserve, or charge interest on any*  
16 *loan or credit sale made in any State other than*  
17 *the State referred to in paragraph (1); or”;* and  
18 *(3) by adding at the end the following:*19 *“(3) DEFINITION.—For purposes of this sub-*  
20 *section, the term ‘competing lender’ means—*21 *“(A) any insured depository institution*  
22 *whose home State is such State; and*23 *“(B) any other person or entity engaged in*  
24 *the business of selling or financing the sale of*  
25 *property (and any services incidental to the sale*  
26 *of property) in such State, except that, with re-*

1                   *gard to any person or entity described in this*  
2                   *subparagraph, such term does not include any*  
3                   *person or entity engaged in the business of pro-*  
4                   *viding a short-term cash advance to any con-*  
5                   *sumer in exchange for—*

6                   “*(i) a consumer’s personal check or*  
7                   *share draft, in the amount of the advance*  
8                   *plus a fee, where presentment or negotiation*  
9                   *of such check or share draft is deferred by*  
10                   *agreement of the parties until a designated*  
11                   *future date; or*

12                   “*(ii) a consumer’s authorization to*  
13                   *debit the consumer’s transaction account, in*  
14                   *the amount of the advance plus a fee, where*  
15                   *such account will be debited on or after a*  
16                   *designated future date.”.*

17                   **TITLE VI—BANKING AGENCY**  
18                   **PROVISIONS**

19                   **SEC. 601. WAIVER OF EXAMINATION SCHEDULE IN ORDER**  
20                   **TO ALLOCATE EXAMINER RESOURCES.**

21                   Section 10(d) of the Federal Deposit Insurance Act (12  
22                   U.S.C. 1820(d)) is amended—

23                   (1) by redesignating paragraphs (5), (6), (7),  
24                   (8), (9), and (10) as paragraphs (6), (7), (8), (9),  
25                   (10), and (11), respectively;

16 SEC. 602. CREDIT CARD ACCOUNTS PERMITTED FOR BANK  
17 EXAMINERS ON SAME TERMS AS OTHER CON-  
18 SUMERS.

19        *Section 212 of title 18, United States Code, is amended*  
20    *by adding at the end the following new paragraph:*

21        "With respect to any employee of a Federal banking  
22 agency (as defined in section 3 of the Federal Deposit Insur-  
23 ance Act) including any examiner or assistant examiner,  
24 the provisions of this section and section 213 shall not pro-  
25 hibit such employee from applying for, or being a card-

1 *holder under, any credit card account under an open end*  
2 *consumer credit plan (as such terms are defined in the*  
3 *Truth in Lending Act), to the extent the terms and condi-*  
4 *tions applicable with respect to such account, and any cred-*  
5 *it extended under such account, are no more favorable to*  
6 *the employee than the terms and conditions that are gen-*  
7 *erally applicable to credit card accounts established under*  
8 *open end consumer credit plans for other consumers.”.*

9 **SEC. 603. INTERAGENCY DATA SHARING.**

10 (a) *FEDERAL BANKING AGENCIES.—Section 7(a)(2) of*  
11 *the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2))*  
12 *is amended by adding at the end the following new subpara-*  
13 *graph:*

14 “(C) *DATA SHARING WITH OTHER AGEN-*  
15 *CIES AND PERSONS.—In addition to reports of*  
16 *examination, reports of condition, and other re-*  
17 *ports required to be regularly provided to the*  
18 *Corporation (with respect to all insured depon-*  
19 *tory institutions, including a depository institu-*  
20 *tion for which the Corporation has been ap-*  
21 *pointed conservator or receiver) or an appro-*  
22 *priate State bank supervisor (with respect to a*  
23 *State depository institution) under subpara-*  
24 *graph (A) or (B), a Federal banking agency*  
25 *may, in the agency’s discretion, furnish any re-*

1           *port of examination or other confidential supervi-*  
2           *sory information concerning any depository*  
3           *institution or other entity examined by such*  
4           *agency under authority of any Federal law, to—*

5            “(i) any other Federal or State agency  
6            *or authority with supervisory or regulatory*  
7           *authority over the depository institution or*  
8           *other entity;*

9            “(ii) to any officer, director, or receiver  
10           *of such depository institution or entity; and*

11           “(iii) any other person the Federal  
12           *banking agency determines to be appro-*  
13           *priate.”.*

14           (b) *NATIONAL CREDIT UNION ADMINISTRATION.*—Sec-  
15           *tion 202(a) of the Federal Credit Union Act (12 U.S.C.*  
16           *1782(a)) is amended by adding at the end the following*  
17           *new paragraph:*

18           “(8) *DATA SHARING WITH OTHER AGENCIES AND*  
19           *PERSONS.*—*In addition to reports of examination, re-*  
20           *ports of condition, and other reports required to be*  
21           *regularly provided to the Board (with respect to all*  
22           *insured credit unions, including a credit union for*  
23           *which the Corporation has been appointed conservator*  
24           *or liquidating agent) or an appropriate State com-*  
25           *mission, board, or authority having supervision of a*

1       *State-chartered credit union, the Board may, in the*  
2       *Board's discretion, furnish any report of examination*  
3       *or other confidential supervisory information con-*  
4       *cerning any credit union or other entity examined by*  
5       *the Board under authority of any Federal law, to—*

6                “(A) any other Federal or State agency or

7                *authority with supervisory or regulatory author-*  
8                *ity over the credit union or other entity;*

9                “(B) to any officer, director, or receiver of

10               *such credit union or entity; and*

11                “(C) any other institution-affiliated party

12               *of such credit union or entity the Board deter-*  
13               *mines to be appropriate.”.*

14   **SEC. 604. PENALTY FOR UNAUTHORIZED PARTICIPATION**  
15                   **BY CONVICTED INDIVIDUAL.**

16       *Section 19 of the Federal Deposit Insurance Act (12*  
17       *U.S.C. 1829) is amended by adding at the end the following*  
18       *new subsection:*

19                “(c) **NONINSURED BANKS.**—Subsections (a) and (b)

20       *shall apply to a noninsured national bank and a non-*  
21       *insured State member bank, and any agency or noninsured*  
22       *branch (as such terms are defined in section 1(b) of the*  
23       *International Banking Act of 1978) of a foreign bank as*  
24       *if such bank, branch, or agency were an insured depository*  
25       *institution, except such subsections shall be applied for pur-*

1 *poses of this subsection by substituting the agency deter-*  
 2 *mined under the following paragraphs for ‘Corporation’*  
 3 *each place such term appears in such subsections:*

4           “(1) *The Comptroller of the Currency, in the case*  
 5 *of a noninsured national bank or any Federal agency*  
 6 *or noninsured Federal branch of a foreign bank.*

7           “(2) *The Board of Governors of the Federal Re-*  
 8 *serve System, in the case of a noninsured State mem-*  
 9 *ber bank or any State agency or noninsured State*  
 10 *branch of a foreign bank.”.*

11 **SEC. 605. AMENDMENT PERMITTING THE DESTRUCTION OF**  
 12 **OLD RECORDS OF A DEPOSITORY INSTITU-**  
 13 **TION BY THE FDIC AFTER THE APPOINTMENT**  
 14 **OF THE FDIC AS RECEIVER.**

15       *Section 11(d)(15)(D) of the Federal Deposit Insurance*  
 16 *Act (12 U.S.C. 1821(d)(15)(D)) is amended—*

17           (1) *by striking “RECORDKEEPING REQUIRE-*  
 18 *MENT.—After the end of the 6-year period” and in-*  
 19 *serting “RECORDKEEPING REQUIREMENT.—*

20           “(i) *IN GENERAL.—Except as provided*  
 21 *in clause (ii), after the end of the 6-year pe-*  
 22 *riod”; and*

23           (2) *by adding at the end the following new*  
 24 *clause:*

1                     “(ii) *OLD RECORDS.*—In the case of  
2                     records of an insured depository institution  
3                     which are at least 10 years old as of the  
4                     date the Corporation is appointed as the re-  
5                     ceiver of such depository institution, the  
6                     Corporation may destroy such records in  
7                     accordance with clause (i) any time after  
8                     such appointment is final without regard to  
9                     the 6-year period of limitation contained in  
10                     such clause.”.

11                     **SEC. 606. MODERNIZATION OF FDIC RECORDKEEPING RE-**

12                     **QUIREMENT.**

13                     Subsection (f) of section 10 of the Federal Deposit In-  
14                     surance Act (12 U.S.C. 1820(f)) is amended to read as fol-  
15                     lows:

16                     “(f) *PRESERVATION OF AGENCY RECORDS.*—

17                     “(1) *IN GENERAL.*— The Corporation may cause  
18                     any and all records, papers, or documents kept by the  
19                     Corporation or in the possession or custody of the  
20                     Corporation to be—

21                     “(A) photographed or microphotographed or  
22                     otherwise reproduced upon film; or

23                     “(B) preserved in any electronic medium or  
24                     format which is capable of—

1                   “(i) being read or scanned by com-  
2                   puter; and

3                   “(ii) being reproduced from such elec-  
4                   tronic medium or format by printing or  
5                   any other form of reproduction of electroni-  
6                   cally stored data.

7                   “(2) *TREATMENT AS ORIGINAL RECORDS.*—Any  
8                   photographs, microphotographs, or photographic film  
9                   or copies thereof described in paragraph (1)(A) or re-  
10                  production of electronically stored data described in  
11                  paragraph (1)(B) shall be deemed to be an original  
12                  record for all purposes, including introduction in evi-  
13                  dence in all State and Federal courts or administra-  
14                  tive agencies and shall be admissible to prove any act,  
15                  transaction, occurrence, or event therein recorded.

16                  “(3) *AUTHORITY OF THE BOARD OF DIREC-*  
17                  *TORS.*—Any photographs, microphotographs, or photo-  
18                  graphic film or copies thereof described in para-  
19                  graph (1)(A) or reproduction of electronically stored  
20                  data described in paragraph (1)(B) shall be preserved  
21                  in such manner as the Board of Directors shall pre-  
22                  scribe and the original records, papers, or documents  
23                  may be destroyed or otherwise disposed of as the  
24                  *Board of Directors may direct.”.*

1 **SEC. 607. REPEAL OF MINIMUM ANTITRUST REVIEW PERIOD**2 **WITH THE AGREEMENT OF THE ATTORNEY**3 **GENERAL.**4 *(a) ANTITRUST REVIEWS UNDER THE BANK HOLDING*  
5 *COMPANY ACT OF 1956.—The 4th sentence of section 11(b)*  
6 *of the Bank Holding Company Act of 1956 (12 U.S.C.*  
7 *1849(b)) is amended by striking “, but in no event less than*  
8 *fifteen calendar days after the date of approval”.*9 *(b) ANTITRUST REVIEWS UNDER THE FEDERAL DE-*  
10 *POSIT INSURANCE ACT.—The last sentence of section*  
11 *18(e)(6) of the Federal Deposit Insurance Act (12 U.S.C.*  
12 *1828(e)(6)) is amended by striking “, but in no event less*  
13 *than 15 calendar days after the date of approval”.*14 **SEC. 608 607. CLARIFICATION OF EXTENT OF SUSPENSION,**  
15 **REMOVAL, AND PROHIBITION AUTHORITY OF**  
16 **FEDERAL BANKING AGENCIES IN CASES OF**  
17 **CERTAIN CRIMES BY INSTITUTION-AFFILI-**  
18 **ATED PARTIES.**19 *(a) INSURED DEPOSITORY INSTITUTION.—*20 *(1) IN GENERAL.—Section 8(g)(1) of the Federal*  
21 *Deposit Insurance Act (12 U.S.C. 1818(g)) is*  
22 *amended—*23 *(A) in subparagraph (A), by striking “the*  
24 *depository” each place such term appears and*  
25 *inserting “any depository”;*

12 (E) by adding at the end the following new  
13 subparagraph:

1                             “(ii) whether the depository institution  
2                             at which the individual was an institution-  
3                             affiliated party at the time of the offense re-  
4                             mains in existence at the time the order is  
5                             considered or issued by the agency.”.

6                             (2) *CLERICAL AMENDMENT.*—Section 8(g) of the  
7                             Federal Deposit Insurance Act (12 U.S.C. 1818(g) is  
8                             amended by striking “(g)” and inserting the following  
9                             new subsection heading:

10                             “(g) *SUSPENSION, REMOVAL, AND PROHIBITION FROM*  
11                             *PARTICIPATION ORDERS IN THE CASE OF CERTAIN CRIMI-*  
12                             *NAL OFFENSES.*—”.

13                             (b) *INSURED CREDIT UNIONS.*—

14                             (1) *IN GENERAL.*—Section 206(i)(1) of the Fed-  
15                             eral Credit Union Act (12 U.S.C. 1786(i)(1)) is  
16                             amended—

17                             (A) in subparagraph (A), by striking “the  
18                             credit union” each place such term appears and  
19                             inserting “any credit union”;

20                             (B) in subparagraph (B)(i), by inserting  
21                             “of which the subject of the order is, or most re-  
22                             cently was, an institution-affiliated party” be-  
23                             fore the period at the end;

11                             “(E) CONTINUATION OF AUTHORITY.—The  
12                             Board may issue an order under this paragraph  
13                             with respect to an individual who is an institu-  
14                             tion-affiliated party at a credit union at the  
15                             time of an offense described in subparagraph (A)  
16                             without regard to—

5       “(i) SUSPENSION, REMOVAL, AND PROHIBITION FROM  
6 PARTICIPATION ORDERS IN THE CASE OF CERTAIN CRIMI-  
7 NAL OFFENSES.—”.

8 SEC. 609 608. STREAMLINING DEPOSITORY INSTITUTION  
9 MERGER APPLICATION REQUIREMENTS.

10           (a) *IN GENERAL.*—Paragraph (4) of section 18(c) of  
11 the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) is  
12 amended to read as follows:

13                   “(4) REPORTS ON COMPETITIVE FACTORS.—

14                   “(A) REQUEST FOR REPORT.—In the inter-  
15                   ests of uniform standards, before acting on any  
16                   application for approval of a merger trans-  
17                   action, the responsible agency, unless the agency  
18                   finds that it must act immediately in order to  
19                   prevent the probable failure of a depository insti-  
20                   tution involved, shall—

1                             “(ii) provide a copy of the request to  
2                             the Corporation (when the Corporation is  
3                             not the responsible agency).

4                             “(B) *FURNISHING OF REPORT*.—The report  
5                             requested under subparagraph (A) shall be fur-  
6                             nished by the Attorney General to the responsible  
7                             agency—

8                             “(i) not more than 30 calendar days  
9                             after the date on which the Attorney Gen-  
10                             eral received the request; or

11                             “(ii) not more than 10 calendar days  
12                             after such date, if the requesting agency ad-  
13                             vises the Attorney General that an emer-  
14                             gency exists requiring expeditious action.”.

15                             (b) *TECHNICAL AND CONFORMING AMENDMENT*.—The  
16                             penultimate sentence of section 18(c)(6) of the Federal De-  
17                             posit Insurance Act (12 U.S.C. 1828(c)(6)) is amended to  
18                             read as follows: “If the agency has advised the Attorney  
19                             General under paragraph (4)(B) of the existence of an emer-  
20                             gency requiring expeditious action and has requested a re-  
21                             port on the competitive factors within 10 days, the trans-  
22                             action may not be consummated before the fifth calendar  
23                             day after the date of approval by the agency.”.

1    **SEC. 610 609. INCLUSION OF DIRECTOR OF THE OFFICE OF**  
2                    **THRIFT SUPERVISION IN LIST OF BANKING**  
3                    **AGENCIES REGARDING INSURANCE CUS-**  
4                    **TOMER PROTECTION REGULATIONS.**

5            *Section 47(g)(2)(B)(i) of the Federal Deposit Insur-  
6 ance Act (12 U.S.C. 1831x(g)(2)(B)(i)) is amended by in-  
7 serting “the Director of the Office of Thrift Supervision,”  
8 after “Comptroller of the Currency,”.*

9            **TITLE VII—CLERICAL AND**  
10            **TECHNICAL AMENDMENTS**

11    **SEC. 701. CLERICAL AMENDMENTS TO THE HOME OWNERS'**  
12            **LOAN ACT.**

13            *(a) AMENDMENT TO TABLE OF CONTENTS.—The table  
14 of contents in section 1 of the Home Owners' Loan Act (12  
15 U.S.C. 1461) is amended by striking the items relating to  
16 sections 5 and 6 and inserting the following new items:*

“Sec. 5. Savings associations.

“Sec. 6. [Repealed.]”.

17            *(b) CLERICAL AMENDMENTS TO HEADINGS.—  
18                (1) The heading for section 4(a) of the Home  
19                Owners' Loan Act (12 U.S.C. 1463(a)) is amended by  
20                striking “(a) FEDERAL SAVINGS ASSOCIATIONS.—”  
21                and inserting “(a) GENERAL RESPONSIBILITIES OF  
22                THE DIRECTOR.—”.*

#### 4 "SEC. 5. SAVINGS ASSOCIATIONS."

5 SEC. 702. TECHNICAL CORRECTIONS TO THE FEDERAL  
6 CREDIT UNION ACT.

7        *The Federal Credit Union Act (12 U.S.C. 1751 et seq.)*  
8    *is amended as follows:*

1       *Loan Bank Board,” and insert “the Federal Housing*  
2       *Finance Board,.”.*

3           *(7) In section 107(a)(9) (as so designated by sec-*  
4       *tion 303 of this Act), strike “subchapter III” and in-*  
5       *sert “title III”.*

6           *(8) In section 107(a)(13) (as so designated by*  
7       *section 303 of this Act), strike the “and” after the*  
8       *semicolon at the end.*

9           *(9) In section 109(c)(2)(i), strike “(12 U.S.C.*  
10       *4703(16))”.*

11           *(10) In section 120(h), strike “under the Act ap-*  
12       *proved July 30, 1947 (6 U.S.C., secs. 6–13),” and in-*  
13       *sert “chapter 93 of title 31, United States Code,.”.*

14           *(11) In section 201(b)(5), strike “section 116 of”.*

15           *(12) In section 202(h)(3), strike “section*  
16       *207(c)(1)” and insert “section 207(k)(1)”.*

17           *(13) In section 204(b), strike “such others pow-*  
18       *ers” and insert “such other powers”.*

19           *(14) In section 206(e)(3)(D), strike “and” after*  
20       *the semicolon at the end.*

21           *(15) In section 206(f)(1), strike “subsection*  
22       *(e)(3)(B)” and insert “subsection (e)(3)”.*

23           *(16) In section 206(g)(7)(D), strike “and sub-*  
24       *section (1)”.*

3 (18) In section 206(t)(2)(C), strike "material af-  
4 fect" and insert "material effect".

13 (23) In the heading for subparagraph (A) of sec-  
14 tion 207(d)(3), strike "TO" and insert "WITH".

15 (24) In section 207(f)(3)(A), strike "category or  
16 claimants" and insert "category of claimants".

24 (28) In section 310, strike "section 102(e)" and  
25 insert "section 102(d)".

1 **SEC. 703. OTHER TECHNICAL CORRECTIONS.**

2       *Section 1306 of title 18, United States Code, is amend-*  
3 *ed by striking “5136A” and inserting “5136B”.*



**Union Calendar No. 358**

107TH CONGRESS  
2D SESSION

**H. R. 3951**

**[Report No. 107-516, Parts I and II]**

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**A BILL**

To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes.

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JULY 22, 2002

Reported from the Committee on the Judiciary with amendments; committed to the Committee of the Whole House on the State of the Union and ordered to be printed