

108TH CONGRESS  
1ST SESSION

# H. R. 522

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IN THE SENATE OF THE UNITED STATES

APRIL 3, 2003

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To reform the Federal deposit insurance system, and for  
other purposes.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Federal Deposit Insurance Reform Act of 2003”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Merging the BIF and SAIF.
- Sec. 3. Increase in deposit insurance coverage.
- Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
- Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
- Sec. 6. Requirements applicable to the risk-based assessment system.
- Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
- Sec. 8. Deposit Insurance Fund restoration plans.
- Sec. 9. Regulations required.
- Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
- Sec. 11. Bi-annual FDIC survey and report on increasing the deposit base by encouraging use of depository institutions by the unbanked.
- Sec. 12. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
- Sec. 13. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

6 **SEC. 2. MERGING THE BIF AND SAIF.**

7 (a) IN GENERAL.—

8 (1) MERGER.—The Bank Insurance Fund and  
9 the Savings Association Insurance Fund shall be  
10 merged into the Deposit Insurance Fund.

11 (2) DISPOSITION OF ASSETS AND LIABIL-  
12 ITIES.—All assets and liabilities of the Bank Insur-  
13 ance Fund and the Savings Association Insurance  
14 Fund shall be transferred to the Deposit Insurance  
15 Fund.

16 (3) NO SEPARATE EXISTENCE.—The separate  
17 existence of the Bank Insurance Fund and the Sav-

1       ings Association Insurance Fund shall cease on the  
2       effective date of the merger thereof under this sec-  
3       tion.

4       (b) REPEAL OF OUTDATED MERGER PROVISION.—  
5       Section 2704 of the Deposit Insurance Funds Act of 1996  
6       (12 U.S.C. 1821 note) is repealed.

7       (c) EFFECTIVE DATE.—This section shall take effect  
8       on the first day of the first calendar quarter that begins  
9       after the end of the 90-day period beginning on the date  
10      of the enactment of this Act.

11      **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

12      (a) IN GENERAL.—Section 11(a)(1) of the Federal  
13      Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amend-  
14      ed—

15              (1) by striking subparagraph (B) and inserting  
16      the following new subparagraph:

17                      “(B) NET AMOUNT OF INSURED DE-  
18                      POSIT.—The net amount due to any depositor  
19                      at an insured depository institution shall not  
20                      exceed the standard maximum deposit insur-  
21                      ance amount as determined in accordance with  
22                      subparagraphs (C), (D), (E) and (F) and para-  
23                      graph (3).”;

24              (2) by adding at the end the following new sub-  
25      paragraphs:

1           “(E) STANDARD MAXIMUM DEPOSIT IN-  
2           SURANCE AMOUNT DEFINED.—For purposes of  
3           this Act, the term ‘standard maximum deposit  
4           insurance amount’ means—

5                   “(i) until the effective date of final  
6                   regulations prescribed pursuant to section  
7                   9(a)(2) of the Federal Deposit Insurance  
8                   Reform Act of 2003, \$100,000; and

9                   “(ii) on and after such effective date,  
10                  \$130,000, adjusted as provided under sub-  
11                  paragraph (F).

12          “(F) INFLATION ADJUSTMENT.—

13                  “(i) IN GENERAL.—By April 1 of  
14                  2005, and the 1st day of each subsequent  
15                  5-year period, the Board of Directors and  
16                  the National Credit Union Administration  
17                  Board shall jointly prescribe the amount  
18                  by which the standard maximum deposit  
19                  insurance amount and the standard max-  
20                  imum share insurance amount (as defined  
21                  in section 207(k) of the Federal Credit  
22                  Union Act) applicable to any depositor at  
23                  an insured depository institution shall be  
24                  increased by calculating the product of—

25                          “(I) \$130,000; and

1                   “(II) the ratio of the value of the  
2                   Personal Consumption Expenditures  
3                   Chain-Type Index (or any successor  
4                   index thereto), published by the De-  
5                   partment of Commerce, as of Decem-  
6                   ber 31 of the year preceding the year  
7                   in which the adjustment is calculated  
8                   under this clause, to the value of such  
9                   index as of the date this subpara-  
10                  graph takes effect.

11                  “(ii) ROUNDING.—If the amount de-  
12                  termined under clause (ii) for any period is  
13                  not a multiple of \$10,000, the amount so  
14                  determined shall be rounded to the nearest  
15                  \$10,000.

16                  “(iii) PUBLICATION AND REPORT TO  
17                  THE CONGRESS.—Not later than April 5 of  
18                  any calendar year in which an adjustment  
19                  is required to be calculated under clause (i)  
20                  to the standard maximum deposit insur-  
21                  ance amount and the standard maximum  
22                  share insurance amount under such clause,  
23                  the Board of Directors and the National  
24                  Credit Union Administration Board  
25                  shall—

1 “(I) publish in the Federal Reg-  
2 ister the standard maximum deposit  
3 insurance amount, the standard max-  
4 imum share insurance amount, and  
5 the amount of coverage under para-  
6 graph (3)(A) and section 207(k)(3) of  
7 the Federal Credit Union Act, as so  
8 calculated; and

9 “(II) jointly submit a report to  
10 the Congress containing the amounts  
11 described in subclause (I).

12 “(iv) 6-MONTH IMPLEMENTATION PE-  
13 RIOD.—Unless an Act of Congress enacted  
14 before July 1 of the calendar year in which  
15 an adjustment is required to be calculated  
16 under clause (i) provides otherwise, the in-  
17 crease in the standard maximum deposit  
18 insurance amount and the standard max-  
19 imum share insurance amount shall take  
20 effect on January 1 of the year imme-  
21 diately succeeding such calendar year.”.

22 (b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT  
23 PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal De-  
24 posit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amend-  
25 ed to read as follows:

1                   “(D) COVERAGE FOR CERTAIN EMPLOYEE  
2                   BENEFIT PLAN DEPOSITS.—

3                   “(i) PASS-THROUGH INSURANCE.—

4                   The Corporation shall provide pass-  
5                   through deposit insurance for the deposits  
6                   of any employee benefit plan.

7                   “(ii) PROHIBITION ON ACCEPTANCE  
8                   OF BENEFIT PLAN DEPOSITS.—An insured  
9                   depository institution that is not well cap-  
10                  italized or adequately capitalized may not  
11                  accept employee benefit plan deposits.

12                  “(iii) DEFINITIONS.—For purposes of  
13                  this subparagraph, the following definitions  
14                  shall apply:

15                  “(I) CAPITAL STANDARDS.—The  
16                  terms ‘well capitalized’ and ‘ade-  
17                  quately capitalized’ have the same  
18                  meanings as in section 38.

19                  “(II) EMPLOYEE BENEFIT  
20                  PLAN.—The term ‘employee benefit  
21                  plan’ has the same meaning as in  
22                  paragraph (8)(B)(ii), and includes any  
23                  eligible deferred compensation plan  
24                  described in section 457 of the Inter-  
25                  nal Revenue Code of 1986.

1                   “(III) PASS-THROUGH DEPOSIT  
2                   INSURANCE.—The term ‘pass-through  
3                   deposit insurance’ means, with respect  
4                   to an employee benefit plan, deposit  
5                   insurance coverage provided on a pro  
6                   rata basis to the participants in the  
7                   plan, in accordance with the interest  
8                   of each participant.”.

9           (c) DOUBLING OF DEPOSIT INSURANCE FOR CER-  
10 TAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of  
11 the Federal Deposit Insurance Act (12 U.S.C.  
12 1821(a)(3)(A)) is amended by striking “\$100,000” and  
13 inserting “2 times the standard maximum deposit insur-  
14 ance amount (as determined under paragraph (1))”.

15           (d) INCREASED INSURANCE COVERAGE FOR MUNIC-  
16 IPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit  
17 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

18                   (1) in subparagraph (A)—

19                           (A) by moving the margins of clauses (i)  
20                           through (v) 4 ems to the right;

21                           (B) by striking, in the matter following  
22                           clause (v), “such depositor shall” and all that  
23                           follows through the period; and

24                           (C) by striking the semicolon at the end of  
25                           clause (v) and inserting a period;

1           (2) by striking “(2)(A) Notwithstanding” and  
2           all that follows through “a depositor who is—” and  
3           inserting the following:

4           “(2) MUNICIPAL DEPOSITORS.—

5           “(A) IN GENERAL.—Notwithstanding any  
6           limitation in this Act or in any other provision  
7           of law relating to the amount of deposit insur-  
8           ance available to any 1 depositor—

9           “(i) a municipal depositor shall, for  
10           the purpose of determining the amount of  
11           insured deposits under this subsection, be  
12           deemed to be a depositor separate and dis-  
13           tinct from any other officer, employee, or  
14           agent of the United States or any public  
15           unit referred to in subparagraph (E); and

16           “(ii) except as provided in subpara-  
17           graph (B), the deposits of a municipal de-  
18           positor shall be insured in an amount  
19           equal to the standard maximum deposit in-  
20           surance amount (as determined under  
21           paragraph (1)).

22           “(B) IN-STATE MUNICIPAL DEPOSITORS.—

23           In the case of the deposits of an in-State mu-  
24           nicipal depositor described in clause (ii), (iii),  
25           (iv), or (v) of subparagraph (E) at an insured

1 depository institution, such deposits shall be in-  
2 sured in an amount not to exceed the lesser  
3 of—

4 “(i) \$2,000,000; or

5 “(ii) the sum of the standard max-  
6 imum deposit insurance amount and 80  
7 percent of the amount of any deposits in  
8 excess of the standard maximum deposit  
9 insurance amount.

10 “(C) MUNICIPAL DEPOSIT PARITY.—No  
11 State may deny to insured depository institu-  
12 tions within its jurisdiction the authority to ac-  
13 cept deposits insured under this paragraph, or  
14 prohibit the making of such deposits in such in-  
15 stitutions by any in-State municipal depositor.

16 “(D) IN-STATE MUNICIPAL DEPOSITOR DE-  
17 FINED.—For purposes of this paragraph, the  
18 term ‘in-State municipal depositor’ means a  
19 municipal depositor that is located in the same  
20 State as the office or branch of the insured de-  
21 pository institution at which the deposits of  
22 that depositor are held.

23 “(E) MUNICIPAL DEPOSITOR.—In this  
24 paragraph, the term ‘municipal depositor’  
25 means a depositor that is—”;

1           (3) by striking “(B) The” and inserting the fol-  
2           lowing:

3                   “(F) AUTHORITY TO LIMIT DEPOSITS.—  
4           The”;

5           (4) by striking “depositor referred to in sub-  
6           paragraph (A) of this paragraph” each place such  
7           term appears and inserting “municipal depositor”.

8           (e) TECHNICAL AND CONFORMING AMENDMENT RE-  
9           LATING TO INSURANCE OF TRUST FUNDS.—Paragraphs  
10          (1) and (3) of section 7(i) of the Federal Deposit Insur-  
11          ance Act (12 U.S.C. 1817(i)) are each amended by strik-  
12          ing “\$100,000” and inserting “the standard maximum de-  
13          posit insurance amount (as determined under section  
14          11(a)(1))”.

15          (f) OTHER TECHNICAL AND CONFORMING AMEND-  
16          MENTS.—

17                  (1) Section 11(m)(6) of the Federal Deposit In-  
18                  surance Act (12 U.S.C. 1821(m)(6)) is amended by  
19                  striking “\$100,000” and inserting “an amount equal  
20                  to the standard maximum deposit insurance  
21                  amount”.

22                  (2) Subsection (a) of section 18 of the Federal  
23                  Deposit Insurance Act (12 U.S.C. 1828(a)) is  
24                  amended to read as follows:

25                  “(a) INSURANCE LOGO.—

1           “(1) INSURED DEPOSITORY INSTITUTIONS.—

2                   “(A) IN GENERAL.—Each insured deposi-  
3           tory institution shall display at each place of  
4           business maintained by that institution a sign  
5           or signs relating to the insurance of the depos-  
6           its of the institution, in accordance with regula-  
7           tions to be prescribed by the Corporation.

8                   “(B) STATEMENT TO BE INCLUDED.—  
9           Each sign required under subparagraph (A)  
10          shall include a statement that insured deposits  
11          are backed by the full faith and credit of the  
12          United States Government.

13           “(2) REGULATIONS.—The Corporation shall  
14          prescribe regulations to carry out this subsection, in-  
15          cluding regulations governing the substance of signs  
16          required by paragraph (1) and the manner of dis-  
17          play or use of such signs.

18           “(3) PENALTIES.—For each day that an in-  
19          sured depository institution continues to violate this  
20          subsection or any regulation issued under this sub-  
21          section, it shall be subject to a penalty of not more  
22          than \$100, which the Corporation may recover for  
23          its use.”.

24           (3) Section 43(d) of the Federal Deposit Insur-  
25          ance Act (12 U.S.C. 1831t(d)) is amended by strik-

1 ing “\$100,000” and inserting “an amount equal to  
2 the standard maximum deposit insurance amount”.

3 (4) Section 6 of the International Banking Act  
4 of 1978 (12 U.S.C. 3104) is amended—

5 (A) by striking “\$100,000” each place  
6 such term appears and inserting “an amount  
7 equal to the standard maximum deposit insur-  
8 ance amount”; and

9 (B) by adding at the end the following new  
10 subsection:

11 “(e) STANDARD MAXIMUM DEPOSIT INSURANCE  
12 AMOUNT DEFINED.—For purposes of this section, the  
13 term ‘standard maximum deposit insurance amount’  
14 means the amount of the maximum amount of deposit in-  
15 surance as determined under section 11(a)(1) of the Fed-  
16 eral Deposit Insurance Act.”.

17 (g) CONFORMING CHANGE TO CREDIT UNION SHARE  
18 INSURANCE FUND.—

19 (1) IN GENERAL.—Section 207(k) of the Fed-  
20 eral Credit Union Act (12 U.S.C. 1787(k)) is  
21 amended—

22 (A) by striking “(k)(1)” and all that fol-  
23 lows through the end of paragraph (1) and in-  
24 serting the following:

25 “(k) INSURED AMOUNTS PAYABLE.—

1           “(1) NET INSURED AMOUNT.—

2                   “(A) IN GENERAL.—Subject to the provi-  
3 sions of paragraph (2), the net amount of share  
4 insurance payable to any member at an insured  
5 credit union shall not exceed the total amount  
6 of the shares or deposits in the name of the  
7 member (after deducting offsets), less any part  
8 thereof which is in excess of the standard max-  
9 imum share insurance amount, as determined  
10 in accordance with this paragraph and para-  
11 graphs (5) and (6), and consistently with ac-  
12 tions taken by the Federal Deposit Insurance  
13 Corporation under section 11(a) of the Federal  
14 Deposit Insurance Act.

15                   “(B) AGGREGATION.—Determination of  
16 the net amount of share insurance under sub-  
17 paragraph (A), shall be in accordance with such  
18 regulations as the Board may prescribe, and, in  
19 determining the amount payable to any mem-  
20 ber, there shall be added together all accounts  
21 in the credit union maintained by that member  
22 for that member’s own benefit, either in the  
23 member’s own name or in the names of others.

24                   “(C) AUTHORITY TO DEFINE THE EXTENT  
25 OF COVERAGE.—The Board may define, with

1 such classifications and exceptions as it may  
2 prescribe, the extent of the share insurance cov-  
3 erage provided for member accounts, including  
4 member accounts in the name of a minor, in  
5 trust, or in joint tenancy.”;

6 (B) in paragraph (2)—

7 (i) in subparagraph (A)—

8 (I) in clauses (i) through (v), by  
9 moving the margins 4 ems to the  
10 right;

11 (II) in the matter following  
12 clause (v), by striking “his account”  
13 and all that follows through the pe-  
14 riod; and

15 (III) by striking the semicolon at  
16 the end of clause (v) and inserting a  
17 period;

18 (ii) by striking “(2)(A) Notwith-  
19 standing” and all that follows through “a  
20 depositor or member who is—” and insert-  
21 ing the following:

22 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

23 “(A) IN GENERAL.—Notwithstanding any  
24 limitation in this Act or in any other provision  
25 of law relating to the amount of insurance

1 available to any 1 depositor or member, depos-  
2 its or shares of a municipal depositor or mem-  
3 ber shall be insured in an amount equal to the  
4 standard maximum share insurance amount (as  
5 determined under paragraph (5)), except as  
6 provided in subparagraph (B).

7 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

8 In the case of the deposits of an in-State mu-  
9 nicipal depositor described in clause (ii), (iii),  
10 (iv), or (v) of subparagraph (E) at an insured  
11 credit union, such deposits shall be insured in  
12 an amount equal to the lesser of—

13 “(i) \$2,000,000; or

14 “(ii) the sum of the standard max-  
15 imum deposit insurance amount and 80  
16 percent of the amount of any deposits in  
17 excess of the standard maximum deposit  
18 insurance amount.

19 “(C) RULE OF CONSTRUCTION.—No provi-

20 sion of this paragraph shall be construed as au-  
21 thorizing an insured credit union to accept the  
22 deposits of a municipal depositor in an amount  
23 greater than such credit union is authorized to  
24 accept under any other provision of Federal or  
25 State law.

1           “(D) IN-STATE MUNICIPAL DEPOSITOR DE-  
2           FINED.—For purposes of this paragraph, the  
3           term ‘in-State municipal depositor’ means a  
4           municipal depositor that is located in the same  
5           State as the office or branch of the insured  
6           credit union at which the deposits of that de-  
7           positor are held.

8           “(E) MUNICIPAL DEPOSITOR.—In this  
9           paragraph, the term ‘municipal depositor’  
10          means a depositor that is—”;

11                   (iii) by striking “(B) The” and insert-  
12                   ing the following:

13           “(F) AUTHORITY TO LIMIT DEPOSITS.—  
14           The”;

15                   (iv) by striking “depositor or member  
16                   referred to in subparagraph (A)” and in-  
17                   serting “municipal depositor or member”;  
18                   and

19           (C) by adding at the end the following new  
20           paragraphs:

21           “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-  
22           EFIT PLAN DEPOSITS.—

23                   “(A) PASS-THROUGH INSURANCE.—The  
24                   Administration shall provide pass-through share

1 insurance for the deposits or shares of any em-  
2 ployee benefit plan.

3 “(B) PROHIBITION ON ACCEPTANCE OF  
4 DEPOSITS.—An insured credit union that is not  
5 well capitalized or adequately capitalized may  
6 not accept employee benefit plan deposits.

7 “(C) DEFINITIONS.—For purposes of this  
8 paragraph, the following definitions shall apply:

9 “(i) CAPITAL STANDARDS.—The  
10 terms ‘well capitalized’ and ‘adequately  
11 capitalized’ have the same meanings as in  
12 section 216(c).

13 “(ii) EMPLOYEE BENEFIT PLAN.—  
14 The term ‘employee benefit plan’—

15 “(I) has the meaning given to  
16 such term in section 3(3) of the Em-  
17 ployee Retirement Income Security  
18 Act of 1974;

19 “(II) includes any plan described  
20 in section 401(d) of the Internal Rev-  
21 enue Code of 1986; and

22 “(III) includes any eligible de-  
23 ferred compensation plan described in  
24 section 457 of the Internal Revenue  
25 Code of 1986.

1           “(iii) PASS-THROUGH SHARE INSUR-  
2           ANCE.—The term ‘pass-through share in-  
3           surance’ means, with respect to an em-  
4           ployee benefit plan, insurance coverage  
5           provided on a pro rata basis to the partici-  
6           pants in the plan, in accordance with the  
7           interest of each participant.

8           “(D) RULE OF CONSTRUCTION.—No provi-  
9           sion of this paragraph shall be construed as au-  
10          thorizing an insured credit union to accept the  
11          deposits of an employee benefit plan in an  
12          amount greater than such credit union is au-  
13          thorized to accept under any other provision of  
14          Federal or State law.

15          “(5) STANDARD MAXIMUM SHARE INSURANCE  
16          AMOUNT DEFINED.—For purposes of this Act, the  
17          term ‘standard maximum share insurance amount’  
18          means—

19                 “(A) until the effective date of final regula-  
20                 tions prescribed pursuant to section 9(a)(2) of  
21                 the Federal Deposit Insurance Reform Act of  
22                 2003, \$100,000; and

23                 “(B) on and after such effective date,  
24                 \$130,000, adjusted as provided under section

1           11(a)(1)(F) of the Federal Deposit Insurance  
2           Act.”.

3           (2) DOUBLING OF SHARE INSURANCE FOR CER-  
4           TAIN RETIREMENT ACCOUNTS.—Section 207(k)(3)  
5           of the Federal Credit Union Act (12 U.S.C.  
6           1787(k)(3)) is amended by striking “\$100,000” and  
7           inserting “2 times the standard maximum share in-  
8           surance amount (as determined under paragraph  
9           (1))”.

10          (h) EFFECTIVE DATE.—This section and the amend-  
11         ments made by this section shall take effect on the date  
12         the final regulations required under section 9(a)(2) take  
13         effect.

14         **SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL**  
15                         **RULES RELATING TO MINIMUM ASSESS-**  
16                         **MENTS AND FREE DEPOSIT INSURANCE.**

17          (a) SETTING ASSESSMENTS.—Section 7(b)(2) of the  
18         Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is  
19         amended—

20                 (1) by striking subparagraphs (A) and (B) and  
21         inserting the following new subparagraphs:

22                         “(A) IN GENERAL.—The Board of Direc-  
23                         tors shall set assessments for insured depository  
24                         institutions in such amounts as the Board of

1 Directors may determine to be necessary or ap-  
2 propriate, subject to subparagraph (D).

3 “(B) FACTORS TO BE CONSIDERED.—In  
4 setting assessments under subparagraph (A),  
5 the Board of Directors shall consider the fol-  
6 lowing factors:

7 “(i) The estimated operating expenses  
8 of the Deposit Insurance Fund.

9 “(ii) The estimated case resolution ex-  
10 penses and income of the Deposit Insur-  
11 ance Fund.

12 “(iii) The projected effects of the pay-  
13 ment of assessments on the capital and  
14 earnings of insured depository institutions.

15 “(iv) the risk factors and other factors  
16 taken into account pursuant to paragraph  
17 (1) under the risk-based assessment sys-  
18 tem, including the requirement under such  
19 paragraph to maintain a risk-based sys-  
20 tem.

21 “(v) Any other factors the Board of  
22 Directors may determine to be appro-  
23 priate.”; and

24 (2) by inserting after subparagraph (C) the fol-  
25 lowing new subparagraph:

1 “(D) BASE RATE FOR ASSESSMENTS.—

2 “(i) IN GENERAL.—In setting assess-  
3 ment rates pursuant to subparagraph (A),  
4 the Board of Directors shall establish a  
5 base rate of not more than 1 basis point  
6 (exclusive of any credit or dividend) for  
7 those insured depository institutions in the  
8 lowest-risk category under the risk-based  
9 assessment system established pursuant to  
10 paragraph (1). No insured depository insti-  
11 tution shall be barred from the lowest-risk  
12 category solely because of size.

13 “(ii) SUSPENSION.—Clause (i) shall  
14 not apply during any period in which the  
15 reserve ratio of the Deposit Insurance  
16 Fund is less than the amount which is  
17 equal to 1.15 percent of the aggregate esti-  
18 mated insured deposits.”.

19 (b) ASSESSMENT RECORDKEEPING PERIOD SHORT-  
20 ENED.—Paragraph (5) of section 7(b) of the Federal De-  
21 posit Insurance Act (12 U.S.C. 1817(b)) is amended to  
22 read as follows:

23 “(5) DEPOSITORY INSTITUTION REQUIRED TO  
24 MAINTAIN ASSESSMENT-RELATED RECORDS.—Each  
25 insured depository institution shall maintain all

1 records that the Corporation may require for  
2 verifying the correctness of any assessment on the  
3 insured depository institution under this subsection  
4 until the later of—

5 “(A) the end of the 3-year period begin-  
6 ning on the due date of the assessment; or

7 “(B) in the case of a dispute between the  
8 insured depository institution and the Corpora-  
9 tion with respect to such assessment, the date  
10 of a final determination of any such dispute.”.

11 (c) INCREASE IN FEES FOR LATE ASSESSMENT PAY-  
12 MENTS.—Subsection (h) of section 18 of the Federal De-  
13 posit Insurance Act (12 U.S.C. 1828(h)) is amended to  
14 read as follows:

15 “(h) PENALTY FOR FAILURE TO TIMELY PAY AS-  
16 SESSMENTS.—

17 “(1) IN GENERAL.—Any insured depository in-  
18 stitution which fails or refuses to pay any assess-  
19 ment shall be subject to a penalty in an amount not  
20 more than 1 percent of the amount of the assess-  
21 ment due for each day that such violation continues.

22 “(2) EXCEPTION IN CASE OF DISPUTE.—Para-  
23 graph (1) shall not apply if—

24 “(A) the failure to pay an assessment is  
25 due to a dispute between the insured depository

1 institution and the Corporation over the  
2 amount of such assessment; and

3 “(B) the insured depository institution de-  
4 posits security satisfactory to the Corporation  
5 for payment upon final determination of the  
6 issue.

7 “(3) AUTHORITY TO MODIFY OR REMIT PEN-  
8 ALTY.—The Corporation, in the sole discretion of  
9 the Corporation, may compromise, modify or remit  
10 any penalty which the Corporation may assess or  
11 has already assessed under paragraph (1) upon a  
12 finding that good cause prevented the timely pay-  
13 ment of an assessment.”.

14 (d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

15 (1) IN GENERAL.—Section 232 of the Federal  
16 Deposit Insurance Corporation Improvement Act of  
17 1991 (12 U.S.C. 1834) is amended by striking sub-  
18 section (c).

19 (2) CLARIFICATION OF RATE APPLICABLE TO  
20 DEPOSITS ATTRIBUTABLE TO LIFELINE AC-  
21 COUNTS.—Section 7(b)(2)(H) of the Federal Deposit  
22 Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amend-  
23 ed by striking “at a rate determined in accordance  
24 with such Act” and inserting “at  $\frac{1}{2}$  the assessment

1 rate otherwise applicable for such insured depository  
2 institution”.

3 (3) REGULATIONS.—Section 232(a)(1) of the  
4 Federal Deposit Insurance Corporation Improvement  
5 Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by  
6 striking “Board of Governors of the Federal Reserve  
7 System, and the”.

8 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

9 (1) Paragraph (3) of section 7(a) of the Fed-  
10 eral Deposit Insurance Act (12 U.S.C. 1817(a)(3))  
11 is amended by striking the 3d sentence and inserting  
12 the following: “Such reports of condition shall be the  
13 basis for the certified statements to be filed pursu-  
14 ant to subsection (e).”.

15 (2) Subparagraphs (B)(ii) and (C) of section  
16 7(b)(1) of the Federal Deposit Insurance Act (12  
17 U.S.C. 1817(b)(1)) are each amended by striking  
18 “semiannual” where such term appears in each such  
19 subparagraph.

20 (3) Section 7(b)(2) of the Federal Deposit In-  
21 surance Act (12 U.S.C. 1817(b)(2)) is amended—

22 (A) by striking subparagraphs (E), (F),  
23 and (G);

24 (B) in subparagraph (C), by striking  
25 “semiannual”; and

1           (C) by redesignating subparagraph (H) (as  
2           amended by subsection (e)(2) of this section) as  
3           subparagraph (E).

4           (4) Section 7(b) of the Federal Deposit Insur-  
5           ance Act (12 U.S.C. 1817(b)) is amended by strik-  
6           ing paragraph (4) and redesignating paragraphs (5)  
7           (as amended by subsection (b) of this section), (6),  
8           and (7) as paragraphs (4), (5), and (6) respectively.

9           (5) Section 7(c) of the Federal Deposit Insur-  
10          ance Act (12 U.S.C. 1817(c)) is amended—

11           (A) in paragraph (1)(A), by striking  
12           “semiannual”;

13           (B) in paragraph (2)(A), by striking  
14           “semiannual”; and

15           (C) in paragraph (3), by striking “semi-  
16           annual period” and inserting “initial assess-  
17           ment period”.

18          (6) Section 8(p) of the Federal Deposit Insur-  
19          ance Act (12 U.S.C. 1818(p)) is amended by strik-  
20          ing “semiannual”.

21          (7) Section 8(q) of the Federal Deposit Insur-  
22          ance Act (12 U.S.C. 1818(q)) is amended by strik-  
23          ing “semiannual period” and inserting “assessment  
24          period”.

1           (8) Section 13(c)(4)(G)(ii)(II) of the Federal  
2     Deposit     Insurance     Act     (12     U.S.C.  
3     1823(c)(4)(G)(ii)(II)) is amended by striking “semi-  
4     annual period” and inserting “assessment period”.

5           (9) Section 232(a) of the Federal Deposit In-  
6     surance Corporation Improvement Act of 1991 (12  
7     U.S.C. 1834(a)) is amended—

8           (A) in the matter preceding subparagraph  
9     (A) of paragraph (2), by striking “the Board  
10    and”;

11          (B) in subparagraph (J) of paragraph (2),  
12    by striking “the Board” and inserting “the  
13    Corporation”;

14          (C) by striking subparagraph (A) of para-  
15    graph (3) and inserting the following new sub-  
16    paragraph:

17           “(A) CORPORATION.—The term ‘Corpora-  
18    tion’ means the Federal Deposit Insurance Cor-  
19    poration.”; and

20          (D) in subparagraph (C) of paragraph (3),  
21    by striking “Board” and inserting “Corpora-  
22    tion”.

23          (f) EFFECTIVE DATE.—This section and the amend-  
24    ments made by this section shall take effect on the date

1 that the final regulations required under section 9(a)(5)  
2 take effect.

3 **SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE**  
4 **RATIO WITH RESERVE RANGE.**

5 (a) IN GENERAL.—Section 7(b)(3) of the Federal  
6 Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended  
7 to read as follows:

8 “(3) DESIGNATED RESERVE RATIO.—

9 “(A) ESTABLISHMENT.—

10 “(i) IN GENERAL.—The Board of Di-  
11 rectors shall designate, by regulation after  
12 notice and opportunity for comment, the  
13 reserve ratio applicable with respect to the  
14 Deposit Insurance Fund.

15 “(ii) NOT LESS THAN ANNUAL REDE-  
16 TERMINATION.—A determination under  
17 clause (i) shall be made by the Board of  
18 Directors at least before the beginning of  
19 each calendar year, for such calendar year,  
20 and at such other times as the Board of  
21 Directors may determine to be appropriate.

22 “(B) RANGE.—The reserve ratio des-  
23 igned by the Board of Directors for any  
24 year—

1                   “(i) may not exceed 1.4 percent of es-  
2                   timated insured deposits; and

3                   “(ii) may not be less than 1.15 per-  
4                   cent of estimated insured deposits.

5                   “(C) FACTORS.—In designating a reserve  
6                   ratio for any year, the Board of Directors  
7                   shall—

8                   “(i) take into account the risk of  
9                   losses to the Deposit Insurance Fund in  
10                  such year and future years, including his-  
11                  toric experience and potential and esti-  
12                  mated losses from insured depository insti-  
13                  tutions;

14                  “(ii) take into account economic con-  
15                  ditions generally affecting insured deposi-  
16                  tory institutions so as to allow the des-  
17                  ignated reserve ratio to increase during  
18                  more favorable economic conditions and to  
19                  decrease during less favorable economic  
20                  conditions, notwithstanding the increased  
21                  risks of loss that may exist during such  
22                  less favorable conditions, as determined to  
23                  be appropriate by the Board of Directors;

1                   “(iii) seek to prevent sharp swings in  
2                   the assessment rates for insured depository  
3                   institutions; and

4                   “(iv) take into account such other fac-  
5                   tors as the Board of Directors may deter-  
6                   mine to be appropriate, consistent with the  
7                   requirements of this subparagraph.

8                   “(D) PUBLICATION OF PROPOSED CHANGE  
9                   IN RATIO.—In soliciting comment on any pro-  
10                  posed change in the designated reserve ratio in  
11                  accordance with subparagraph (A), the Board  
12                  of Directors shall include in the published pro-  
13                  posal a thorough analysis of the data and pro-  
14                  jections on which the proposal is based.”.

15                  (b) TECHNICAL AND CONFORMING AMENDMENT.—  
16                  Section 3(y) of the Federal Deposit Insurance Act (12  
17                  U.S.C. 1813(y)) is amended—

18                         (1) by striking “(y) The term” and inserting  
19                         “(y) DEFINITIONS RELATING TO DEPOSIT INSUR-  
20                         ANCE FUND.—

21                                 “(1) DEPOSIT INSURANCE FUND.—The term”;  
22                         and

23                                 (2) by inserting after paragraph (1) (as so des-  
24                                 ignated by paragraph (1) of this subsection) the fol-  
25                                 lowing new paragraph:

1           “(2) DESIGNATED RESERVE RATIO.—The term  
2           ‘designated reserve ratio’ means the reserve ratio  
3           designated by the Board of Directors in accordance  
4           with section 7(b)(3).”.

5           (c) EFFECTIVE DATE.—This section and the amend-  
6           ments made by this section shall take effect on the date  
7           that the final regulations required under section 9(a)(1)  
8           take effect.

9           **SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED**  
10           **ASSESSMENT SYSTEM.**

11           Section 7(b)(1) of the Federal Deposit Insurance Act  
12           (12 U.S.C. 1817(b)(1)) is amended by adding at the end  
13           the following new subparagraphs:

14                       “(E) INFORMATION CONCERNING RISK OF  
15                       LOSS AND ECONOMIC CONDITIONS.—

16                               “(i) SOURCES OF INFORMATION.—For  
17                               purposes of determining risk of losses at  
18                               insured depository institutions and eco-  
19                               nomic conditions generally affecting depos-  
20                               itory institutions, the Corporation shall col-  
21                               lect information, as appropriate, from all  
22                               sources the Board of Directors considers  
23                               appropriate, such as reports of condition,  
24                               inspection reports, and other information  
25                               from all Federal banking agencies, any in-

1 formation available from State bank super-  
2 visors, State insurance and securities regu-  
3 lators, the Securities and Exchange Com-  
4 mission (including information described in  
5 section 35), the Secretary of the Treasury,  
6 the Commodity Futures Trading Commis-  
7 sion, the Farm Credit Administration, the  
8 Federal Trade Commission, any Federal  
9 reserve bank or Federal home loan bank,  
10 and other regulators of financial institu-  
11 tions, and any information available from  
12 credit rating entities, and other private  
13 economic or business analysts.

14 “(ii) CONSULTATION WITH FEDERAL  
15 BANKING AGENCIES.—

16 “(I) IN GENERAL.—Except as  
17 provided in subclause (II), in assess-  
18 ing the risk of loss to the Deposit In-  
19 surance Fund with respect to any in-  
20 sured depository institution, the Cor-  
21 poration shall consult with the appro-  
22 priate Federal banking agency of such  
23 institution.

24 “(II) TREATMENT ON AGGRE-  
25 GATE BASIS.—In the case of insured

1 depository institutions that are well  
2 capitalized (as defined in section 38)  
3 and, in the most recent examination,  
4 were found to be well managed, the  
5 consultation under subclause (I) con-  
6 cerning the assessment of the risk of  
7 loss posed by such institutions may be  
8 made on an aggregate basis.

9 “(iii) RULE OF CONSTRUCTION.—No  
10 provision of this paragraph shall be con-  
11 strued as providing any new authority for  
12 the Corporation to require submission of  
13 information by insured depository institu-  
14 tions to the Corporation.

15 “(F) MODIFICATIONS TO THE RISK-BASED  
16 ASSESSMENT SYSTEM ALLOWED ONLY AFTER  
17 NOTICE AND COMMENT.—In revising or modi-  
18 fying the risk-based assessment system at any  
19 time after the date of the enactment of the  
20 Federal Deposit Insurance Reform Act of 2003,  
21 the Board of Directors may implement such re-  
22 visions or modification in final form only after  
23 notice and opportunity for comment.”.

1 **SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DE-**  
2 **POSIT INSURANCE FUND.**

3 (a) IN GENERAL.—Subsection (e) of section 7 of the  
4 Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is  
5 amended to read as follows:

6 “(e) REFUNDS, DIVIDENDS, AND CREDITS.—

7 “(1) REFUNDS OF OVERPAYMENTS.—In the  
8 case of any payment of an assessment by an insured  
9 depository institution in excess of the amount due to  
10 the Corporation, the Corporation may—

11 “(A) refund the amount of the excess pay-  
12 ment to the insured depository institution; or

13 “(B) credit such excess amount toward the  
14 payment of subsequent assessments until such  
15 credit is exhausted.

16 “(2) DIVIDENDS FROM EXCESS AMOUNTS IN  
17 DEPOSIT INSURANCE FUND.—

18 “(A) RESERVE RATIO IN EXCESS OF 1.4  
19 PERCENT OF ESTIMATED INSURED DEPOSITS.—

20 Whenever the reserve ratio of the Deposit In-  
21 surance Fund exceeds 1.4 percent of estimated  
22 insured deposits, the Corporation shall declare  
23 the amount in the Fund in excess of the  
24 amount required to maintain the reserve ratio  
25 at 1.4 percent of estimated insured deposits, as

1 dividends to be paid to insured depository insti-  
2 tutions.

3 “(B) RESERVE RATIO EQUAL TO OR IN EX-  
4 CESS OF 1.35 PERCENT OF ESTIMATED INSURED  
5 DEPOSITS AND NOT MORE THAN 1.4 PER-  
6 CENT.—Whenever the reserve ratio of the De-  
7 posit Insurance Fund equals or exceeds 1.35  
8 percent of estimated insured deposits and is not  
9 more than 1.4 percent of such deposits, the  
10 Corporation shall declare the amount in the  
11 Fund that is equal to 50 percent of the amount  
12 in excess of the amount required to maintain  
13 the reserve ratio at 1.35 percent of the esti-  
14 mated insured deposits as dividends to be paid  
15 to insured depository institutions.

16 “(C) BASIS FOR DISTRIBUTION OF DIVI-  
17 DENDS.—

18 “(i) IN GENERAL.—Solely for the pur-  
19 poses of dividend distribution under this  
20 paragraph and credit distribution under  
21 paragraph (3)(B), the Corporation shall  
22 determine each insured depository institu-  
23 tion’s relative contribution to the Deposit  
24 Insurance Fund (or any predecessor de-  
25 posit insurance fund) for calculating such

1 institution's share of any dividend or credit  
2 declared under this paragraph or para-  
3 graph (3)(B), taking into account the fac-  
4 tors described in clause (ii).

5 “(ii) FACTORS FOR DISTRIBUTION.—

6 In implementing this paragraph and para-  
7 graph (3)(B) in accordance with regula-  
8 tions, the Corporation shall take into ac-  
9 count the following factors:

10 “(I) The ratio of the assessment

11 base of an insured depository institu-  
12 tion (including any predecessor) on  
13 December 31, 1996, to the assessment  
14 base of all eligible insured depository  
15 institutions on that date.

16 “(II) The total amount of assess-

17 ments paid on or after January 1,  
18 1997, by an insured depository insti-  
19 tution (including any predecessor) to  
20 the Deposit Insurance Fund (and any  
21 predecessor deposit insurance fund).

22 “(III) That portion of assess-

23 ments paid by an insured depository  
24 institution (including any predecessor)

1                   that reflects higher levels of risk as-  
2                   sumed by such institution.

3                   “(IV) Such other factors as the  
4                   Corporation may determine to be ap-  
5                   propriate.

6                   “(D) NOTICE AND OPPORTUNITY FOR  
7                   COMMENT.—The Corporation shall prescribe by  
8                   regulation, after notice and opportunity for  
9                   comment, the method for the calculation, dec-  
10                  laration, and payment of dividends under this  
11                  paragraph.

12                  “(3) CREDIT POOL.—

13                  “(A) ONE-TIME CREDIT BASED ON TOTAL  
14                  ASSESSMENT BASE AT YEAR-END 1996.—

15                  “(i) IN GENERAL.—Before the end of  
16                  the 270-day period beginning on the date  
17                  of the enactment of the Federal Deposit  
18                  Insurance Reform Act of 2003, the Board  
19                  of Directors shall, by regulation, provide  
20                  for a credit to each eligible insured deposi-  
21                  tory institution, based on the assessment  
22                  base of the institution (including any pred-  
23                  ecessor institution) on December 31, 1996,  
24                  as compared to the combined aggregate as-  
25                  sessment base of all eligible insured deposi-

1 tory institutions, taking into account such  
2 factors as the Board of Directors may de-  
3 termine to be appropriate.

4 “(ii) CREDIT LIMIT.—The aggregate  
5 amount of credits available under clause (i)  
6 to all eligible insured depository institu-  
7 tions shall equal the amount that the Cor-  
8 poration could collect if the Corporation  
9 imposed an assessment of 12 basis points  
10 on the combined assessment base of the  
11 Bank Insurance Fund and the Savings As-  
12 sociation Insurance Fund as of December  
13 31, 2001.

14 “(iii) ELIGIBLE INSURED DEPOSITORY  
15 INSTITUTION DEFINED.—For purposes of  
16 this paragraph, the term ‘eligible insured  
17 depository institution’ means any insured  
18 depository institution that—

19 “(I) was in existence on Decem-  
20 ber 31, 1996, and paid a deposit in-  
21 surance assessment prior to that date;  
22 or

23 “(II) is a successor to any in-  
24 surance depository institution described  
25 in subclause (II).

1 “(iv) APPLICATION OF CREDITS.—

2 “(I) IN GENERAL.—The amount  
3 of a credit to any eligible insured de-  
4 pository institution under this para-  
5 graph shall be applied by the Corpora-  
6 tion, subject to subsection (b)(3)(e),  
7 to the assessments imposed on such  
8 institution under subsection (b) that  
9 become due for assessment periods be-  
10 ginning after the effective date of reg-  
11 ulations prescribed under clause (i).

12 “(II) REGULATIONS.—The regu-  
13 lations prescribed under clause (i)  
14 shall establish the qualifications and  
15 procedures governing the application  
16 of assessment credits pursuant to sub-  
17 clause (I).

18 “(v) LIMITATION ON AMOUNT OF  
19 CREDIT FOR CERTAIN DEPOSITORY INSTI-  
20 TUTIONS.—In the case of an insured de-  
21 pository institution that exhibits financial,  
22 operational, or compliance weaknesses  
23 ranging from moderately severe to unsatis-  
24 factory, or is not adequately capitalized (as  
25 defined in section 38) at the beginning of

1 an assessment period, the amount of any  
2 credit allowed under this paragraph  
3 against the assessment on that depository  
4 institution for such period may not exceed  
5 the amount calculated by applying to that  
6 depository institution the average assess-  
7 ment rate on all insured depository institu-  
8 tions for such assessment period.

9 “(vi) PREDECESSOR DEFINED.—For  
10 purposes of this paragraph, the term ‘pred-  
11 ecessor’, when used with respect to any in-  
12 sured depository institution, includes any  
13 other insured depository institution ac-  
14 quired by or merged with such insured de-  
15 pository institution.

16 “(B) ON-GOING CREDIT POOL.—

17 “(i) IN GENERAL.—In addition to the  
18 credit provided pursuant to subparagraph  
19 (A) and subject to the limitation contained  
20 in clause (v) of such subparagraph, the  
21 Corporation shall, by regulation, establish  
22 an on-going system of credits to be applied  
23 against future assessments under sub-  
24 section (b)(1) on the same basis as the

1 dividends provided under paragraph  
2 (2)(C).

3 “(ii) LIMITATION ON CREDITS UNDER  
4 CERTAIN CIRCUMSTANCES.—No credits  
5 may be awarded by the Corporation under  
6 this subparagraph during any period in  
7 which—

8 “(I) the reserve ratio of the De-  
9 posit Insurance Fund is less than the  
10 designated reserve ratio of such Fund;  
11 or

12 “(II) the reserve ratio of the  
13 Fund is less than 1.25 percent of the  
14 amount of estimated insured deposits.

15 “(iii) CRITERIA FOR DETERMINA-  
16 TION.—In determining the amounts of any  
17 assessment credits under this subpara-  
18 graph, the Board of Directors shall take  
19 into account the factors for designating the  
20 reserve ratio under subsection (b)(3) and  
21 the factors for setting assessments under  
22 subsection (b)(2)(B).

23 “(4) ADMINISTRATIVE REVIEW.—

24 “(A) IN GENERAL.—The regulations pre-  
25 scribed under paragraph (2)(D) and subpara-

1 graphs (A) and (B) of paragraph (3) shall in-  
2 clude provisions allowing an insured depository  
3 institution a reasonable opportunity to chal-  
4 lenge administratively the amount of the credit  
5 or dividend determined under paragraph (2) or  
6 (3) for such institution.

7 “(B) ADMINISTRATIVE REVIEW.—Any re-  
8 view under subparagraph (A) of any determina-  
9 tion of the Corporation under paragraph (2) or  
10 (3) shall be final and not subject to judicial re-  
11 view.”.

12 (b) DEFINITION OF RESERVE RATIO.—Section 3(y)  
13 of the Federal Deposit Insurance Act (12 U.S.C. 1813(y))  
14 (as amended by section 5(b) of this Act) is amended by  
15 adding at the end the following new paragraph:

16 “(3) RESERVE RATIO.—The term ‘reserve  
17 ratio’, when used with regard to the Deposit Insur-  
18 ance Fund other than in connection with a reference  
19 to the designated reserve ratio, means the ratio of  
20 the net worth of the Deposit Insurance Fund to the  
21 value of the aggregate estimated insured deposits.”.

22 **SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.**

23 Section 7(b)(3) of the Federal Deposit Insurance Act  
24 (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of

1 this Act) is amended by adding at the end the following  
2 new subparagraph:

3 “(E) DIF RESTORATION PLANS.—

4 “(i) IN GENERAL.—Whenever—

5 “(I) the Corporation projects  
6 that the reserve ratio of the Deposit  
7 Insurance Fund will, within 6 months  
8 of such determination, fall below the  
9 minimum amount specified in sub-  
10 paragraph (B)(ii) for the designated  
11 reserve ratio; or

12 “(II) the reserve ratio of the De-  
13 posit Insurance Fund actually falls  
14 below the minimum amount specified  
15 in subparagraph (B)(ii) for the des-  
16 ignated reserve ratio without any de-  
17 termination under subclause (I) hav-  
18 ing been made,

19 the Corporation shall establish and imple-  
20 ment a Deposit Insurance Fund restora-  
21 tion plan within 90 days that meets the re-  
22 quirements of clause (ii) and such other  
23 conditions as the Corporation determines  
24 to be appropriate.

1           “(ii) REQUIREMENTS OF RESTORA-  
2           TION PLAN.—A Deposit Insurance Fund  
3           restoration plan meets the requirements of  
4           this clause if the plan provides that the re-  
5           serve ratio of the Fund will meet or exceed  
6           the minimum amount specified in subpara-  
7           graph (B)(ii) for the designated reserve  
8           ratio before the end of the 10-year period  
9           beginning upon the implementation of the  
10          plan.

11          “(iii) RESTRICTION ON ASSESSMENT  
12          CREDITS.—As part of any restoration plan  
13          under this subparagraph, the Corporation  
14          may elect to restrict the application of as-  
15          sessment credits provided under subsection  
16          (e)(3) for any period that the plan is in ef-  
17          fect.

18          “(iv) LIMITATION ON RESTRICTION.—  
19          Notwithstanding clause (iii), while any res-  
20          toration plan under this subparagraph is in  
21          effect, the Corporation shall apply credits  
22          provided to an insured depository institu-  
23          tion under subsection (e)(3) against any  
24          assessment imposed on the institution for

1 any assessment period in an amount equal  
2 to the lesser of—

3 “(I) the amount of the assess-  
4 ment; or

5 “(II) the amount equal to 3 basis  
6 points of the institution’s assessment  
7 base.

8 “(v) TRANSPARENCY.—Not more than  
9 30 days after the Corporation establishes  
10 and implements a restoration plan under  
11 clause (i), the Corporation shall publish in  
12 the Federal Register a detailed analysis of  
13 the factors considered and the basis for the  
14 actions taken with regard to the plan.”.

15 **SEC. 9. REGULATIONS REQUIRED.**

16 (a) IN GENERAL.—Not later than 270 days after the  
17 date of the enactment of this Act, the Board of Directors  
18 of the Federal Deposit Insurance Corporation shall pre-  
19 scribe final regulations, after notice and opportunity for  
20 comment—

21 (1) designating the reserve ratio for the Deposit  
22 Insurance Fund in accordance with section 7(b)(3)  
23 of the Federal Deposit Insurance Act (as amended  
24 by section 5 of this Act);

1           (2) implementing increases in deposit insurance  
2 coverage in accordance with the amendments made  
3 by section 3 of this Act;

4           (3) implementing the dividend requirement  
5 under section 7(e)(2) of the Federal Deposit Insur-  
6 ance Act (as amended by section 7 of this Act).

7           (4) implementing the 1-time assessment credit  
8 to certain insured depository institutions in accord-  
9 ance with section 7(e)(3) of the Federal Deposit In-  
10 surance Act, as amended by section 7 of this Act,  
11 including the qualifications and procedures under  
12 which the Corporation would apply assessment cred-  
13 its; and

14           (5) providing for assessments under section  
15 7(b) of the Federal Deposit Insurance Act, as  
16 amended by this Act.

17       (b) **RULE OF CONSTRUCTION.**—No provision of this  
18 Act or any amendment made by this Act shall be con-  
19 strued as affecting the authority of the Corporation to set  
20 or collect deposit insurance assessments before the effec-  
21 tive date of the final regulations prescribed under sub-  
22 section (a).

1 **SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND**  
2 **CERTAIN ACTIVITIES AND FURTHER POS-**  
3 **SIBLE CHANGES TO DEPOSIT INSURANCE**  
4 **SYSTEM.**

5 (a) STUDY BY COMPTROLLER GENERAL.—

6 (1) STUDY REQUIRED.—The Comptroller Gen-  
7 eral shall conduct a study of the following issues:

8 (A) The efficiency and effectiveness of the  
9 administration of the prompt corrective action  
10 program under section 38 of the Federal De-  
11 posit Insurance Act by the Federal banking  
12 agencies (as defined in section 3 of such Act),  
13 including the degree of effectiveness of such  
14 agencies in identifying troubled depository insti-  
15 tutions and taking effective action with respect  
16 to such institutions, and the degree of accuracy  
17 of the risk assessments made by the Corpora-  
18 tion.

19 (B) The appropriateness of the organiza-  
20 tional structure of the Federal Deposit Insur-  
21 ance Corporation for the mission of the Cor-  
22 poration taking into account—

23 (i) the current size and complexity of  
24 the business of insured depository institu-  
25 tions (as such term is defined in section 3  
26 of the Federal Deposit Insurance Act);

1 (ii) the extent to which the organiza-  
2 tional structure contributes to or reduces  
3 operational inefficiencies that increase  
4 operational costs; and

5 (iii) the effectiveness of internal con-  
6 trols.

7 (2) REPORT TO THE CONGRESS.—The Comp-  
8 troller General shall submit a report to the Congress  
9 before the end of the 1-year period beginning on the  
10 date of the enactment of this Act containing the  
11 findings and conclusions of the Comptroller General  
12 with respect to the study required under paragraph  
13 (1) together with such recommendations for legisla-  
14 tive or administrative action as the Comptroller Gen-  
15 eral may determine to be appropriate.

16 (b) INTERNAL STUDY BY THE FDIC.—

17 (1) STUDY REQUIRED.—Concurrently with the  
18 study required to be conducted by the Comptroller  
19 General under subsection (a), the Federal Deposit  
20 Insurance Corporation shall conduct an internal  
21 study of the same conditions and factors included in  
22 the study under subsection (a).

23 (2) REPORT TO THE CONGRESS.—The Federal  
24 Deposit Insurance Corporation shall submit a report  
25 to the Congress before the end of the 1-year period

1 beginning on the date of the enactment of this Act  
2 containing the findings and conclusions of the Cor-  
3 poration with respect to the study required under  
4 paragraph (1) together with such recommendations  
5 for legislative or administrative action as the Board  
6 of Directors of the Corporation may determine to be  
7 appropriate.

8 (c) STUDY OF FURTHER POSSIBLE CHANGES TO DE-  
9 POSIT INSURANCE SYSTEM.—

10 (1) STUDY REQUIRED.—The Board of Directors  
11 of the Federal Deposit Insurance Corporation and  
12 the National Credit Union Administration Board  
13 shall each conduct a study of the following:

14 (A) The feasibility of establishing a vol-  
15 untary deposit insurance system for deposits in  
16 excess of the maximum amount of deposit in-  
17 surance for any depositor and the potential ben-  
18 efits and the potential adverse consequences  
19 that may result from the establishment of any  
20 such system.

21 (B) The feasibility of privatizing all deposit  
22 insurance at insured depository institutions and  
23 insured credit unions.

24 (2) REPORT.—Before the end of the 1-year pe-  
25 riod beginning on the date of the enactment of this

1 Act, the Board of Directors of the Federal Deposit  
2 Insurance Corporation and the National Credit  
3 Union Administration Board shall each submit a re-  
4 port to the Congress on the study required under  
5 paragraph (1) containing the findings and conclu-  
6 sions of the reporting agency together with such rec-  
7 ommendations for legislative or administrative  
8 changes as the agency may determine to be appro-  
9 priate.

10 (d) STUDY REGARDING APPROPRIATE DEPOSIT  
11 BASE IN DESIGNATING RESERVE RATIO.—

12 (1) STUDY REQUIRED.—The Federal Deposit  
13 Insurance Corporation shall conduct a study of the  
14 feasibility of using actual domestic deposits rather  
15 than estimated insured deposits in calculating the  
16 reserve ratio of the Deposit Insurance Fund and  
17 designating a reserve ratio for such Fund.

18 (2) REPORT.—The Federal Deposit Insurance  
19 Corporation shall submit a report to the Congress  
20 before the end of the 1-year period beginning on the  
21 date of the enactment of this Act containing the  
22 findings and conclusions of the Corporation with re-  
23 spect to the study required under paragraph (1) to-  
24 gether with such recommendations for legislative or

1 administrative action as the Board of Directors of  
2 the Corporation may determine to be appropriate.

3 (e) STUDY OF RESERVE METHODOLOGY AND AC-  
4 COUNTING FOR LOSS.—

5 (1) STUDY REQUIRED.—The Federal Deposit  
6 Insurance Corporation, in consultation with the  
7 Comptroller General, shall conduct a study of the re-  
8 serve methodology and loss accounting used by the  
9 Corporation during the period beginning on January  
10 1, 1992, and ending December 31, 2002, with re-  
11 spect to insured depository institutions in a troubled  
12 condition (as defined in the regulations prescribed  
13 pursuant to section 32(f) of the Federal Deposit In-  
14 surance Act).

15 (2) FACTORS TO BE INCLUDED.—In conducting  
16 the study pursuant to paragraph (1), the Federal  
17 Deposit Insurance Corporation shall—

18 (A) consider the overall effectiveness and  
19 accuracy of the methodology used by the Cor-  
20 poration for establishing and maintaining re-  
21 serves and estimating and accounting for losses  
22 at insured depository institutions, during the  
23 period described in such paragraph;

1 (B) consider the appropriateness and reli-  
2 ability of information and criteria used by the  
3 Corporation in determining—

4 (i) whether an insured depository in-  
5 stitution was in a troubled condition; and

6 (ii) the amount of any loss anticipated  
7 at such institution;

8 (C) analyze the actual historical loss expe-  
9 rience over the period described in paragraph  
10 (1) and the causes of the exceptionally high  
11 rate of losses experienced by the Corporation in  
12 the final 3 years of that period; and

13 (D) rate the efforts of the Corporation to  
14 reduce losses in such 3-year period to minimally  
15 acceptable levels and to historical levels.

16 (3) REPORT REQUIRED.—The Board of Direc-  
17 tors of the Federal Deposit Insurance Corporation  
18 shall submit a report to the Congress before the end  
19 of the 6-month period beginning on the date of the  
20 enactment of this Act, containing the findings and  
21 conclusions of the Corporation, in consultation with  
22 the Comptroller General, with respect to the study  
23 required under paragraph (1), together with such  
24 recommendations for legislative or administrative ac-

1       tion as the Board of Directors may determine to be  
2       appropriate.

3 **SEC. 11. BI-ANNUAL FDIC SURVEY AND REPORT ON IN-**  
4                   **CREASING THE DEPOSIT BASE BY ENCOUR-**  
5                   **AGING USE OF DEPOSITORY INSTITUTIONS**  
6                   **BY THE UNBANKED.**

7       The Federal Deposit Insurance Act (12 U.S.C. 1811  
8 et seq.) is amended by adding at the end the following  
9 new section:

10 **“SEC. 49. BI-ANNUAL FDIC SURVEY AND REPORT ON EN-**  
11                   **COURAGING USE OF DEPOSITORY INSTITU-**  
12                   **TIONS BY THE UNBANKED.**

13       “(a) SURVEY REQUIRED.—

14               “(1) IN GENERAL.—The Corporation shall con-  
15 duct a bi-annual survey on efforts by insured deposi-  
16 tory institutions to bring those individuals and fami-  
17 lies who have rarely, if ever, held a checking ac-  
18 count, a savings account or other type of transaction  
19 or check cashing account at an insured depository  
20 institution (hereafter in this section referred to as  
21 the ‘unbanked’) into the conventional finance sys-  
22 tem.

23               “(2) FACTORS AND QUESTIONS TO CON-  
24 sider.—In conducting the survey, the Corporation

1 shall take the following factors and questions into  
2 account:

3 “(A) To what extent do insured depository  
4 institutions promote financial education and fi-  
5 nancial literacy outreach?

6 “(B) Which financial education efforts ap-  
7 pear to be the most effective in bringing  
8 ‘unbanked’ individuals and families into the  
9 conventional finance system?

10 “(C) What efforts are insured institutions  
11 making at converting ‘unbanked’ money order,  
12 wire transfer, and international remittance cus-  
13 tomers into conventional account holders?

14 “(D) What cultural, language and identi-  
15 fication issues as well as transaction costs ap-  
16 pear to most prevent ‘unbanked’ individuals  
17 from establishing conventional accounts?

18 “(E) What is a fair estimate of the size  
19 and worth of the ‘unbanked’ market in the  
20 United States?

21 “(b) REPORTS.—The Chairperson of the Board of  
22 Directors shall submit a bi-annual report to the Com-  
23 mittee on Financial Services of the House of Representa-  
24 tives and the Committee on Banking, Housing, and Urban  
25 Affairs of the Senate containing the Corporation’s findings

1 and conclusions with respect to the survey conducted pur-  
2 suant to subsection (a), together with such recommenda-  
3 tions for legislative or administrative action as the Chair-  
4 person may determine to be appropriate.”.

5 **SEC. 12. TECHNICAL AND CONFORMING AMENDMENTS TO**  
6 **THE FEDERAL DEPOSIT INSURANCE ACT RE-**  
7 **LATING TO THE MERGER OF THE BIF AND**  
8 **SAIF.**

9 (a) IN GENERAL.—The Federal Deposit Insurance  
10 Act (12 U.S.C. 1811 et seq.) is amended—

11 (1) in section 3 (12 U.S.C. 1813)—

12 (A) by striking subparagraph (B) of sub-  
13 section (a)(1) and inserting the following new  
14 subparagraph:

15 “(B) includes any former savings associa-  
16 tion.”; and

17 (B) by striking paragraph (1) of sub-  
18 section (y) (as so designated by section 5(b) of  
19 this Act) and inserting the following new para-  
20 graph:

21 “(1) DEPOSIT INSURANCE FUND.—The term  
22 ‘Deposit Insurance Fund’ means the Deposit Insur-  
23 ance Fund established under section 11(a)(4).”;

24 (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),  
25 by striking “the Bank Insurance Fund or the Sav-

1       ings Association Insurance Fund,” and inserting  
2       “the Deposit Insurance Fund,”;

3           (3) in section 5(c)(4), by striking “deposit in-  
4       surance fund” and inserting “Deposit Insurance  
5       Fund”;

6           (4) in section 5(d) (12 U.S.C. 1815(d)), by  
7       striking paragraphs (2) and (3) (and any funds re-  
8       sulting from the application of such paragraph (2)  
9       prior to its repeal shall be deposited into the general  
10      fund of the Deposit Insurance Fund);

11          (5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

12           (A) in subparagraph (A), by striking “re-  
13       serve ratios in the Bank Insurance Fund and  
14       the Savings Association Insurance Fund as re-  
15       quired by section 7” and inserting “the reserve  
16       ratio of the Deposit Insurance Fund”;

17           (B) by striking subparagraph (B) and in-  
18       serting the following:

19           “(2) FEE CREDITED TO THE DEPOSIT INSUR-  
20       ANCE FUND.—The fee paid by the depository insti-  
21       tution under paragraph (1) shall be credited to the  
22       Deposit Insurance Fund.”;

23           (C) by striking “(1) UNINSURED INSTITU-  
24       TIONS.—”; and

1 (D) by redesignating subparagraphs (A)  
2 and (C) as paragraphs (1) and (3), respectively,  
3 and moving the left margins 2 ems to the left;  
4 (6) in section 5(e) (12 U.S.C. 1815(e))—

5 (A) in paragraph (5)(A), by striking  
6 “Bank Insurance Fund or the Savings Associa-  
7 tion Insurance Fund” and inserting “Deposit  
8 Insurance Fund”;

9 (B) by striking paragraph (6); and

10 (C) by redesignating paragraphs (7), (8),  
11 and (9) as paragraphs (6), (7), and (8), respec-  
12 tively;

13 (7) in section 6(5) (12 U.S.C. 1816(5)), by  
14 striking “Bank Insurance Fund or the Savings As-  
15 sociation Insurance Fund” and inserting “Deposit  
16 Insurance Fund”;

17 (8) in section 7(b) (12 U.S.C. 1817(b))—

18 (A) in paragraph (1)(C), by striking “de-  
19 posit insurance fund” each place that term ap-  
20 pears and inserting “Deposit Insurance Fund”;

21 (B) in paragraph (1)(D), by striking “each  
22 deposit insurance fund” and inserting “the De-  
23 posit Insurance Fund”; and

24 (C) in paragraph (5) (as so redesignated  
25 by section 4(e)(4) of this Act)—

- 1 (i) by striking “any such assessment”  
2 and inserting “any such assessment is nec-  
3 essary”;
- 4 (ii) by striking subparagraph (B);
- 5 (iii) in subparagraph (A)—
- 6 (I) by striking “(A) is nec-  
7 essary—”;
- 8 (II) by striking “Bank Insurance  
9 Fund members” and inserting “in-  
10 sured depository institutions”; and
- 11 (III) by redesignating clauses (i),  
12 (ii), and (iii) as subparagraphs (A),  
13 (B), and (C), respectively, and moving  
14 the margins 2 ems to the left; and
- 15 (iv) in subparagraph (C) (as so reded-  
16 icated)—
- 17 (I) by inserting “that” before  
18 “the Corporation”; and
- 19 (II) by striking “; and” and in-  
20 serting a period;
- 21 (9) in section 7(j)(7)(F) (12 U.S.C.  
22 1817(j)(7)(F)), by striking “Bank Insurance Fund  
23 or the Savings Association Insurance Fund” and in-  
24 serting “Deposit Insurance Fund”;

1           (10) in section 8(t)(2)(C) (12 U.S.C.  
2 1818(t)(2)(C)), by striking “deposit insurance fund”  
3 and inserting “Deposit Insurance Fund”;

4           (11) in section 11 (12 U.S.C. 1821)—

5           (A) by striking “deposit insurance fund”  
6 each place that term appears and inserting  
7 “Deposit Insurance Fund”;

8           (B) by striking paragraph (4) of sub-  
9 section (a) and inserting the following new  
10 paragraph:

11           “(4) DEPOSIT INSURANCE FUND.—

12           “(A) ESTABLISHMENT.—There is estab-  
13 lished the Deposit Insurance Fund, which the  
14 Corporation shall—

15           “(i) maintain and administer;

16           “(ii) use to carry out its insurance  
17 purposes, in the manner provided by this  
18 subsection; and

19           “(iii) invest in accordance with section  
20 13(a).

21           “(B) USES.—The Deposit Insurance Fund  
22 shall be available to the Corporation for use  
23 with respect to insured depository institutions  
24 the deposits of which are insured by the De-  
25 posit Insurance Fund.

1           “(C) LIMITATION ON USE.—Notwith-  
2 standing any provision of law other than section  
3 13(c)(4)(G), the Deposit Insurance Fund shall  
4 not be used in any manner to benefit any share-  
5 holder or affiliate (other than an insured depos-  
6 itory institution that receives assistance in ac-  
7 cordance with the provisions of this Act) of—

8           “(i) any insured depository institution  
9 for which the Corporation has been ap-  
10 pointed conservator or receiver, in connec-  
11 tion with any type of resolution by the  
12 Corporation;

13           “(ii) any other insured depository in-  
14 stitution in default or in danger of default,  
15 in connection with any type of resolution  
16 by the Corporation; or

17           “(iii) any insured depository institu-  
18 tion, in connection with the provision of as-  
19 sistance under this section or section 13  
20 with respect to such institution, except  
21 that this clause shall not prohibit any as-  
22 sistance to any insured depository institu-  
23 tion that is not in default, or that is not  
24 in danger of default, that is acquiring (as

1 defined in section 13(f)(8)(B)) another in-  
2 sured depository institution.

3 “(D) DEPOSITS.—All amounts assessed  
4 against insured depository institutions by the  
5 Corporation shall be deposited into the Deposit  
6 Insurance Fund.”;

7 (C) by striking paragraphs (5), (6), and  
8 (7) of subsection (a); and

9 (D) by redesignating paragraph (8) of sub-  
10 section (a) as paragraph (5);

11 (12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),  
12 by striking “, except that—” and all that follows  
13 through the end of the paragraph and inserting a  
14 period;

15 (13) in section 11(i)(3) (12 U.S.C.  
16 1821(i)(3))—

17 (A) by striking subparagraph (B);

18 (B) by redesignating subparagraph (C) as  
19 subparagraph (B); and

20 (C) in subparagraph (B) (as so redesign-  
21 ated), by striking “subparagraphs (A) and  
22 (B)” and inserting “subparagraph (A)”;

23 (14) in section 11(p)(2)(B) (12 U.S.C.  
24 1821(p)(2)(B)), by striking “institution, any” and  
25 inserting “institution, the”;

1 (15) in section 11A(a) (12 U.S.C. 1821a(a))—

2 (A) in paragraph (2), by striking “LIABIL-  
3 ITIES.—” and all that follows through “Except”  
4 and inserting “LIABILITIES.—Except”;

5 (B) by striking paragraph (2)(B); and

6 (C) in paragraph (3), by striking “the  
7 Bank Insurance Fund, the Savings Association  
8 Insurance Fund,” and inserting “the Deposit  
9 Insurance Fund”;

10 (16) in section 11A(b) (12 U.S.C. 1821a(b)),  
11 by striking paragraph (4);

12 (17) in section 11A(f) (12 U.S.C. 1821a(f)), by  
13 striking “Savings Association Insurance Fund” and  
14 inserting “Deposit Insurance Fund”;

15 (18) in section 12(f)(4)(E)(iv) (12 U.S.C.  
16 1822(f)(4)(E)(iv)), by striking “Federal deposit in-  
17 surance funds” and inserting “the Deposit Insur-  
18 ance Fund (or any predecessor deposit insurance  
19 fund)”;

20 (19) in section 13 (12 U.S.C. 1823)—

21 (A) by striking “deposit insurance fund”  
22 each place that term appears and inserting  
23 “Deposit Insurance Fund”;

24 (B) in subsection (a)(1), by striking “Bank  
25 Insurance Fund, the Savings Association Insur-

1           ance Fund,” and inserting “Deposit Insurance  
2           Fund”;

3           (C) in subsection (c)(4)(E)—

4                 (i) in the subparagraph heading, by  
5                 striking “FUNDS” and inserting “FUND”;  
6                 and

7                 (ii) in clause (i), by striking “any in-  
8                 surance fund” and inserting “the Deposit  
9                 Insurance Fund”;

10          (D) in subsection (c)(4)(G)(ii)—

11                 (i) by striking “appropriate insurance  
12                 fund” and inserting “Deposit Insurance  
13                 Fund”;

14                 (ii) by striking “the members of the  
15                 insurance fund (of which such institution  
16                 is a member)” and inserting “insured de-  
17                 pository institutions”;

18                 (iii) by striking “each member’s” and  
19                 inserting “each insured depository institu-  
20                 tion’s”; and

21                 (iv) by striking “the member’s” each  
22                 place that term appears and inserting “the  
23                 institution’s”;

24          (E) in subsection (c), by striking para-  
25          graph (11);

1 (F) in subsection (h), by striking “Bank  
2 Insurance Fund” and inserting “Deposit Insur-  
3 ance Fund”;

4 (G) in subsection (k)(4)(B)(i), by striking  
5 “Savings Association Insurance Fund member”  
6 and inserting “savings association”; and

7 (H) in subsection (k)(5)(A), by striking  
8 “Savings Association Insurance Fund mem-  
9 bers” and inserting “savings associations”;

10 (20) in section 14(a) (12 U.S.C. 1824(a)), in  
11 the 5th sentence—

12 (A) by striking “Bank Insurance Fund or  
13 the Savings Association Insurance Fund” and  
14 inserting “Deposit Insurance Fund”; and

15 (B) by striking “each such fund” and in-  
16 serting “the Deposit Insurance Fund”;

17 (21) in section 14(b) (12 U.S.C. 1824(b)), by  
18 striking “Bank Insurance Fund or Savings Associa-  
19 tion Insurance Fund” and inserting “Deposit Insur-  
20 ance Fund”;

21 (22) in section 14(c) (12 U.S.C. 1824(c)), by  
22 striking paragraph (3);

23 (23) in section 14(d) (12 U.S.C. 1824(d))—

1 (A) by striking “Bank Insurance Fund  
2 member” each place that term appears and in-  
3 serting “insured depository institution”;

4 (B) by striking “Bank Insurance Fund  
5 members” each place that term appears and in-  
6 serting “insured depository institutions”;

7 (C) by striking “Bank Insurance Fund”  
8 each place that term appears (other than in  
9 connection with a reference to a term amended  
10 by subparagraph (A) or (B) of this paragraph)  
11 and inserting “Deposit Insurance Fund”;

12 (D) by striking the subsection heading and  
13 inserting the following:

14 “(d) BORROWING FOR THE DEPOSIT INSURANCE  
15 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—”;

16 (E) in paragraph (3), in the paragraph  
17 heading, by striking “BIF” and inserting “THE  
18 DEPOSIT INSURANCE FUND”; and

19 (F) in paragraph (5), in the paragraph  
20 heading, by striking “BIF MEMBERS” and in-  
21 serting “INSURED DEPOSITORY INSTITUTIONS”;

22 (24) in section 14 (12 U.S.C. 1824), by adding  
23 at the end the following new subsection:

24 “(e) BORROWING FOR THE DEPOSIT INSURANCE  
25 FUND FROM FEDERAL HOME LOAN BANKS.—

1           “(1) IN GENERAL.—The Corporation may bor-  
2 row from the Federal home loan banks, with the  
3 concurrence of the Federal Housing Finance Board,  
4 such funds as the Corporation considers necessary  
5 for the use of the Deposit Insurance Fund.

6           “(2) TERMS AND CONDITIONS.—Any loan from  
7 any Federal home loan bank under paragraph (1) to  
8 the Deposit Insurance Fund shall—

9                   “(A) bear a rate of interest of not less  
10 than the current marginal cost of funds to that  
11 bank, taking into account the maturities in-  
12 volved;

13                   “(B) be adequately secured, as determined  
14 by the Federal Housing Finance Board;

15                   “(C) be a direct liability of the Deposit In-  
16 surance Fund; and

17                   “(D) be subject to the limitations of sec-  
18 tion 15(c).”;

19           (25) in section 15(c)(5) (12 U.S.C.  
20 1825(c)(5))—

21                   (A) by striking “the Bank Insurance Fund  
22 or Savings Association Insurance Fund, respec-  
23 tively” each place that term appears and insert-  
24 ing “the Deposit Insurance Fund”; and

1 (B) in subparagraph (B), by striking “the  
2 Bank Insurance Fund or the Savings Associa-  
3 tion Insurance Fund, respectively” and insert-  
4 ing “the Deposit Insurance Fund”;

5 (26) in section 17(a) (12 U.S.C. 1827(a))—

6 (A) in the subsection heading, by striking  
7 “BIF, SAIF,” and inserting “THE DEPOSIT IN-  
8 SURANCE FUND”; and

9 (B) in paragraph (1)—

10 (i) by striking “the Bank Insurance  
11 Fund, the Savings Association Insurance  
12 Fund,” each place that term appears and  
13 inserting “the Deposit Insurance Fund”;  
14 and

15 (ii) in subparagraph (D), by striking  
16 “each insurance fund” and inserting “the  
17 Deposit Insurance Fund”;

18 (27) in section 17(d) (12 U.S.C. 1827(d)), by  
19 striking “, the Bank Insurance Fund, the Savings  
20 Association Insurance Fund,” each place that term  
21 appears and inserting “the Deposit Insurance  
22 Fund”;

23 (28) in section 18(m)(3) (12 U.S.C.  
24 1828(m)(3))—

1 (A) by striking “Savings Association In-  
2 surance Fund” in the 1st sentence of subpara-  
3 graph (A) and inserting “Deposit Insurance  
4 Fund”;

5 (B) by striking “Savings Association In-  
6 surance Fund member” in the last sentence of  
7 subparagraph (A) and inserting “savings asso-  
8 ciation”; and

9 (C) by striking “Savings Association Insur-  
10 ance Fund or the Bank Insurance Fund” in  
11 subparagraph (C) and inserting “Deposit Insur-  
12 ance Fund”;

13 (29) in section 18(o) (12 U.S.C. 1828(o)), by  
14 striking “deposit insurance funds” and “deposit in-  
15 surance fund” each place those terms appear and in-  
16 serting “Deposit Insurance Fund”;

17 (30) in section 18(p) (12 U.S.C. 1828(p)), by  
18 striking “deposit insurance funds” and inserting  
19 “Deposit Insurance Fund”;

20 (31) in section 24 (12 U.S.C. 1831a)—

21 (A) in subsections (a)(1) and (d)(1)(A), by  
22 striking “appropriate deposit insurance fund”  
23 each place that term appears and inserting  
24 “Deposit Insurance Fund”;

1 (B) in subsection (e)(2)(A), by striking  
2 “risk to” and all that follows through the pe-  
3 riod and inserting “risk to the Deposit Insur-  
4 ance Fund.”; and

5 (C) in subsections (e)(2)(B)(ii) and  
6 (f)(6)(B), by striking “the insurance fund of  
7 which such bank is a member” each place that  
8 term appears and inserting “the Deposit Insur-  
9 ance Fund”;

10 (32) in section 28 (12 U.S.C. 1831e), by strik-  
11 ing “affected deposit insurance fund” each place  
12 that term appears and inserting “Deposit Insurance  
13 Fund”;

14 (33) by striking section 31 (12 U.S.C. 1831h);

15 (34) in section 36(i)(3) (12 U.S.C.  
16 1831m(i)(3)), by striking “affected deposit insur-  
17 ance fund” and inserting “Deposit Insurance  
18 Fund”;

19 (35) in section 37(a)(1)(C) (12 U.S.C.  
20 1831n(a)(1)(C)), by striking “insurance funds” and  
21 inserting “Deposit Insurance Fund”;

22 (36) in section 38 (12 U.S.C. 1831o), by strik-  
23 ing “the deposit insurance fund” each place that  
24 term appears and inserting “the Deposit Insurance  
25 Fund”;

1           (37) in section 38(a) (12 U.S.C. 1831o(a)), in  
2           the subsection heading, by striking “FUNDS” and in-  
3           serting “FUND”;

4           (38) in section 38(k) (12 U.S.C. 1831o(k))—

5           (A) in paragraph (1), by striking “a de-  
6           posit insurance fund” and inserting “the De-  
7           posit Insurance Fund”;

8           (B) in paragraph (2), by striking “A de-  
9           posit insurance fund” and inserting “The De-  
10          posit Insurance Fund”; and

11          (C) in paragraphs (2)(A) and (3)(B), by  
12          striking “the deposit insurance fund’s outlays”  
13          each place that term appears and inserting “the  
14          outlays of the Deposit Insurance Fund”; and

15          (39) in section 38(o) (12 U.S.C. 1831o(o))—

16          (A) by striking “ASSOCIATIONS.—” and all  
17          that follows through “Subsections (e)(2)” and  
18          inserting “ASSOCIATIONS.—Subsections (e)(2)”;

19          (B) by redesignating subparagraphs (A),  
20          (B), and (C) as paragraphs (1), (2), and (3),  
21          respectively, and moving the margins 2 ems to  
22          the left; and

23          (C) in paragraph (1) (as so redesignated),  
24          by redesignating clauses (i) and (ii) as subpara-



1 amended by striking “any deposit insurance fund in” and  
2 inserting “the Deposit Insurance Fund of”.

3 (d) AMENDMENTS TO THE BALANCED BUDGET AND  
4 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section  
5 255(g)(1)(A) of the Balanced Budget and Emergency  
6 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is  
7 amended—

8 (1) by striking “Bank Insurance Fund” and in-  
9 serting “Deposit Insurance Fund”; and

10 (2) by striking “Federal Deposit Insurance Cor-  
11 poration, Savings Association Insurance Fund (51-  
12 4066-0-3-373);”.

13 (e) AMENDMENTS TO THE FEDERAL HOME LOAN  
14 BANK ACT.—The Federal Home Loan Bank Act (12  
15 U.S.C. 1421 et seq.) is amended—

16 (1) in section 11(k) (12 U.S.C. 1431(k))—

17 (A) in the subsection heading, by striking  
18 “SAIF” and inserting “THE DEPOSIT INSUR-  
19 ANCE FUND”; and

20 (B) by striking “Savings Association In-  
21 surance Fund” each place such term appears  
22 and inserting “Deposit Insurance Fund”;

23 (2) in section 21 (12 U.S.C. 1441)—

1 (A) in subsection (f)(2), by striking “, ex-  
2 cept that” and all that follows through the end  
3 of the paragraph and inserting a period; and

4 (B) in subsection (k), by striking para-  
5 graph (4);

6 (3) in section 21A(b)(4)(B) (12 U.S.C.  
7 1441a(b)(4)(B)), by striking “affected deposit insur-  
8 ance fund” and inserting “Deposit Insurance  
9 Fund”;

10 (4) in section 21A(b)(6)(B) (12 U.S.C.  
11 1441a(b)(6)(B))—

12 (A) in the subparagraph heading, by strik-  
13 ing “SAIF-INSURED BANKS” and inserting  
14 “CHARTER CONVERSIONS”; and

15 (B) by striking “Savings Association In-  
16 surance Fund member” and inserting “savings  
17 association”;

18 (5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C.  
19 1441a(b)(10)(A)(iv)(II)), by striking “Savings Asso-  
20 ciation Insurance Fund” and inserting “Deposit In-  
21 surance Fund”;

22 (6) in section 21A(n)(6)(E)(iv) (12 U.S.C.  
23 1441(n)(6)(E)(iv)), by striking “Federal deposit in-  
24 surance funds” and inserting “the Deposit Insur-  
25 ance Fund”;

1 (7) in section 21B(e) (12 U.S.C. 1441b(e))—

2 (A) in paragraph (5), by inserting “as of  
3 the date of funding” after “Savings Association  
4 Insurance Fund members” each place that term  
5 appears; and

6 (B) by striking paragraphs (7) and (8);  
7 and

8 (8) in section 21B(k) (12 U.S.C. 1441b(k))—

9 (A) by inserting before the colon “, the fol-  
10 lowing definitions shall apply”;

11 (B) by striking paragraph (8); and

12 (C) by redesignating paragraphs (9) and  
13 (10) as paragraphs (8) and (9), respectively.

14 (f) AMENDMENTS TO THE HOME OWNERS’ LOAN  
15 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et  
16 seq.) is amended—

17 (1) in section 5 (12 U.S.C. 1464)—

18 (A) in subsection (e)(5)(A), by striking  
19 “that is a member of the Bank Insurance  
20 Fund”;

21 (B) in subsection (e)(6), by striking “As  
22 used in this subsection—” and inserting “For  
23 purposes of this subsection, the following defini-  
24 tions shall apply:”;

1 (C) in subsection (o)(1), by striking “that  
2 is a Bank Insurance Fund member”;

3 (D) in subsection (o)(2)(A), by striking “a  
4 Bank Insurance Fund member until such time  
5 as it changes its status to a Savings Association  
6 Insurance Fund member” and inserting “in-  
7 sured by the Deposit Insurance Fund”;

8 (E) in subsection (t)(5)(D)(iii)(II), by  
9 striking “affected deposit insurance fund” and  
10 inserting “Deposit Insurance Fund”;

11 (F) in subsection (t)(7)(C)(i)(I), by strik-  
12 ing “affected deposit insurance fund” and in-  
13 serting “Deposit Insurance Fund”; and

14 (G) in subsection (v)(2)(A)(i), by striking  
15 “the Savings Association Insurance Fund” and  
16 inserting “or the Deposit Insurance Fund”; and  
17 (2) in section 10 (12 U.S.C. 1467a)—

18 (A) in subsection (e)(6)(D), by striking  
19 “this title” and inserting “this Act”;

20 (B) in subsection (e)(1)(B), by striking  
21 “Savings Association Insurance Fund or Bank  
22 Insurance Fund” and inserting “Deposit Insur-  
23 ance Fund”;

24 (C) in subsection (e)(2), by striking “Sav-  
25 ings Association Insurance Fund or the Bank

1 Insurance Fund” and inserting “Deposit Insur-  
2 ance Fund”;

3 (D) in subsection (e)(4)(B), by striking  
4 “subsection (1)” and inserting “subsection (l)”;

5 (E) in subsection (g)(3)(A), by striking  
6 “(5) of this section” and inserting “(5) of this  
7 subsection”;

8 (F) in subsection (i), by redesignating  
9 paragraph (5) as paragraph (4);

10 (G) in subsection (m)(3), by striking sub-  
11 paragraph (E) and by redesignating subpara-  
12 graphs (F), (G), and (H) as subparagraphs  
13 (E), (F), and (G), respectively;

14 (H) in subsection (m)(7)(A), by striking  
15 “during period” and inserting “during the pe-  
16 riod”; and

17 (I) in subsection (o)(3)(D), by striking  
18 “sections 5(s) and (t) of this Act” and inserting  
19 “subsections (s) and (t) of section 5”.

20 (g) AMENDMENTS TO THE NATIONAL HOUSING  
21 ACT.—The National Housing Act (12 U.S.C. 1701 et  
22 seq.) is amended—

23 (1) in section 317(b)(1)(B) (12 U.S.C.  
24 1723i(b)(1)(B)), by striking “Bank Insurance Fund  
25 for banks or through the Savings Association Insur-

1       ance Fund for savings associations” and inserting  
2       “Deposit Insurance Fund”; and

3               (2) in section 536(b)(1)(B)(ii) (12 U.S.C.  
4       1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance  
5       Fund for banks and through the Savings Association  
6       Insurance Fund for savings associations” and insert-  
7       ing “Deposit Insurance Fund”.

8       (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS  
9       REFORM, RECOVERY, AND ENFORCEMENT ACT OF  
10      1989.—The Financial Institutions Reform, Recovery, and  
11      Enforcement Act of 1989 (12 U.S.C. 1811 note) is  
12      amended—

13              (1) in section 951(b)(3)(B) (12 U.S.C.  
14      1833a(b)(3)(B)), by inserting “and after the merger  
15      of such funds, the Deposit Insurance Fund,” after  
16      “the Savings Association Insurance Fund,”; and

17              (2) in section 1112(c)(1)(B) (12 U.S.C.  
18      3341(c)(1)(B)), by striking “Bank Insurance Fund,  
19      the Savings Association Insurance Fund,” and in-  
20      serting “Deposit Insurance Fund”.

21      (i) AMENDMENT TO THE BANK HOLDING COMPANY  
22      ACT OF 1956.—The Bank Holding Company Act of 1956  
23      (12 U.S.C. 1841 et seq.) is amended—

