

109TH CONGRESS
1ST SESSION

H. R. 1185

IN THE SENATE OF THE UNITED STATES

MAY 9, 2005

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

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 2005”.

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

See. 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 LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance 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4 (b) REPEAL OF OUTDATED MERGER PROVISION.—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6 (12 U.S.C. 1821 note) is repealed.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).”; and

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 2005, \$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 2007, 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.

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 (y) and inserting a period;

4 “(2) MUNICIPAL DEPOSITORS.—

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”; and

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.—

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 depository institution shall display at each place of business maintained by that institution a sign or signs relating to the insurance of the deposits of the institution, in accordance with regulations to be prescribed by the Corporation.

3 “(B) STATEMENT TO BE INCLUDED.—

4 Each sign required under subparagraph (A) shall include a statement that insured deposits are backed by the full faith and credit of the United States Government.

5 “(2) REGULATIONS.—The Corporation shall prescribe regulations to carry out this subsection, including regulations governing the substance of signs required by paragraph (1) and the manner of display or use of such signs.

6 “(3) PENALTIES.—For each day that an insured depository institution continues to violate this subsection or any regulation issued under this subsection, it shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.”.

7 (3) Section 43(d) of the Federal Deposit Insurance 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”; and

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 2005, \$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.—Subject to paragraph (3),
18 any insured depository institution which fails or re-
19 fuses to pay any assessment shall be subject to a
20 penalty in an amount not more than 1 percent of
21 the amount of the assessment due for each day that
22 such violation continues.

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

1 “(A) the failure to pay an assessment is
2 due to a dispute between the insured depository
3 institution and the Corporation over the
4 amount of such assessment; and

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

9 “(3) SPECIAL RULE FOR SMALL ASSESSMENT
10 AMOUNTS.—If the amount of the assessment which
11 an insured depository institution fails or refuses to
12 pay is less than \$10,000 at the time of such failure
13 or refusal, the amount of any penalty to which such
14 institution is subject under paragraph (1) shall not
15 exceed \$100 for each day that such violation con-
16 tinues.

17 “(4) AUTHORITY TO MODIFY OR REMIT PEN-
18 ALTY.—The Corporation, in the sole discretion of
19 the Corporation, may compromise, modify or remit
20 any penalty which the Corporation may assess or
21 has already assessed under paragraph (1) upon a
22 finding that good cause prevented the timely pay-
23 ment of an assessment.”.

24 (d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

1 (1) IN GENERAL.—Section 232 of the Federal
2 Deposit Insurance Corporation Improvement Act of
3 1991 (12 U.S.C. 1834) is amended by striking sub-
4 section (c).

18 (e) TECHNICAL AND CONFORMING AMENDMENTS.—
19 (1) Paragraph (3) of section 7(a) of the Fed-
20 eral Deposit Insurance Act (12 U.S.C. 1817(a)(3))
21 is amended by striking the 3d sentence and inserting
22 the following: “Such reports of condition shall be the
23 basis for the certified statements to be filed pursu-
24 ant to subsection (c).”.

8 (A) by striking subparagraphs (E), (F),
9 and (G);

10 (B) in subparagraph (C), by striking
11 “semiannual”; and

12 (C) by redesignating subparagraph (H) (as
13 amended by subsection (e)(2) of this section) as
14 subparagraph (E).

22 (A) in paragraph (1)(A), by striking
23 “semiannual”;

24 (B) in paragraph (2)(A), by striking
25 “semiannual”; and

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

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

18 (A) in the matter preceding subparagraph
19 (A) of paragraph (2), by striking “the Board
20 and”;

21 (B) in subparagraph (J) of paragraph (2),
22 by striking “the Board” and inserting “the
23 Corporation”;

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

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

10 (f) EFFECTIVE DATE.—This section and the amend-
11 ments made by this section shall take effect on the date
12 that the final regulations required under section 9(a)(5)
13 take effect.

14 SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE
15 RATIO WITH RESERVE RANGE.

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

19 “(3) DESIGNATED RESERVE RATIO.—

1 “(ii) NOT LESS THAN ANNUAL REDE-
2 TERMINATION.—A determination under
3 clause (i) shall be made by the Board of
4 Directors at least before the beginning of
5 each calendar year, for such calendar year,
6 and at such other times as the Board of
7 Directors may determine to be appropriate.

8 “(B) RANGE.—The reserve ratio des-
9 ignated by the Board of Directors for any
10 year—

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

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

15 “(C) FACTORS.—In designating a reserve
16 ratio for any year, the Board of Directors
17 shall—

18 “(i) take into account the risk of
19 losses to the Deposit Insurance Fund in
20 such year and future years, including his-
21 toric experience and potential and esti-
22 mated losses from insured depository insti-
23 tutions;

24 “(ii) take into account economic con-
25 ditions generally affecting insured deposi-

16 “(D) PUBLICATION OF PROPOSED CHANGE
17 IN RATIO.—In soliciting comment on any pro-
18 posed change in the designated reserve ratio in
19 accordance with subparagraph (A), the Board
20 of Directors shall include in the published pro-
21 posal a thorough analysis of the data and pro-
22 jections on which the proposal is based.”.

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

1 (1) by striking “(y) The term” and inserting(y)

2 Definitions Relating to Deposit Insurance Fund.—

4 and

5 (2) by inserting after paragraph (1) (as so des-
6 ignated by paragraph (1) of this subsection) the fol-
7 lowing new paragraph:

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

12 (c) EFFECTIVE DATE.—This section and the amend-
13 ments made by this section shall take effect on the date
14 that the final regulations required under section 9(a)(1)
15 take effect.

16 SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED
17 ASSESSMENT SYSTEM.

18 Section 7(b)(1) of the Federal Deposit Insurance Act
19 (12 U.S.C. 1817(b)(1)) is amended by adding at the end
20 the following new subparagraphs:

21 “(E) INFORMATION CONCERNING RISK OF
22 LOSS AND ECONOMIC CONDITIONS.—

1 nomic conditions generally affecting depository institutions, the Corporation shall collect information, as appropriate, from all sources the Board of Directors considers appropriate, such as reports of condition, inspection reports, and other information from all Federal banking agencies, any information available from State bank supervisors, State insurance and securities regulators, the Securities and Exchange Commission (including information described in section 35), the Secretary of the Treasury, the Commodity Futures Trading Commission, the Farm Credit Administration, the Federal Trade Commission, any Federal reserve bank or Federal home loan bank, and other regulators of financial institutions, and any information available from credit rating entities, and other private economic or business analysts.

21 “(ii) CONSULTATION WITH FEDERAL
22 BANKING AGENCIES.—

23 “(I) IN GENERAL.—Except as
24 provided in subclause (II), in assessing
25 the risk of loss to the Deposit In-

22 “(F) MODIFICATIONS TO THE RISK-BASED
23 ASSESSMENT SYSTEM ALLOWED ONLY AFTER
24 NOTICE AND COMMENT.—In revising or modi-
25 fying the risk-based assessment system at any

1 time after the date of the enactment of the
2 Federal Deposit Insurance Reform Act of 2005,
3 the Board of Directors may implement such re-
4 visions or modification in final form only after
5 notice and opportunity for comment.”.

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

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

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

12 “(1) REFUNDS OF OVERPAYMENTS.—In the
13 case of any payment of an assessment by an insured
14 depository institution in excess of the amount due to
15 the Corporation, the Corporation may—

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

18 “(B) credit such excess amount toward the
19 payment of subsequent assessments until such
20 credit is exhausted.

21 “(2) DIVIDENDS FROM EXCESS AMOUNTS IN
22 DEPOSIT INSURANCE FUND.—

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

25 Whenever the reserve ratio of the Deposit In-

1 surance Fund exceeds 1.4 percent of estimated
2 insured deposits, the Corporation shall declare
3 the amount in the Fund in excess of the
4 amount required to maintain the reserve ratio
5 at 1.4 percent of estimated insured deposits, as
6 dividends to be paid to insured depository insti-
7 tutions.

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

21 “(C) BASIS FOR DISTRIBUTION OF DIVI-
22 DENDS.—

23 “(i) IN GENERAL.—Solely for the pur-
24 poses of dividend distribution under this
25 paragraph and credit distribution under

1 paragraph (3)(B), the Corporation shall
2 determine each insured depository institu-
3 tion's relative contribution to the Deposit
4 Insurance Fund (or any predecessor de-
5 posit insurance fund) for calculating such
6 institution's share of any dividend or credit
7 declared under this paragraph or para-
8 graph (3)(B), taking into account the fac-
9 tors described in clause (ii).

1 the Deposit Insurance Fund (and any
2 predecessor deposit insurance fund).

11 “(D) NOTICE AND OPPORTUNITY FOR
12 COMMENT.—The Corporation shall prescribe by
13 regulation, after notice and opportunity for
14 comment, the method for the calculation, dec-
15 laration, and payment of dividends under this
16 paragraph.

17 “(3) CREDIT POOL.—

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

1 surance assessment prior to that date;

2 or

1 pository institution that exhibits financial,
2 operational, or compliance weaknesses
3 ranging from moderately severe to unsatisfactory, or is not adequately capitalized (as
4 defined in section 38) at the beginning of
5 an assessment period, the amount of any
6 credit allowed under this paragraph
7 against the assessment on that depository
8 institution for such period may not exceed
9 the amount calculated by applying to that
10 depository institution the average assess-
11 ment rate on all insured depository institu-
12 tions for such assessment period.

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

21 “(B) ON-GOING CREDIT POOL.—

22 “(i) IN GENERAL.—In addition to the
23 credit provided pursuant to subparagraph
24 (A) and subject to the limitation contained
25 in clause (v) of such subparagraph, the

1 the factors for setting assessments under
2 subsection (b)(2)(B).

3 “(4) ADMINISTRATIVE REVIEW.—

4 “(A) IN GENERAL.—The regulations pre-
5 scribed under paragraph (2)(D) and subpara-
6 graphs (A) and (B) of paragraph (3) shall in-
7 clude provisions allowing an insured depository
8 institution a reasonable opportunity to chal-
9 lenge administratively the amount of the credit
10 or dividend determined under paragraph (2) or
11 (3) for such institution.

12 “(B) ADMINISTRATIVE REVIEW.—Any re-
13 view under subparagraph (A) of any determina-
14 tion of the Corporation under paragraph (2) or
15 (3) shall be final and not subject to judicial re-
16 view.”.

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

21 “(3) RESERVE RATIO.—The term ‘reserve
22 ratio’, when used with regard to the Deposit Insur-
23 ance Fund other than in connection with a reference
24 to the designated reserve ratio, means the ratio of

1 the net worth of the Deposit Insurance Fund to the
2 value of the aggregate estimated insured deposits.”.

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

4 Section 7(b)(3) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of
6 this Act) is amended by adding at the end the following
7 new subparagraph:

8 “(E) DIF RESTORATION PLANS.—

9 “(i) IN GENERAL.—Whenever—

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

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

24 the Corporation shall establish and imple-
25 ment a Deposit Insurance Fund restora-

1 provided to an insured depository institu-
2 tion under subsection (e)(3) against any
3 assessment imposed on the institution for
4 any assessment period in an amount equal
5 to the lesser of—

6 “(I) the amount of the assess-
7 ment; or

8 “(II) the amount equal to 3 basis
9 points of the institution’s assessment
10 base.

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

18 **SEC. 9. REGULATIONS REQUIRED.**

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

24 (1) designating the reserve ratio for the Deposit
25 Insurance Fund in accordance with section 7(b)(3)

1 of the Federal Deposit Insurance Act (as amended
2 by section 5 of this Act);

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

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

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

16 (5) providing for assessments under section
17 7(b) of the Federal Deposit Insurance Act, as
18 amended by this Act.

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

8 (A) The efficiency and effectiveness of the administration of the prompt corrective action program under section 38 of the Federal Deposit Insurance Act by the Federal banking agencies (as defined in section 3 of such Act), including the degree of effectiveness of such agencies in identifying troubled depository institutions and taking effective action with respect to such institutions, and the degree of accuracy of the risk assessments made by the Corporation.

19 (B) The appropriateness of the organizational structure of the Federal Deposit Insurance Corporation for the mission of the Corporation taking into account—

23 (i) the current size and complexity of the business of insured depository institutions (as such term is defined in section 3 of the Federal Deposit Insurance Act);

16 (b) STUDY OF FURTHER POSSIBLE CHANGES TO DE-
17 POSIT INSURANCE SYSTEM.—

22 (A) The feasibility of establishing a vol-
23 untary deposit insurance system for deposits in
24 excess of the maximum amount of deposit in-
25 surance for any depositor and the potential ben-

1 efits and the potential adverse consequences
2 that may result from the establishment of any
3 such system.

4 (B) The feasibility of privatizing all deposit
5 insurance at insured depository institutions and
6 insured credit unions.

7 (2) REPORT.—Before the end of the 1-year pe-
8 riod beginning on the date of the enactment of this
9 Act, the Board of Directors of the Federal Deposit
10 Insurance Corporation and the National Credit
11 Union Administration Board shall each submit a re-
12 port to the Congress on the study required under
13 paragraph (1) containing the findings and conclu-
14 sions of the reporting agency together with such rec-
15 ommendations for legislative or administrative
16 changes as the agency may determine to be appro-
17 priate.

18 (c) STUDY REGARDING APPROPRIATE DEPOSIT BASE
19 IN DESIGNATING RESERVE RATIO.—

20 (1) STUDY REQUIRED.—The Federal Deposit
21 Insurance Corporation shall conduct a study of the
22 feasibility of using actual domestic deposits rather
23 than estimated insured deposits in calculating the
24 reserve ratio of the Deposit Insurance Fund and
25 designating a reserve ratio for such Fund.

10 (d) STUDY OF RESERVE METHODOLOGY AND AC-
11 COUNTING FOR LOSS.—

12 (1) STUDY REQUIRED.—The Federal Deposit
13 Insurance Corporation shall conduct a study of the
14 reserve methodology and loss accounting used by the
15 Corporation during the period beginning on January
16 1, 1992, and ending December 31, 2004, with re-
17 spect to insured depository institutions in a troubled
18 condition (as defined in the regulations prescribed
19 pursuant to section 32(f) of the Federal Deposit In-
20 surance Act). The Corporation shall obtain com-
21 ments on the design of the study from the Com-
22 troller General.

10 (i) whether an insured depository in-
11 stitution was in a troubled condition; and
12 (ii) the amount of any loss anticipated
13 at such institution;

14 (C) analyze the actual historical loss ex-
15 perience over the period described in paragraph
16 (1) and the causes of the exceptionally high
17 rate of losses experienced by the Corporation in
18 the final 3 years of that period; and

19 (D) rate the efforts of the Corporation to
20 reduce losses in such 3-year period to minimally
21 acceptable levels and to historical levels.

1 enactment of this Act, containing the findings and
2 conclusions of the Corporation with respect to the
3 study required under paragraph (1), together with
4 such recommendations for legislative or administra-
5 tive action as the Board of Directors may determine
6 to be appropriate. Before submitting the report to
7 Congress, the Board of Directors shall provide a
8 draft of the report to the Comptroller General for
9 comment.

10 **SEC. 11. BI-ANNUAL FDIC SURVEY AND REPORT ON IN-**
11 **CREASING THE DEPOSIT BASE BY ENCOUR-**
12 **AGING USE OF DEPOSITORY INSTITUTIONS**
13 **BY THE UNBANKED.**

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

17 **“SEC. 49. BI-ANNUAL FDIC SURVEY AND REPORT ON EN-**
18 **COURAGING USE OF DEPOSITORY INSTITU-**
19 **TIONS BY THE UNBANKED.**

20 “(a) SURVEY REQUIRED.—

21 “(1) IN GENERAL.—The Corporation shall con-
22 duct a bi-annual survey on efforts by insured deposi-
23 tory institutions to bring those individuals and fami-
24 lies who have rarely, if ever, held a checking ac-
25 count, a savings account or other type of transaction

1 or check cashing account at an insured depository
2 institution (hereafter in this section referred to as
3 the ‘unbanked’) into the conventional finance sys-
4 tem.

5 “(2) FACTORS AND QUESTIONS TO CON-
6 SIDER.—In conducting the survey, the Corporation
7 shall take the following factors and questions into
8 account:

9 “(A) To what extent do insured depository
10 institutions promote financial education and fi-
11 nancial literacy outreach?

12 “(B) Which financial education efforts ap-
13 pear to be the most effective in bringing
14 ‘unbanked’ individuals and families into the
15 conventional finance system?

16 “(C) What efforts are insured institutions
17 making at converting ‘unbanked’ money order,
18 wire transfer, and international remittance cus-
19 tomers into conventional account holders?

20 “(D) What cultural, language and identi-
21 fication issues as well as transaction costs ap-
22 pear to most prevent ‘unbanked’ individuals
23 from establishing conventional accounts?

1 “(E) What is a fair estimate of the size
2 and worth of the ‘unbanked’ market in the
3 United States?

4 “(b) REPORTS.—The Chairperson of the Board of
5 Directors shall submit a bi-annual report to the Com-
6 mittee on Financial Services of the House of Representa-
7 tives and the Committee on Banking, Housing, and Urban
8 Affairs of the Senate containing the Corporation’s findings
9 and conclusions with respect to the survey conducted pur-
10 suant to subsection (a), together with such recommenda-
11 tions for legislative or administrative action as the Chair-
12 person may determine to be appropriate.”.

13 **SEC. 12. TECHNICAL AND CONFORMING AMENDMENTS TO**

14 **THE FEDERAL DEPOSIT INSURANCE ACT RE-**
15 **LATING TO THE MERGER OF THE BIF AND**
16 **SAIF.**

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

19 (1) in section 3 (12 U.S.C. 1813)—

20 (A) by striking subparagraph (B) of sub-
21 section (a)(1) and inserting the following new
22 subparagraph:

23 “(B) includes any former savings associa-
24 tion.”; and

1 (B) by striking paragraph (1) of sub-
2 section (y) (as so designated by section 5(b) of
3 this Act) and inserting the following new para-
4 graph:

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

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

20 (5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—
21 (A) in subparagraph (A), by striking “re-
22 serve ratios in the Bank Insurance Fund and
23 the Savings Association Insurance Fund as re-
24 quired by section 7” and inserting “the reserve
25 ratio of the Deposit Insurance Fund”;

1 (B) by striking subparagraph (B) and in-
2 serting the following:

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

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

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

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

18 (C) by redesignating paragraphs (7), (8),
19 and (9) as paragraphs (6), (7), and (8), respec-
20 tively;

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

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

9 (i) by striking “any such assessment”
10 and inserting “any such assessment is nec-
11 essary”;

12 (ii) by striking subparagraph (B);

13 (iii) in subparagraph (A)—

14 (I) by striking “(A) is nec-
15 essary—”;

16 (II) by striking “Bank Insurance
17 Fund members” and inserting “in-
18 sured depository institutions”; and

19 (III) by redesignating clauses (i),
20 (ii), and (iii) as subparagraphs (A),
21 (B), and (C), respectively, and moving
22 the margins 2 ems to the left; and
23 (iv) in subparagraph (C) (as so redes-
24 ignated)—

1 (I) by inserting "that" before
2 "the Corporation"; and

3 (II) by striking “; and” and in-
4 serting a period;

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

13 (A) by striking “deposit insurance fund”
14 each place that term appears and inserting
15 “Deposit Insurance Fund”;

16 (B) by striking paragraph (4) of sub-
17 section (a) and inserting the following new
18 paragraph:

20 “(A) ESTABLISHMENT.—There is estab-
21 lished the Deposit Insurance Fund, which the
22 Corporation shall—

1 “(ii) use to carry out its insurance
2 purposes, in the manner provided by this
3 subsection; and

4 “(iii) invest in accordance with section
5 13(a).

6 “(B) USES.—The Deposit Insurance Fund
7 shall be available to the Corporation for use
8 with respect to insured depository institutions
9 the deposits of which are insured by the De-
10 posit Insurance Fund.

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

18 “(i) any insured depository institution
19 for which the Corporation has been ap-
20 pointed conservator or receiver, in connec-
21 tion with any type of resolution by the
22 Corporation;

23 “(ii) any other insured depository in-
24 stitution in default or in danger of default,

1 in connection with any type of resolution
2 by the Corporation; or

3 “(iii) any insured depository institu-
4 tion, in connection with the provision of as-
5 sistance under this section or section 13
6 with respect to such institution, except
7 that this clause shall not prohibit any as-
8 sistance to any insured depository institu-
9 tion that is not in default, or that is not
10 in danger of default, that is acquiring (as
11 defined in section 13(f)(8)(B)) another in-
12 sured depository institution.

13 “(D) DEPOSITS.—All amounts assessed
14 against insured depository institutions by the
15 Corporation shall be deposited into the Deposit
16 Insurance Fund.”;

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

19 (D) by redesignating paragraph (8) of sub-
20 section (a) as paragraph (5);

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

1 (13) in section 11(i)(3) (12 U.S.C.

2 1821(i)(3))—

3 (A) by striking subparagraph (B);

4 (B) by redesignating subparagraph (C) as
5 subparagraph (B); and

6 (C) in subparagraph (B) (as so redesignated), by striking “subparagraphs (A) and
7 (B)” and inserting “subparagraph (A);
8

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

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

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

17 (C) in paragraph (3), by striking “the
18 Bank Insurance Fund, the Savings Association
19 Insurance Fund,” and inserting “the Deposit
20 Insurance Fund”;

21 (16) in section 11A(b) (12 U.S.C. 1821a(b)),

22 by striking paragraph (4);

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

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

10 (B) in subsection (a)(1), by striking “Bank
11 Insurance Fund, the Savings Association Insur-
12 ance Fund,” and inserting “Deposit Insurance
13 Fund”;

14 (C) in subsection (c)(4)(E)—

15 (i) in the subparagraph heading, by
16 striking “funds” and inserting “fund”; and

17 (ii) in clause (i), by striking “any in-
18 surance fund” and inserting “the Deposit
19 Insurance Fund”;

20 (D) in subsection (c)(4)(G)(ii)—

21 (i) by striking “appropriate insurance
22 fund” and inserting “Deposit Insurance
23 Fund”;

24 (ii) by striking “the members of the
25 insurance fund (of which such institution

1 is a member)" and inserting "insured de-
2 pository institutions";

3 (iii) by striking "each member's" and
4 inserting "each insured depository institu-
5 tion's"; and

6 (iv) by striking "the member's" each
7 place that term appears and inserting "the
8 institution's";

9 (E) in subsection (c), by striking para-
10 graph (11);

11 (F) in subsection (h), by striking "Bank
12 Insurance Fund" and inserting "Deposit Insur-
13 ance Fund";

14 (G) in subsection (k)(4)(B)(i), by striking
15 "Savings Association Insurance Fund member"
16 and inserting "savings association"; and

17 (H) in subsection (k)(5)(A), by striking
18 "Savings Association Insurance Fund mem-
19 bers" and inserting "savings associations";

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

22 (A) by striking "Bank Insurance Fund or
23 the Savings Association Insurance Fund" and
24 inserting "Deposit Insurance Fund"; and

(B) by striking “each such fund” and inserting “the Deposit Insurance Fund”;

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

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

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

16 (C) by striking “Bank Insurance Fund”
17 each place that term appears (other than in
18 connection with a reference to a term amended
19 by subparagraph (A) or (B) of this paragraph)
20 and inserting “Deposit Insurance Fund”;

21 (D) by striking the subsection heading and
22 inserting the following:

23 "(d) BORROWING FOR THE DEPOSIT INSURANCE
24 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—";

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

4 (F) in paragraph (5), in the paragraph
5 heading, by striking "BIF MEMBERS" and in-
6 serting "INSURED DEPOSITORY INSTITUTIONS";

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

9 "(e) BORROWING FOR THE DEPOSIT INSURANCE
10 FUND FROM FEDERAL HOME LOAN BANKS.—

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

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

19 “(A) bear a rate of interest of not less
20 than the current marginal cost of funds to that
21 bank, taking into account the maturities in-
22 volved;

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

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

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

5 (25) in section 15(c)(5) (12 U.S.C.
6 1825(c)(5))—

7 (A) by striking “the Bank Insurance Fund
8 or Savings Association Insurance Fund, respec-
9 tively” each place that term appears and insert-
10 ing “the Deposit Insurance Fund”; and

11 (B) in subparagraph (B), by striking “the
12 Bank Insurance Fund or the Savings Associa-
13 tion Insurance Fund, respectively” and insert-
14 ing “the Deposit Insurance Fund”;

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

16 (A) in the subsection heading, by striking
17 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
18 SURANCE FUND”; and

19 (B) in paragraph (1)—

20 (i) by striking “the Bank Insurance
21 Fund, the Savings Association Insurance
22 Fund,” each place that term appears and
23 inserting “the Deposit Insurance Fund”;
24 and

1 (ii) in subparagraph (D), by striking
2 “each insurance fund” and inserting “the
3 Deposit Insurance Fund”;

4 (27) in section 17(d) (12 U.S.C. 1827(d)), by
5 striking “, the Bank Insurance Fund, the Savings
6 Association Insurance Fund,” each place that term
7 appears and inserting “the Deposit Insurance
8 Fund”;

9 (28) in section 18(m)(3) (12 U.S.C.
10 1828(m)(3))—

11 (A) by striking “Savings Association In-
12 surance Fund” in the 1st sentence of subpara-
13 graph (A) and inserting “Deposit Insurance
14 Fund”;

15 (B) by striking “Savings Association In-
16 surance Fund member” in the last sentence of
17 subparagraph (A) and inserting “savings asso-
18 ciation”; and

19 (C) by striking “Savings Association Insur-
20 ance Fund or the Bank Insurance Fund” in
21 subparagraph (C) and inserting “Deposit Insur-
22 ance Fund”;

23 (29) in section 18(o) (12 U.S.C. 1828(o)), by
24 striking “deposit insurance funds” and “deposit in-

1 surance fund” each place those terms appear and in-
2 serting “Deposit Insurance Fund”;

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

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

7 (A) in subsections (a)(1) and (d)(1)(A), by
8 striking “appropriate deposit insurance fund”
9 each place that term appears and inserting
10 “Deposit Insurance Fund”;

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

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

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

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

5 (35) in section 37(a)(1)(C) (12 U.S.C.
6 1831n(a)(1)(C)), by striking “insurance funds” and
7 inserting “Deposit Insurance Fund”;

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

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

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

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

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

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

2 (A) by striking “ASSOCIATIONS.—” and all

3 that follows through “Subsections (e)(2)” and

4 inserting “ASSOCIATIONS.—Subsections (e)(2);”

5 (B) by redesignating subparagraphs (A),

6 (B), and (C) as paragraphs (1), (2), and (3),

7 respectively, and moving the margins 2 ems to

8 the left; and

9 (C) in paragraph (1) (as so redesignated),

0 by redesignating clauses (i) and (ii) as subpara-

1 graphs (A) and (B), respectively, and moving

2 the margins 2 ems to the left.

13 (b) EFFECTIVE DATE.—This section and the amend-
14 ments made by this section shall take effect on the first
15 day of the first calendar quarter that begins after the end
16 of the 90-day period beginning on the date of the enact-
17 ment of this Act.

18 SEC. 13. OTHER TECHNICAL AND CONFORMING AMEND-
19 MENTS RELATING TO THE MERGER OF THE
20 BIF AND SAIE.

21 (a) SECTION 5136 OF THE REVISED STATUTES.—
22 The paragraph designated the “Eleventh” of section 5136
23 of the Revised Statutes of the United States (12 U.S.C.
24 24) is amended in the 5th sentence, by striking “affected

1 deposit insurance fund” and inserting “Deposit Insurance
2 Fund”.

3 (b) INVESTMENTS PROMOTING PUBLIC WELFARE;
4 LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d
5 undesignated paragraph of section 9 of the Federal Re-
6 serve Act (12 U.S.C. 338a) is amended in the 4th sen-
7 tence, by striking “affected deposit insurance fund” and
8 inserting “Deposit Insurance Fund”.

9 (c) ADVANCES TO CRITICALLY UNDERCAPITALIZED
10 DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of
11 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is
12 amended by striking “any deposit insurance fund in” and
13 inserting “the Deposit Insurance Fund of”.

14 (d) AMENDMENTS TO THE BALANCED BUDGET AND
15 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section
16 255(g)(1)(A) of the Balanced Budget and Emergency
17 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is
18 amended—

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

21 (2) by striking “Federal Deposit Insurance Cor-
22 poration, Savings Association Insurance Fund (51–
23 4066–0–3–373);”.

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

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

5 (A) in the subsection heading, by striking
6 “SAIF” and inserting “THE DEPOSIT INSUR-
7 ANCE FUND”; and

8 (B) by striking “Savings Association In-
9 surance Fund” each place such term appears
10 and inserting “Deposit Insurance Fund”;

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

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

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

17 (3) in section 21A(b)(4)(B) (12 U.S.C.
18 1441a(b)(4)(B)), by striking “affected deposit insur-
19 ance fund” and inserting “Deposit Insurance
20 Fund”;

21 (4) in section 21A(b)(6)(B) (12 U.S.C.
22 1441a(b)(6)(B))—

23 (A) in the subparagraph heading, by strik-
24 ing “SAIF-INSURED BANKS” and inserting
25 “CHARTER CONVERSIONS”; and

1 (B) by striking “Savings Association In-
2 surance Fund member” and inserting “savings
3 association”;

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

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

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

18 and

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

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

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

23 (C) by redesignating paragraphs (9) and
24 (10) as paragraphs (8) and (9), respectively.

1 (f) AMENDMENTS TO THE HOME OWNERS' LOAN
2 ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et
3 seq.) is amended—

4 (1) in section 5 (12 U.S.C. 1464)—

8 (B) in subsection (c)(6), by striking “As
9 used in this subsection—” and inserting “For
10 purposes of this subsection, the following defini-
11 tions shall apply:”;

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

14 (D) in subsection (o)(2)(A), by striking “a
15 Bank Insurance Fund member until such time
16 as it changes its status to a Savings Association
17 Insurance Fund member” and inserting “in-
18 sured by the Deposit Insurance Fund”;

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

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

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

5 (A) in subsection (c)(6)(D), by striking
6 “this title” and inserting “this Act”;

11 (C) in subsection (e)(2), by striking “Sav-
12 ings Association Insurance Fund or the Bank
13 Insurance Fund” and inserting “Deposit Insur-
14 ance Fund”;

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

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

20 (F) in subsection (i), by redesignating
21 paragraph (5) as paragraph (4);

22 (G) in subsection (m)(3), by striking sub-
23 paragraph (E) and by redesignating subpara-
24 graphs (F), (G), and (H) as subparagraphs
25 (E), (F), and (G), respectively;

1 (H) in subsection (m)(7)(A), by striking
2 “during period” and inserting “during the pe-
3 riod”; and

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

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

20 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
21 REFORM, RECOVERY, AND ENFORCEMENT ACT OF
22 1989.—The Financial Institutions Reform, Recovery, and
23 Enforcement Act of 1989 (12 U.S.C. 1811 note) is
24 amended—

1 (1) in section 951(b)(3)(B) (12 U.S.C.

2 1833a(b)(3)(B)), by inserting “and after the merger
3 of such funds, the Deposit Insurance Fund,” after
4 “the Savings Association Insurance Fund,”; and

9 (i) AMENDMENT TO THE BANK HOLDING COMPANY

10 ACT OF 1956.—The Bank Holding Company Act of 1956

11 (12 U.S.C. 1841 et seq.) is amended—

12 (1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by
13 striking “Savings Association Insurance Fund” and
14 inserting “Deposit Insurance Fund”; and

19 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY
20 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12
21 U.S.C. 1828a) is amended by striking “any Federal de-
22 posit insurance fund” in subsection (a)(1)(B), paragraphs
23 (2)(B) and (4)(B) of subsection (b), and subsection
24 (c)(1)(B), each place that term appears and inserting “the
25 Deposit Insurance Fund”.

1 (k) EFFECTIVE DATE.—This section and the amend-
2 ments made by this section shall take effect on the first
3 day of the first calendar quarter that begins after the end
4 of the 90-day period beginning on the date of the enact-
5 ment of this Act.

Passed the House of Representatives May 4, 2005.

Attest:

JEFF TRANDAHL,

Clerk.