

108TH CONGRESS
1ST SESSION

H. R. 1375

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2003

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

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Financial Services Regulatory Relief Act of 2003”.

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

Sec. 1. Short title; table of contents.

TITLE I—NATIONAL BANK PROVISIONS

Sec. 101. National bank directors.

Sec. 102. Voting in shareholder elections.

Sec. 103. Simplifying dividend calculations for national banks.

- Sec. 104. Repeal of obsolete limitation on removal authority of the Comptroller of the Currency.
- Sec. 105. Repeal of intrastate branch capital requirements.
- Sec. 106. Clarification of waiver of publication requirements for bank merger notices.
- Sec. 107. Capital equivalency deposits for Federal branches and agencies of foreign banks.
- Sec. 108. Equal treatment for Federal agencies of foreign banks.
- Sec. 109. Maintenance of a Federal branch and a Federal agency in the same State.
- Sec. 110. Business organization flexibility for national banks.
- Sec. 111. Clarification of the main place of business of a national bank.

TITLE II—SAVINGS ASSOCIATION PROVISIONS

- Sec. 201. Parity for savings associations under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.
- Sec. 202. Investments by Federal savings associations authorized to promote the public welfare.
- Sec. 203. Mergers and consolidations of Federal savings associations with non-depository institution affiliates.
- Sec. 204. Repeal of statutory dividend notice requirement for savings association subsidiaries of savings and loan holding companies.
- Sec. 205. Modernizing statutory authority for trust ownership of savings associations.
- Sec. 206. Repeal of overlapping rules governing purchased mortgage servicing rights.
- Sec. 207. Restatement of authority for Federal savings associations to invest in small business investment companies.
- Sec. 208. Removal of limitation on investments in auto loans.
- Sec. 209. Selling and offering of deposit products.
- Sec. 210. Funeral- and cemetery-related fiduciary services.
- Sec. 211. Repeal of qualified thrift lender requirement with respect to out-of-state branches.
- Sec. 212. Small business and other commercial loans.
- Sec. 213. Clarifying citizenship of Federal savings associations for Federal court jurisdiction.
- Sec. 214. Clarification of applicability of certain procedural doctrines.

TITLE III—CREDIT UNION PROVISIONS

- Sec. 301. Privately insured credit unions authorized to become members of a Federal home loan bank.
- Sec. 302. Leases of land on Federal facilities for credit unions.
- Sec. 303. Investments in securities by Federal credit unions.
- Sec. 304. Increase in general 12-year limitation of term of Federal credit union loans to 15 years.
- Sec. 305. Increase in 1 percent investment limit in credit union service organizations.
- Sec. 306. Member business loan exclusion for loans to nonprofit religious organizations.
- Sec. 307. Check cashing and money transfer services offered within the field of membership.
- Sec. 308. Voluntary mergers involving multiple common-bond credit unions.
- Sec. 309. Conversions involving common-bond credit unions.
- Sec. 310. Credit union governance.

- Sec. 311. Providing the National Credit Union Administration with greater flexibility in responding to market conditions.
- Sec. 312. Exemption from pre-merger notification requirement of the Clayton Act.
- Sec. 313. Treatment of credit unions as depository institutions under securities laws.

TITLE IV—DEPOSITORY INSTITUTION PROVISIONS

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

TITLE V—DEPOSITORY INSTITUTION AFFILIATES PROVISIONS

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

TITLE VI—BANKING AGENCY PROVISIONS

- Sec. 601. Waiver of examination schedule in order to allocate examiner resources.
- Sec. 602. Interagency data sharing.
- Sec. 603. Penalty for unauthorized participation by convicted individual.
- Sec. 604. Amendment permitting the destruction of old records of a depository institution by the FDIC after the appointment of the FDIC as receiver.
- Sec. 605. Modernization of FDIC recordkeeping requirement.
- Sec. 606. Clarification of extent of suspension, removal, and prohibition authority of Federal banking agencies in cases of certain crimes by institution-affiliated parties.
- Sec. 607. Streamlining depository institution merger application requirements.
- Sec. 608. Inclusion of Director of the Office of Thrift Supervision in list of banking agencies regarding insurance customer protection regulations.
- Sec. 609. Shortening of post-approval antitrust review period with the agreement of the Attorney General.
- Sec. 610. Protection of confidential information received by Federal banking regulators from foreign banking supervisors.

1 (3) by adding at the end the following new
2 paragraph:

3 “(2) EXCEPTION FOR SUBORDINATED DEBT IN
4 CERTAIN CASES.—In lieu of the requirements of
5 paragraph (1) relating to the ownership of capital
6 stock in the national bank, the Comptroller of the
7 Currency may, by regulation or order, permit an in-
8 dividual to serve as a director of a national bank
9 that has elected, or notifies the Comptroller of the
10 bank’s intention to elect, to operate as a S corpora-
11 tion pursuant to section 1362(a) of the Internal
12 Revenue Code of 1986, if that individual holds debt
13 of at least \$1,000 issued by the national bank that
14 is subordinated to the interests of depositors and
15 other general creditors of the national bank.”.

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

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

19 (1) by striking “or to cumulate” and inserting
20 “or, if so provided by the articles of association of
21 the national bank, to cumulate”;

22 (2) by striking the comma after “his shares
23 shall equal”; and

24 (3) by adding at the end the following new sen-
25 tence: “The Comptroller of the Currency may pre-

1 scribe such regulations to carry out the purposes of
2 this section as the Comptroller determines to be ap-
3 propriate.”.

4 **SEC. 103. SIMPLIFYING DIVIDEND CALCULATIONS FOR NA-**
5 **TIONAL BANKS.**

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

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

9 “(a) IN GENERAL.—Subject to subsection (b), the di-
10 rectors of any national bank may declare a dividend of
11 so much of the undivided profits of the bank as the direc-
12 tors judge to be expedient.

13 “(b) APPROVAL REQUIRED UNDER CERTAIN CIR-
14 CUMSTANCES.—A national bank may not declare and pay
15 dividends in any year in excess of an amount equal to the
16 sum of the total of the net income of the bank for that
17 year and the retained net income of the bank in the pre-
18 ceding two years, minus any transfers required by the
19 Comptroller of the Currency (including any transfers re-
20 quired to be made to a fund for the retirement of any
21 preferred stock), unless the Comptroller of the Currency
22 approves the declaration and payment of dividends in ex-
23 cess of such amount.”.

1 **SEC. 104. REPEAL OF OBSOLETE LIMITATION ON REMOVAL**
2 **AUTHORITY OF THE COMPTROLLER OF THE**
3 **CURRENCY.**

4 Section 8(e)(4) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1818(e)(4)) is amended by striking the 5th
6 sentence.

7 **SEC. 105. REPEAL OF INTRASTATE BRANCH CAPITAL RE-**
8 **QUIREMENTS.**

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

11 (1) in the 2nd sentence, by striking “, without
12 regard to the capital requirements of this section,”;
13 and

14 (2) by striking the last sentence.

15 **SEC. 106. CLARIFICATION OF WAIVER OF PUBLICATION RE-**
16 **QUIREMENTS FOR BANK MERGER NOTICES.**

17 The last sentence of sections 2(a) and 3(a)(2) of the
18 National Bank Consolidation and Merger Act (12 U.S.C.
19 215(a) and 215a(a)(2), respectively) are each amended by
20 striking “Publication of notice may be waived, in cases
21 where the Comptroller determines that an emergency ex-
22 ists justifying such waiver, by unanimous action of the
23 shareholders of the association or State bank” and insert-
24 ing “Publication of notice may be waived if the Comp-
25 troller determines that an emergency exists justifying such
26 waiver or if the shareholders of the association or State

1 bank agree by unanimous action to waive the publication
2 requirement for their respective institutions”.

3 **SEC. 107. CAPITAL EQUIVALENCY DEPOSITS FOR FEDERAL**
4 **BRANCHES AND AGENCIES OF FOREIGN**
5 **BANKS.**

6 Section 4(g) of the International Banking Act of
7 1978 (12 U.S.C. 3102(g)) is amended to read as follows:

8 “(g) CAPITAL EQUIVALENCY DEPOSIT.—

9 “(1) IN GENERAL.—Upon the opening of a
10 Federal branch or agency of a foreign bank in any
11 State and thereafter, the foreign bank, in addition to
12 any deposit requirements imposed under section 6,
13 shall keep on deposit, in accordance with such regu-
14 lations as the Comptroller of the Currency may pre-
15 scribe in accordance with paragraph (2), dollar de-
16 posits, investment securities, or other assets in such
17 amounts as the Comptroller of the Currency deter-
18 mines to be necessary for the protection of deposi-
19 tors and other investors and to be consistent with
20 the principles of safety and soundness.

21 “(2) LIMITATION.—Notwithstanding paragraph
22 (1), regulations prescribed under such paragraph
23 shall not permit a foreign bank to keep assets on de-
24 posit in an amount that is less than the amount re-
25 quired for a State licensed branch or agency of a

1 foreign bank under the laws and regulations of the
2 State in which the Federal agency or branch is lo-
3 cated.”.

4 **SEC. 108. EQUAL TREATMENT FOR FEDERAL AGENCIES OF**
5 **FOREIGN BANKS.**

6 The 1st sentence of section 4(d) of the International
7 Banking Act of 1978 (12 U.S.C. 3102(d)) is amended by
8 inserting “from citizens or residents of the United States”
9 after “deposits”.

10 **SEC. 109. MAINTENANCE OF A FEDERAL BRANCH AND A**
11 **FEDERAL AGENCY IN THE SAME STATE.**

12 Section 4(e) of the International Banking Act of
13 1978 (12 U.S.C. 3102(e)) is amended by inserting “if the
14 maintenance of both an agency and a branch in the State
15 is prohibited under the law of such State” before the pe-
16 riod at the end.

17 **SEC. 110. BUSINESS ORGANIZATION FLEXIBILITY FOR NA-**
18 **TIONAL BANKS.**

19 (a) IN GENERAL.—Chapter one of title LXII of the
20 Revised Statutes of the United States (12 U.S.C. 21 et
21 seq.) is amended by inserting after section 5136B the fol-
22 lowing new section:

23 **“SEC. 5136C. ALTERNATIVE BUSINESS ORGANIZATION.**

24 “(a) IN GENERAL.—The Comptroller of the Currency
25 may prescribe regulations—

1 “(1) to permit a national bank to be organized
2 other than as a body corporate; and

3 “(2) to provide requirements for the organiza-
4 tional characteristics of a national bank organized
5 and operating other than as a body corporate, con-
6 sistent with the safety and soundness of the national
7 bank.

8 “(b) EQUAL TREATMENT.—Except as provided in
9 regulations prescribed under subsection (a), a national
10 bank that is operating other than as a body corporate shall
11 have the same rights and privileges and shall be subject
12 to the same duties, restrictions, penalties, liabilities, condi-
13 tions, and limitations as a national bank that is organized
14 as a body corporate.”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—
16 Section 5136 of the Revised Statutes of the United States
17 (12 U.S.C. 24) is amended, in the matter preceding the
18 paragraph designated as the “First”, by inserting “or
19 other form of business organization provided under regula-
20 tions prescribed by the Comptroller of the Currency under
21 section 5136C” after “a body corporate”.

22 (c) CLERICAL AMENDMENT.—The table of sections
23 for chapter one of title LXII of the Revised Statutes of
24 the United States (12 U.S.C. 21 et seq.) is amended by

1 inserting after the item relating to section 5136B the fol-
 2 lowing new item:

“5136C. Alternative business organization.”.

3 **SEC. 111. CLARIFICATION OF THE MAIN PLACE OF BUSI-**
 4 **NESS OF A NATIONAL BANK.**

5 Title LXII of the Revised Statutes of the United
 6 States is amended—

7 (1) in the paragraph designated the “Second”
 8 of section 5134 (12 U.S.C. 22), by striking “The
 9 place where its operation of discount and deposit are
 10 to be carried on” and inserting “The place where
 11 the main office of the national bank is, or is to be,
 12 located”; and

13 (2) in section 5190 (12 U.S.C. 81), by striking
 14 “the place specified in its organization certificate”
 15 and inserting “the main office of the national bank”.

16 **TITLE II—SAVINGS ASSOCIATION**
 17 **PROVISIONS**

18 **SEC. 201. PARITY FOR SAVINGS ASSOCIATIONS UNDER THE**
 19 **SECURITIES EXCHANGE ACT OF 1934 AND**
 20 **THE INVESTMENT ADVISERS ACT OF 1940.**

21 (a) SECURITIES EXCHANGE ACT OF 1934.—

22 (1) DEFINITION OF BANK.—Section 3(a)(6) of
 23 the Securities Exchange Act of 1934 (15 U.S.C.
 24 78c(a)(6)) is amended—

1 (A) in subparagraph (A), by inserting “or
2 a Federal savings association, as defined in sec-
3 tion 2(5) of the Home Owners’ Loan Act” after
4 “a banking institution organized under the laws
5 of the United States”; and

6 (B) in subparagraph (C)—

7 (i) by inserting “or savings associa-
8 tion as defined in section 2(4) of the Home
9 Owners’ Loan Act,” after “banking insti-
10 tution,”; and

11 (ii) by inserting “or savings associa-
12 tions” after “having supervision over
13 banks”.

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

18 (A) in subparagraph (A)—

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

21 (ii) by striking “and” at the end of
22 clause (iii);

23 (iii) by redesignating clause (iv) as
24 clause (v); and

1 (iv) by inserting the following new
2 clause after clause (iii):

3 “(iv) the Director of the Office of
4 Thrift Supervision, in the case of a savings
5 association (as defined in section 3(b) of
6 the Federal Deposit Insurance Act (12
7 U.S.C. 1813(b))) the deposits of which are
8 insured by the Federal Deposit Insurance
9 Corporation, a subsidiary or a department
10 or division of any such savings association,
11 or a savings and loan holding company;
12 and”;

13 (B) in subparagraph (B)—

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

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

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

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

22 “(iv) the Director of the Office of
23 Thrift Supervision, in the case of a savings
24 association (as defined in section 3(b) of
25 the Federal Deposit Insurance Act (12

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

6 (C) in subparagraph (C)—

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

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

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

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

15 “(iv) the Director of the Office of
16 Thrift Supervision, in the case of a savings
17 association (as defined in section 3(b) of
18 the Federal Deposit Insurance Act (12
19 U.S.C. 1813(b)) the deposits of which are
20 insured by the Federal Deposit Insurance
21 Corporation, a savings and loan holding
22 company, or a subsidiary of a savings and
23 loan holding company when the appro-
24 priate regulatory agency for such clearing
25 agency is not the Commission; and”;

1 (D) in subparagraph (D)—

2 (i) by striking “and” at the end of
3 clause (ii);

4 (ii) by redesignating clause (iii) as
5 clause (iv); and

6 (iii) by inserting the following new
7 clause after clause (ii):

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

15 (E) in subparagraph (F)—

16 (i) by redesignating clauses (ii), (iii),
17 and (iv) as clauses (iii), (iv), and (v), re-
18 spectively; and

19 (ii) by inserting the following new
20 clause after clause (i):

21 “(ii) the Director of the Office of
22 Thrift Supervision, in the case of a savings
23 association (as defined in section 3(b) of
24 the Federal Deposit Insurance Act (12
25 U.S.C. 1813(b))) the deposits of which are

1 insured by the Federal Deposit Insurance
2 Corporation; and”;

3 (F) at the end of the last undesignated
4 paragraph, by inserting the following new sen-
5 tence: “As used in this paragraph, the term
6 ‘savings and loan holding company’ has the
7 meaning given it in section 10(a) of the Home
8 Owners’ Loan Act (12 U.S.C. 1467a(a)).”.

9 (b) INVESTMENT ADVISERS ACT OF 1940.—

10 (1) DEFINITION OF BANK.—Section 202(a)(2)
11 of the Investment Advisers Act of 1940 (15 U.S.C.
12 80b–2(a)(2)) is amended—

13 (A) in subparagraph (A) by inserting “or
14 a Federal savings association, as defined in sec-
15 tion 2(5) of the Home Owners’ Loan Act” after
16 “a banking institution organized under the laws
17 of the United States”; and

18 (B) in subparagraph (C)—

19 (i) by inserting “, savings association
20 as defined in section 2(4) of the Home
21 Owners’ Loan Act,” after “banking insti-
22 tution”; and

23 (ii) by inserting “or savings associa-
24 tions” after “having supervision over
25 banks”.

1 (2) CONFORMING AMENDMENTS.—Subsections
 2 (a)(1)(A)(i), (a)(1)(B), (a)(2), and (b) of section
 3 210A of such Act (15 U.S.C. 80b–10a), as added by
 4 section 220 of the Gramm-Leach-Bliley Act, are
 5 each amended by striking “bank holding company”
 6 each place it occurs and inserting “bank holding
 7 company or savings and loan holding company”.

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

16 **SEC. 202. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**
 17 **TIONS AUTHORIZED TO PROMOTE THE PUB-**
 18 **LIC WELFARE.**

19 (a) IN GENERAL.—Section 5(c)(3) of the Home Own-
 20 ers’ Loan Act (12 U.S.C. 1464(c)) is amended by adding
 21 at the end the following new subparagraph:

22 “(E) DIRECT INVESTMENTS TO PROMOTE
 23 THE PUBLIC WELFARE.—

24 “(i) IN GENERAL.—A Federal savings
 25 association may make investments de-

1 signed primarily to promote the public wel-
2 fare, including the welfare of low- and
3 moderate-income communities or families
4 through the provision of housing, services,
5 and jobs.

6 “(ii) DIRECT INVESTMENTS OR ACQUI-
7 SITION OF INTEREST IN OTHER COMPA-
8 NIES.—Investments under clause (i) may
9 be made directly or by purchasing interests
10 in an entity primarily engaged in making
11 such investments.

12 “(iii) PROHIBITION ON UNLIMITED LI-
13 ABILITY.—No investment may be made
14 under this subparagraph which would sub-
15 ject a Federal savings association to unlim-
16 ited liability to any person.

17 “(iv) SINGLE INVESTMENT LIMITA-
18 TION TO BE ESTABLISHED BY DIREC-
19 TOR.—Subject to clauses (v) and (vi), the
20 Director shall establish, by order or regula-
21 tion, limits on—

22 “(I) the amount any savings as-
23 sociation may invest in any 1 project;
24 and

1 “(II) the aggregate amount of in-
2 vestment of any savings association
3 under this subparagraph.

4 “(v) FLEXIBLE AGGREGATE INVEST-
5 MENT LIMITATION.—The aggregate
6 amount of investments of any savings asso-
7 ciation under this subparagraph may not
8 exceed an amount equal to the sum of 5
9 percent of the savings association’s capital
10 stock actually paid in and unimpaired and
11 5 percent of the savings association’s
12 unimpaired surplus, unless—

13 “(I) the Director determines that
14 the savings association is adequately
15 capitalized; and

16 “(II) the Federal Deposit Insur-
17 ance Corporation determines, by
18 order, that the aggregate amount of
19 investments in a higher amount than
20 the limit under this clause will pose
21 no significant risk to the affected de-
22 posit insurance fund.

23 “(vi) MAXIMUM AGGREGATE INVEST-
24 MENT LIMITATION.—Notwithstanding
25 clause (v), the aggregate amount of invest-

1 ments of any savings association under
2 this subparagraph may not exceed an
3 amount equal to the sum of 10 percent of
4 the savings association’s capital stock actu-
5 ally paid in and unimpaired and 10 per-
6 cent of the savings association’s
7 unimpaired surplus.

8 “(vii) INVESTMENTS NOT SUBJECT TO
9 OTHER LIMITATION ON QUALITY OF IN-
10 VESTMENTS.—No obligation a Federal sav-
11 ings association acquires or retains under
12 this subparagraph shall be taken into ac-
13 count for purposes of the limitation con-
14 tained in section 28(d) of the Federal De-
15 posit Insurance Act on the acquisition and
16 retention of any corporate debt security
17 not of investment grade.”.

18 (b) TECHNICAL AND CONFORMING AMENDMENT.—
19 Section 5(c)(3)(A) of the Home Owners’ Loan Act (12
20 U.S.C. 1464(c)(3)(A)) is amended to read as follows:

21 “(A) [Repealed.]”.

1 **SEC. 203. MERGERS AND CONSOLIDATIONS OF FEDERAL**
2 **SAVINGS ASSOCIATIONS WITH NONDEPOSI-**
3 **TORY INSTITUTION AFFILIATES.**

4 Section 5(d)(3) of the Home Owners' Loan Act (12
5 U.S.C. 1464(d)(3)) is amended—

6 (1) by redesignating subparagraph (B) as sub-
7 paragraph (C); and

8 (2) by inserting after subparagraph (A) the fol-
9 lowing new subparagraph:

10 “(B) MERGERS AND CONSOLIDATIONS
11 WITH NONDEPOSITORY INSTITUTION AFFILI-
12 ATES.—

13 “(i) IN GENERAL.—Upon the approval
14 of the Director, a Federal savings associa-
15 tion may merge with any nondepository in-
16 stitution affiliate of the savings associa-
17 tion.

18 “(ii) RULE OF CONSTRUCTION.—No
19 provision of clause (i) shall be construed
20 as—

21 “(I) affecting the applicability of
22 section 18(c) of the Federal Deposit
23 Insurance Act; or

24 “(II) granting a Federal savings
25 association any power or any author-
26 ity to engage in any activity that is

1 not authorized for a Federal savings
2 association under any other provision
3 of this Act or any other provision of
4 law.”.

5 **SEC. 204. REPEAL OF STATUTORY DIVIDEND NOTICE RE-**
6 **QUIREMENT FOR SAVINGS ASSOCIATION SUB-**
7 **SIDIARIES OF SAVINGS AND LOAN HOLDING**
8 **COMPANIES.**

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

11 “(f) DECLARATION OF DIVIDEND.—The Director
12 may—

13 “(1) require a savings association that is a sub-
14 sidiary of a savings and loan holding company to
15 give prior notice to the Director of the intent of the
16 savings association to pay a dividend on its guar-
17 anty, permanent, or other nonwithdrawable stock;
18 and

19 “(2) establish conditions on the payment of
20 dividends by such a savings association.”.

1 **SEC. 205. MODERNIZING STATUTORY AUTHORITY FOR**
2 **TRUST OWNERSHIP OF SAVINGS ASSOCIA-**
3 **TIONS.**

4 (a) IN GENERAL.—Section 10(a)(1)(C) of the Home
5 Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(C)) is amend-
6 ed—

7 (1) by striking “trust,” and inserting “business
8 trust,”; and

9 (2) by inserting “or any other trust unless by
10 its terms it must terminate within 25 years or not
11 later than 21 years and 10 months after the death
12 of individuals living on the effective date of the
13 trust,” after “or similar organization,”.

14 (b) TECHNICAL AND CONFORMING AMENDMENT.—
15 Section 10(a)(3) of the Home Owners’ Loan Act (12
16 U.S.C. 1467a(a)(3)) is amended—

17 (1) by striking “does not include—” and all
18 that follows through “any company by virtue” where
19 such term appears in subparagraph (A) and insert-
20 ing “does not include any company by virtue”;

21 (2) by striking “; and” at the end of subpara-
22 graph (A) and inserting a period; and

23 (3) by striking subparagraph (B).

1 **SEC. 206. REPEAL OF OVERLAPPING RULES GOVERNING**
2 **PURCHASED MORTGAGE SERVICING RIGHTS.**

3 Section 5(t) of the Home Owners' Loan Act (12
4 U.S.C. 1464(t)) is amended—

5 (1) by striking paragraph (4) and inserting the
6 following new paragraph:

7 “(4) [Repealed.]”; and

8 (2) in paragraph (9)(A), by striking “intangible
9 assets, plus” and all that follows through the period
10 at the end and inserting “intangible assets.”.

11 **SEC. 207. RESTATEMENT OF AUTHORITY FOR FEDERAL**
12 **SAVINGS ASSOCIATIONS TO INVEST IN SMALL**
13 **BUSINESS INVESTMENT COMPANIES.**

14 Subparagraph (D) of section 5(c)(4) of the Home
15 Owners' Loan Act (12 U.S.C. 1464(c)(4)) is amended to
16 read as follows:

17 “(D) SMALL BUSINESS INVESTMENT COM-
18 PANIES.—Any Federal savings association may
19 invest in 1 or more small business investment
20 companies, or in any entity established to invest
21 solely in small business investment companies
22 formed under the Small Business Investment
23 Act of 1958, except that the total amount of in-
24 vestments under this subparagraph may not at
25 any time exceed the amount equal to 5 percent

1 of capital and surplus of the savings associa-
2 tion.”.

3 **SEC. 208. REMOVAL OF LIMITATION ON INVESTMENTS IN**
4 **AUTO LOANS.**

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

8 “(V) AUTO LOANS.—Loans and leases for
9 motor vehicles acquired for personal, family, or
10 household purposes.”.

11 (b) TECHNICAL AND CONFORMING AMENDMENT RE-
12 LATING TO QUALIFIED THRIFT INVESTMENTS.—Section
13 10(m)(4)(C)(ii) of the Home Owners’ Loan Act (12
14 U.S.C. 1467a(m)(4)(C)(ii)) is amended by adding at the
15 end the following new subclause:

16 “(VIII) Loans and leases for
17 motor vehicles acquired for personal,
18 family, or household purposes.”.

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

20 Section 15(h) of the Securities Exchange Act of
21 1934 (15 U.S.C. 78o(h)) is amended by adding at
22 the end the following new paragraph:

23 “(4) SELLING AND OFFERING OF DEPOSIT
24 PRODUCTS.—No law, rule, regulation, or order, or
25 other administrative action of any State or political

1 subdivision thereof shall directly or indirectly require
 2 any agent who represents 1 Federal savings associa-
 3 tion (as such term is defined in section 2(5) of the
 4 Home Owners' Loan Act (12 U.S.C. 1462(5)) in
 5 selling or offering deposit (as such term is defined
 6 in section 3 of the Federal Deposit Insurance Act
 7 (12 U.S.C. 1813(l)) products issued by such associa-
 8 tion to qualify or register as a broker, dealer, associ-
 9 ated person of a broker, or associated person of a
 10 dealer, or to qualify or register in any other similar
 11 status or capacity.”.

12 **SEC. 210. FUNERAL- AND CEMETERY-RELATED FIDUCIARY**
 13 **SERVICES.**

14 Section 5(n) of the Home Owners' Loan Act (12
 15 U.S.C. 1464(n)) is amended by adding at the end the fol-
 16 lowing new paragraph:

17 “(11) FUNERAL- AND CEMETERY-RELATED FI-
 18 DUCIARY SERVICES.—

19 “(A) IN GENERAL.—A funeral director or
 20 cemetery operator, when acting in such capac-
 21 ity, (or any other person in connection with a
 22 contract or other agreement with a funeral di-
 23 rector or cemetery operator) may engage any
 24 Federal savings association, regardless of where
 25 the association is located, to act in any fidu-

1 ciary capacity in which the savings association
2 has the right to act in accordance with this sec-
3 tion, including holding funds deposited in trust
4 or escrow by the funeral director or cemetery
5 operator (or by such other party), and the sav-
6 ings association may act in such fiduciary ca-
7 pacity on behalf of the funeral director or ceme-
8 tery operator (or such other person).

9 “(B) DEFINITIONS.—For purposes of this
10 paragraph, the following definitions shall apply:

11 “(i) CEMETERY.—The term ‘ceme-
12 tery’ means any land or structure used, or
13 intended to be used, for the interment of
14 human remains in any form.

15 “(ii) CEMETERY OPERATOR.—The
16 term ‘cemetery operator’ means any person
17 who contracts or accepts payment for mer-
18 chandise, endowment, or perpetual care
19 services in connection with a cemetery.

20 “(iii) FUNERAL DIRECTOR.—The term
21 ‘funeral director’ means any person who
22 contracts or accepts payment to provide or
23 arrange—

24 “(I) services for the final disposi-
25 tion of human remains; or

1 “(II) funeral services, property,
2 or merchandise (including cemetery
3 services, property, or merchandise).”.

4 **SEC. 211. REPEAL OF QUALIFIED THRIFT LENDER RE-**
5 **QUIREMENT WITH RESPECT TO OUT-OF-**
6 **STATE BRANCHES.**

7 Section 5(r)(1) of the Home Owners’ Loan Act (12
8 U.S.C. 1464(r)(1)) is amended by striking the ultimate
9 sentence.

10 **SEC. 212. SMALL BUSINESS AND OTHER COMMERCIAL**
11 **LOANS.**

12 (a) **ELIMINATION OF LENDING LIMIT ON SMALL**
13 **BUSINESS LOANS.**—Section 5(c)(1) of the Home Owners’
14 Loan Act (12 U.S.C. 1464(c)(1)) is amended by inserting
15 after subparagraph (V) (as added by section 208 of this
16 title) the following new subparagraph:

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

20 (b) **INCREASE IN LENDING LIMIT ON OTHER BUSI-**
21 **NESS LOANS.**—Section 5(c)(2)(A) of the Home Owners’
22 Loan Act (12 U.S.C. 1464(c)(2)(A)) is amended by strik-
23 ing “, and amounts in excess of 10 percent” and all that
24 follows through “by the Director”.

1 **SEC. 213. CLARIFYING CITIZENSHIP OF FEDERAL SAVINGS**
2 **ASSOCIATIONS FOR FEDERAL COURT JURIS-**
3 **DICTION.**

4 Section 5 of the Home Owners' Loan Act (12 U.S.C.
5 1464) is amended by adding at the end the following new
6 subsection:

7 “(x) HOME STATE CITIZENSHIP.—In determining
8 whether a Federal court has diversity jurisdiction over a
9 case in which a Federal savings association is a party, the
10 Federal savings association shall be considered to be a cit-
11 izen only of the State in which such savings association
12 has its main office.”.

13 **SEC. 214. CLARIFICATION OF APPLICABILITY OF CERTAIN**
14 **PROCEDURAL DOCTRINES.**

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

17 (1) by striking “LEGAL PROCEEDINGS.—Any
18 judgment” and inserting “LEGAL PROCEEDINGS.—

19 “(1) IN GENERAL.—Any judgment”; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(2) CLARIFICATION OF APPLICABILITY OF
23 CERTAIN PROCEDURAL DOCTRINES.—In any pro-
24 ceeding seeking a monetary recovery against the
25 United States, or an agency or official thereof, based
26 upon actions of the Federal Savings and Loan In-

1 surance Corporation prior to its dissolution, or the
2 Federal Home Loan Bank Board prior to its dis-
3 solution, and arising from the Financial Institutions
4 Reform, Recovery, and Enforcement Act of 1989 or
5 its implementation, and where any monetary recov-
6 ery in such proceeding would be paid from the
7 FSLIC Resolution Fund or any supplements there-
8 to, neither the United States Court of Federal
9 Claims, the United States Court of Appeals for the
10 Federal Circuit, nor any other court of competent
11 jurisdiction shall dismiss, or affirm on appeal the
12 dismissal of, the claims of any party seeking such
13 monetary recovery, on the basis of res judicata, col-
14 lateral estoppel, or any similar doctrine, defense, or
15 rule of law, based upon any decision, opinion, or
16 order of judgment entered by any court prior to July
17 1, 1996. Unless some other defense is applicable, in
18 any such proceeding, the United States Court of
19 Federal Claims, the United States Court of Appeals
20 for the Federal Circuit, and any other court of com-
21 petent jurisdiction shall review the merits of the
22 claims of the party seeking such monetary relief and
23 shall enter judgment accordingly.”.

1 **TITLE III—CREDIT UNION**
2 **PROVISIONS**

3 **SEC. 301. PRIVATELY INSURED CREDIT UNIONS AUTHOR-**
4 **IZED TO BECOME MEMBERS OF A FEDERAL**
5 **HOME LOAN BANK.**

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

9 “(5) CERTAIN PRIVATELY INSURED CREDIT
10 UNIONS.—

11 “(A) IN GENERAL.—A credit union which
12 has been determined, in accordance with section
13 43(e)(1) of the Federal Deposit Insurance Act
14 and subject to the requirements of subpara-
15 graph (B), to meet all eligibility requirements
16 for Federal deposit insurance shall be treated
17 as an insured depository institution for pur-
18 poses of determining the eligibility of such cred-
19 it union for membership in a Federal home loan
20 bank under paragraphs (1), (2), and (3).

21 “(B) CERTIFICATION BY APPROPRIATE SU-
22 PERVISOR.—

23 “(i) IN GENERAL.—For purposes of
24 this paragraph and subject to clause (ii), a
25 credit union which lacks Federal deposit

1 insurance and which has applied for mem-
2 bership in a Federal home loan bank may
3 be treated as meeting all the eligibility re-
4 quirements for Federal deposit insurance
5 only if the appropriate supervisor of the
6 State in which the credit union is char-
7 tered has determined that the credit union
8 meets all the eligibility requirements for
9 Federal deposit insurance as of the date of
10 the application for membership.

11 “(ii) CERTIFICATION DEEMED
12 VALID.—If, in the case of any credit union
13 to which clause (i) applies, the appropriate
14 supervisor of the State in which such cred-
15 it union is chartered fails to make a deter-
16 mination pursuant to such clause by the
17 end of the 6-month period beginning on
18 the date of the application, the credit
19 union shall be deemed to have met the re-
20 quirements of clause (i).

21 “(C) SECURITY INTERESTS OF FEDERAL
22 HOME LOAN BANK NOT AVOIDABLE.—Notwith-
23 standing any provision of State law authorizing
24 a conservator or liquidating agent of a credit

1 union to repudiate contracts, no such provision
2 shall apply with respect to—

3 “(i) any extension of credit from any
4 Federal home loan bank to any credit
5 union which is a member of any such bank
6 pursuant to this paragraph; or

7 “(ii) any security interest in the as-
8 sets of such credit union securing any such
9 extension of credit.”.

10 (b) COPIES OF AUDITS OF PRIVATE INSURERS OF
11 CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE
12 PROVIDED TO SUPERVISORY AGENCIES.—Section
13 43(a)(2) of the Federal Deposit Insurance Act (12 U.S.C.
14 1831t(a)(2)) is amended—

15 (1) by striking “and” at the end of subpara-
16 graph (A)(i);

17 (2) by striking the period at the end of clause
18 (ii) of subparagraph (A) and inserting a semicolon;

19 (3) by inserting the following new clauses at the
20 end of subparagraph (A):

21 “(iii) in the case of depository institu-
22 tions described in subsection (f)(2)(A) the
23 deposits of which are insured by the pri-
24 vate insurer, the National Credit Union

1 Administration, not later than 7 days after
2 that audit is completed; and

3 “(iv) in the case of depository institu-
4 tions described in subsection (f)(2)(A) the
5 deposits of which are insured by the pri-
6 vate insurer which are members of a Fed-
7 eral home loan bank, the Federal Housing
8 Finance Board, not later than 7 days after
9 that audit is completed.”; and

10 (4) by adding at the end of such section
11 43(a)(2) the following new subparagraph:

12 “(C) CONSULTATION.—The appropriate
13 supervisory agency of each State in which a pri-
14 vate deposit insurer insures deposits in an insti-
15 tution described in subsection (f)(2)(A) which—

16 “(i) lacks Federal deposit insurance;
17 and

18 “(ii) has become a member of a Fed-
19 eral home loan bank,

20 shall provide the National Credit Union Admin-
21 istration, upon request, with the results of any
22 examination and reports related thereto con-
23 cerning the private deposit insurer to which
24 such agency may have in its possession.”.

1 **SEC. 302. LEASES OF LAND ON FEDERAL FACILITIES FOR**
2 **CREDIT UNIONS.**

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

5 (1) by striking “Upon application by any credit
6 union” and inserting “Notwithstanding any other
7 provision of law, upon application by any credit
8 union”;

9 (2) by inserting “on lands reserved for the use
10 of, and under the exclusive or concurrent jurisdiction
11 of, the United States or” after “officer or agency of
12 the United States charged with the allotment of
13 space”;

14 (3) by inserting “lease land or” after “such of-
15 ficer or agency may in his or its discretion”; and

16 (4) by inserting “or the facility built on the
17 lease land” after “credit union to be served by the
18 allotment of space”.

19 (b) CLERICAL AMENDMENT.—The heading for sec-
20 tion 124 is amended by inserting “OR FEDERAL LAND”
21 after “BUILDINGS”.

22 **SEC. 303. INVESTMENTS IN SECURITIES BY FEDERAL CRED-**
23 **IT UNIONS.**

24 Section 107 of the Federal Credit Union Act (12
25 U.S.C. 1757) is amended—

1 (1) in the matter preceding paragraph (1) by
2 striking “A Federal credit union” and inserting “(a)
3 IN GENERAL.—Any Federal credit union”; and

4 (2) by adding at the end the following new sub-
5 section:

6 “(b) INVESTMENT FOR THE CREDIT UNION’S OWN
7 ACCOUNT.—

8 “(1) IN GENERAL.—A Federal credit union may
9 purchase and hold for its own account such invest-
10 ment securities of investment grade as the Board
11 may authorize by regulation, subject to such limita-
12 tions and restrictions as the Board may prescribe in
13 the regulations.

14 “(2) PERCENTAGE LIMITATIONS.—

15 “(A) SINGLE OBLIGOR.—In no event may
16 the total amount of investment securities of any
17 single obligor or maker held by a Federal credit
18 union for the credit union’s own account exceed
19 at any time an amount equal to 10 percent of
20 the net worth of the credit union.

21 “(B) AGGREGATE INVESTMENTS.—In no
22 event may the aggregate amount of investment
23 securities held by a Federal credit union for the
24 credit union’s own account exceed at any time

1 an amount equal to 10 percent of the assets of
2 the credit union.

3 “(3) INVESTMENT SECURITY DEFINED.—

4 “(A) IN GENERAL.—For purposes of this
5 subsection, the term ‘investment security’
6 means marketable obligations evidencing the in-
7 debtedness of any person in the form of bonds,
8 notes, or debentures and other instruments
9 commonly referred to as investment securities.

10 “(B) FURTHER DEFINITION BY BOARD.—

11 The Board may further define the term ‘invest-
12 ment security’.

13 “(4) INVESTMENT GRADE DEFINED.—The term
14 ‘investment grade’ means with respect to an invest-
15 ment security purchased by a credit union for its
16 own account, an investment security that at the time
17 of such purchase is rated in one of the 4 highest rat-
18 ing categories by at least 1 nationally recognized
19 statistical rating organization.

20 “(5) CLARIFICATION OF PROHIBITION ON
21 STOCK OWNERSHIP.—No provision of this sub-
22 section shall be construed as authorizing a Federal
23 credit union to purchase shares of stock of any cor-
24 poration for the credit union’s own account, except
25 as otherwise permitted by law.”.

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

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

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

14 (2) in subparagraph (A)—

15 (A) by striking clause (ii);

16 (B) by redesignating clauses (iii) through
17 (x) as clauses (ii) through (ix), respectively; and

18 (C) by inserting “and” after the semicolon
19 at the end of clause (viii) (as so redesignated).

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

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

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

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

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

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

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

15 “(A) to sell, to persons in the field of
16 membership, negotiable checks (including trav-
17 elers checks), money orders, and other similar
18 money transfer instruments (including elec-
19 tronic fund transfers); and

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

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

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

1 (1) by striking “or” at the end of clause (ii) of
2 subparagraph (B);

3 (2) by striking the period at the end of sub-
4 paragraph (C) and inserting “; or”; and

5 (3) by adding at the end the following new sub-
6 paragraph:

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

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

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

15 “(3) CRITERIA FOR CONTINUED MEMBERSHIP
16 OF CERTAIN MEMBER GROUPS IN COMMUNITY CHAR-
17 TER CONVERSIONS.—In the case of a voluntary con-
18 version of a common-bond credit union described in
19 paragraph (1) or (2) of subsection (b) into a com-
20 munity credit union described in subsection (b)(3),
21 the Board shall prescribe, by regulation, the criteria
22 under which the Board may determine that a mem-
23 ber group or other portion of a credit union’s exist-
24 ing membership, that is located outside the well-de-
25 fined local community, neighborhood, or rural dis-

1 trict that shall constitute the community charter,
2 can be satisfactorily served by the credit union and
3 remain within the community credit union’s field of
4 membership.”.

5 **SEC. 310. CREDIT UNION GOVERNANCE.**

6 (a) EXPULSION OF MEMBERS FOR JUST CAUSE.—

7 Subsection (b) of section 118 of the Federal Credit Union
8 Act (12 U.S.C. 1764(b)) is amended to read as follows:

9 “(b) POLICY AND ACTIONS OF BOARDS OF DIREC-
10 TORS OF FEDERAL CREDIT UNIONS.—

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

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

1 “(A) each existing member of the credit
2 union not less than 30 days prior to the effec-
3 tive date of such policy; and

4 “(B) each new member prior to or upon
5 applying for membership.”.

6 (b) **TERM LIMITS AUTHORIZED FOR BOARD MEM-**
7 **BERS OF FEDERAL CREDIT UNIONS.**—Section 111(a) of
8 the Federal Credit Union Act (12 U.S.C. 1761(a)) is
9 amended by adding at the end the following new sentence:
10 “The bylaws of a Federal credit union may limit the num-
11 ber of consecutive terms any person may serve on the
12 board of directors of such credit union.”.

13 (c) **REIMBURSEMENT FOR LOST WAGES DUE TO**
14 **SERVICE ON CREDIT UNION BOARD NOT TREATED AS**
15 **COMPENSATION.**—Section 111(c) of the Federal Credit
16 Union Act (12 U.S.C. 1761(c)) is amended by inserting
17 “, including lost wages,” after “the reimbursement of rea-
18 sonable expenses”.

19 **SEC. 311. PROVIDING THE NATIONAL CREDIT UNION AD-**
20 **MINISTRATION WITH GREATER FLEXIBILITY**
21 **IN RESPONDING TO MARKET CONDITIONS.**

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

1 inserting “6-month period or that prevailing interest rate
2 levels”.

3 **SEC. 312. EXEMPTION FROM PRE-MERGER NOTIFICATION**

4 **REQUIREMENT OF THE CLAYTON ACT.**

5 Section 7A(c)(7) of the Clayton Act (15 U.S.C.
6 18a(c)(7)) is amended by inserting “205(b)(3) of the Fed-
7 eral Credit Union Act (12 U.S.C. 1785(b)(3),” before “or
8 section 3”.

9 **SEC. 313. TREATMENT OF CREDIT UNIONS AS DEPOSITORY**

10 **INSTITUTIONS UNDER SECURITIES LAWS.**

11 (a) DEFINITION OF BANK UNDER THE SECURITIES
12 EXCHANGE ACT OF 1934.—Section 3(a)(6) of the Securi-
13 ties Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) (as
14 amended by section 201(a)(1) of this Act) is amended—

15 (1) by striking “this title, and (D) a receiver”
16 and inserting “this title, (D) an insured credit union
17 (as defined in section 101(7) of the Federal Credit
18 Union Act) but only for purposes of paragraphs (4)
19 and (5) of this subsection and only for activities oth-
20 erwise authorized by applicable laws to which such
21 credit unions are subject, and (E) a receiver”; and

22 (2) in subparagraph (E) (as so redesignated by
23 paragraph (1) of this subsection) by striking “(A),
24 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

1 (b) DEFINITION OF BANK UNDER THE INVESTMENT
2 ADVISERS ACT OF 1940.—Section 202(a)(2) of the In-
3 vestment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2))
4 (as amended by section 201(b)(1) of this Act) is amend-
5 ed—

6 (1) by striking “this title, and (D) a receiver”
7 and inserting “this title, (D) an insured credit union
8 (as defined in section 101(7) of the Federal Credit
9 Union Act) but only for activities otherwise author-
10 ized by applicable laws to which such credit unions
11 are subject, and (E) a receiver”; and

12 (2) in subparagraph (E) (as so redesignated by
13 paragraph (1) of this subsection) by striking “(A),
14 (B), or (C)” and inserting “(A), (B), (C), or (D)”.

15 (c) DEFINITION OF APPROPRIATE FEDERAL BANK-
16 ING AGENCY.—Section 210A(c) of the Investment Advis-
17 ers Act of 1940 (15 U.S.C. 80b–10a(c)) (as amended by
18 section 201(c) of this Act) is amended by inserting “and
19 includes the National Credit Union Administration Board,
20 in the case of an insured credit union (as defined in sec-
21 tion 101(7) of the Federal Credit Union Act)” before the
22 period at the end.

1 **TITLE IV—DEPOSITORY**
2 **INSTITUTION PROVISIONS**

3 **SEC. 401. EASING RESTRICTIONS ON INTERSTATE BRANCH-**
4 **ING AND MERGERS.**

5 (a) DE NOVO INTERSTATE BRANCHES OF NATIONAL
6 BANKS.—

7 (1) IN GENERAL.—Section 5155(g)(1) of the
8 Revised Statutes of the United States (12 U.S.C.
9 36(g)(1)) is amended by striking “maintain a
10 branch if—” and all that follows through the end of
11 subparagraph (B) and inserting “maintain a
12 branch.”.

13 (2) CLERICAL AMENDMENT.—The heading for
14 subsection (g) of section 5155 of the Revised Stat-
15 utes of the United States is amended by striking
16 “STATE ‘OPT-IN’ ELECTION TO PERMIT”.

17 (b) DE NOVO INTERSTATE BRANCHES OF STATE
18 NONMEMBER BANKS.—

19 (1) IN GENERAL.—Section 18(d)(4)(A) of the
20 Federal Deposit Insurance Act (12 U.S.C.
21 1828(d)(4)(A)) is amended by striking “maintain a
22 branch if—” and all that follows through the end of
23 clause (ii) and inserting “maintain a branch.”.

24 (2) CLERICAL AMENDMENT.—The heading for
25 paragraph (4) of section 18(d) of the Federal De-

1 posit Insurance Act is amended by striking “STATE
2 ‘OPT-IN’ ELECTION TO PERMIT INTERSTATE” and in-
3 serting “INTERSTATE”.

4 (c) DE NOVO INTERSTATE BRANCHES OF STATE
5 MEMBER BANKS.—The 3rd undesignated paragraph of
6 section 9 of the Federal Reserve Act (12 U.S.C. 321) is
7 amended by adding at the end the following new sen-
8 tences: “A State member bank may establish and operate
9 a de novo branch in a host State (as such terms are de-
10 fined in section 18(d) of the Federal Deposit Insurance
11 Act) on the same terms and conditions and subject to the
12 same limitations and restrictions as are applicable to the
13 establishment of a de novo branch of a national bank in
14 a host State under section 5155(g) of the Revised Statutes
15 of the United States. Such section 5155(g) shall be ap-
16 plied for purposes of the preceding sentence by sub-
17 stituting ‘Board of Governors of the Federal Reserve Sys-
18 tem’ for ‘Comptroller of the Currency’ and ‘State member
19 bank’ for ‘national bank’.”.

20 (d) INTERSTATE MERGER OF BANKS.—

21 (1) MERGER OF INSURED BANK WITH ANOTHER
22 DEPOSITORY INSTITUTION OR TRUST COMPANY.—
23 Section 44(a)(1) of the Federal Deposit Insurance
24 Act (12 U.S.C. 1831u(a)(1)) is amended—

1 (A) by striking “Beginning on June 1,
2 1997, the” and inserting “The”; and

3 (B) by striking “insured banks with dif-
4 ferent home States” and inserting “an insured
5 bank and another insured depository institution
6 or trust company with a different home State
7 than the resulting insured bank”.

8 (2) NATIONAL BANK TRUST COMPANY MERGER
9 WITH OTHER TRUST COMPANY.—Subsection (b) of
10 section 4 of the National Bank Consolidation and
11 Merger Act (12 U.S.C. 215a–1(b)) is amended to
12 read as follows:

13 “(b) MERGER OF NATIONAL BANK TRUST COMPANY
14 WITH ANOTHER TRUST COMPANY.—A national bank that
15 is a trust company may engage in a consolidation or merg-
16 er under this Act with any trust company with a different
17 home State, under the same terms and conditions that
18 would apply if the trust companies were located within the
19 same State.”.

20 (e) INTERSTATE FIDUCIARY ACTIVITY.—Section
21 18(d) of the Federal Deposit Insurance Act (12 U.S.C.
22 1828(d)) is amended by adding at the end the following
23 new paragraph:

24 “(5) INTERSTATE FIDUCIARY ACTIVITY.—

1 “(A) AUTHORITY OF STATE BANK SUPER-
2 VISOR.—The State bank supervisor of a State
3 bank may approve an application by the State
4 bank, when not in contravention of home State
5 or host State law, to act as trustee, executor,
6 administrator, registrar of stocks and bonds,
7 guardian of estates, assignee, receiver, com-
8 mittee of estates of lunatics, or in any other fi-
9 duciary capacity in a host State in which State
10 banks or other corporations which come into
11 competition with national banks are permitted
12 to act under the laws of such host State.

13 “(B) NONCONTRAVENTION OF HOST STATE
14 LAW.—Whenever the laws of a host State au-
15 thorize or permit the exercise of any or all of
16 the foregoing powers by State banks or other
17 corporations which compete with national
18 banks, the granting to and the exercise of such
19 powers by a State bank as provided in this
20 paragraph shall not be deemed to be in con-
21 travention of host State law within the meaning
22 of this paragraph.

23 “(C) STATE BANK INCLUDES TRUST COM-
24 PANIES.—For purposes of this paragraph, the

1 term ‘State bank’ includes any State-chartered
2 trust company (as defined in section 44(g)).

3 “(D) OTHER DEFINITIONS.—For purposes
4 of this paragraph, the term ‘home State’ and
5 ‘host State’ have the meanings given such
6 terms in section 44.”.

7 (f) TECHNICAL AND CONFORMING AMENDMENTS.—

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

10 (A) in subsection (a)—

11 (i) by striking paragraph (4) and in-
12 serting the following new paragraph:

13 “(4) TREATMENT OF BRANCHES IN CONNEC-
14 TION WITH CERTAIN INTERSTATE MERGER TRANS-
15 ACTIONS.—In the case of an interstate merger
16 transaction which involves the acquisition of a
17 branch of an insured depository institution or trust
18 company without the acquisition of the insured de-
19 pository institution or trust company, the branch
20 shall be treated, for purposes of this section, as an
21 insured depository institution or trust company the
22 home State of which is the State in which the
23 branch is located.”; and

24 (ii) by striking paragraphs (5) and
25 (6);

1 (B) in subsection (b)—

2 (i) by striking “bank” each place such
3 term appears in paragraph (2)(B)(i) and
4 inserting “insured depository institution”;

5 (ii) by striking “banks” where such
6 term appears in paragraph (2)(E) and in-
7 serting “insured depository institutions or
8 trust companies”;

9 (iii) by striking “bank affiliate” each
10 place such term appears in that portion of
11 paragraph (3) that precedes subparagraph
12 (A) and inserting “insured depository insti-
13 tution affiliate”;

14 (iv) by striking “any bank” where
15 such term appears in paragraph (3)(B)
16 and inserting “any insured depository in-
17 stitution”;

18 (v) by striking “bank” where such
19 term appears in paragraph (4)(A) and in-
20 serting “insured depository institution and
21 trust company”; and

22 (vi) by striking “all banks” where
23 such term appears in paragraph (5) and
24 inserting “all insured depository institu-
25 tions and trust companies”;

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

4 (D) in subsection (e)—

5 (i) by striking “1 or more banks” and
6 inserting “1 or more insured depository in-
7 stitutions”; and

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

10 (E) by striking clauses (i) and (ii) of sub-
11 section (g)(4)(A) and inserting the following
12 new clauses:

13 “(i) with respect to a national bank or
14 Federal savings association, the State in
15 which the main office of the bank or sav-
16 ings association is located; and

17 “(ii) with respect to a State bank,
18 State savings association, or State-char-
19 tered trust company, the State by which
20 the bank, savings association, or trust
21 company is chartered; and”;

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

24 “(5) HOST STATE.—The term ‘host State’
25 means—

1 “(A) with respect to an insured depository
2 institution, a State, other than the home State
3 of the depository institution, in which the de-
4 pository institution maintains, or seeks to es-
5 tablish and maintain, a branch; and

6 “(B) with respect to a trust company, a
7 State, other than the home State of the trust
8 company, in which the trust company acts, or
9 seeks to act, in 1 or more fiduciary capacities.”;

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

13 (H) in subsection (g), by adding at the end
14 the following new paragraph:

15 “(12) TRUST COMPANY.—The term ‘trust com-
16 pany’ means—

17 “(A) any national bank;

18 “(B) any savings association; and

19 “(C) any bank, banking association, trust
20 company, savings bank, or other banking insti-
21 tution which is incorporated under the laws of
22 any State,

23 that is authorized to act in 1 or more fiduciary ca-
24 pacities but is not in the business of receiving depos-

1 its other than trust funds (as defined in section
2 3(p)).”.

3 (2) Section 3(d) of the Bank Holding Company
4 Act of 1956 (12 U.S.C. 1842(d)) is amended—

5 (A) in paragraph (1)—

6 (i) by striking subparagraphs (B) and
7 (C); and

8 (ii) by redesignating subparagraph
9 (D) as subparagraph (B); and

10 (B) in paragraph (5), by striking “sub-
11 paragraph (B) or (D)” and inserting “subpara-
12 graph (B)”.

13 (3) Subsection (c) of section 4 of the National
14 Bank Consolidation and Merger Act (12 U.S.C.
15 215a–1(c)) is amended to read as follows:

16 “(c) DEFINITIONS.—For purposes of this section, the
17 terms ‘home State’, ‘out-of-State bank’, and ‘trust com-
18 pany’ each have the same meaning as in section 44(g) of
19 the Federal Deposit Insurance Act.”.

20 (g) CLERICAL AMENDMENTS.—

21 (1) The heading for section 44(b)(2)(E) of the
22 Federal Deposit Insurance Act (12 U.S.C.
23 1831u(b)(2)(E)) is amended by striking “BANKS”
24 and inserting “INSURED DEPOSITORY INSTITUTIONS
25 AND TRUST COMPANIES”.

1 (2) The heading for section 44(e) of the Fed-
 2 eral Deposit Insurance Act (12 U.S.C. 1831u(e)) is
 3 amended by striking “BANKS” and inserting “IN-
 4 SURED DEPOSITORY INSTITUTIONS”.

5 **SEC. 402. STATUTE OF LIMITATIONS FOR JUDICIAL REVIEW**
 6 **OF APPOINTMENT OF A RECEIVER FOR DE-**
 7 **POSITORY INSTITUTIONS.**

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

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

12 **“SEC. 2. APPOINTMENT OF RECEIVER FOR A NATIONAL**
 13 **BANK.**

14 “(a) IN GENERAL.—The Comptroller of the Cur-
 15 rency”; and

16 (2) by adding at the end the following new sub-
 17 section:

18 “(b) JUDICIAL REVIEW.—If the Comptroller of the
 19 Currency appoints a receiver under subsection (a), the na-
 20 tional bank may, within 30 days thereafter, bring an ac-
 21 tion in the United States district court for the judicial dis-
 22 trict in which the home office of such bank is located, or
 23 in the United States District Court for the District of Co-
 24 lumbia, for an order requiring the Comptroller of the Cur-
 25 rency to remove the receiver, and the court shall, upon

1 the merits, dismiss such action or direct the Comptroller
2 of the Currency to remove the receiver.”.

3 (b) INSURED DEPOSITORY INSTITUTIONS.—Section
4 11(c)(7) of the Federal Deposit Insurance Act (12 U.S.C.
5 1821(c)(7)) is amended to read as follows:

6 “(7) JUDICIAL REVIEW.—If the Corporation is
7 appointed (including the appointment of the Cor-
8 poration as receiver by the Board of Directors) as
9 conservator or receiver of a depository institution
10 under paragraph (4), (9), or (10), the depository in-
11 stitution may, within 30 days thereafter, bring an
12 action in the United States district court for the ju-
13 dicial district in which the home office of such de-
14 pository institution is located, or in the United
15 States District Court for the District of Columbia,
16 for an order requiring the Corporation to be re-
17 moved as the conservator or receiver (regardless of
18 how such appointment was made), and the court
19 shall, upon the merits, dismiss such action or direct
20 the Corporation to be removed as the conservator or
21 receiver.”.

22 (c) EXPANSION OF PERIOD FOR CHALLENGING THE
23 APPOINTMENT OF A LIQUIDATING AGENT.—Subpara-
24 graph (B) of section 207(a)(1) of the Federal Credit

1 Union Act (12 U.S.C. 1787(a)(1)) is amended by striking
2 “10 days” and inserting “30 days”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 subsections (a), (b), and (c) shall apply with respect to
5 conservators, receivers, or liquidating agents appointed on
6 or after the date of the enactment of this Act.

7 **SEC. 403. REPORTING REQUIREMENTS RELATING TO IN-**
8 **SIDER LENDING.**

9 (a) REPORTING REQUIREMENTS REGARDING LOANS
10 TO EXECUTIVE OFFICERS OF MEMBER BANKS.—Section
11 22(g) of the Federal Reserve Act (12 U.S.C. 375a) is
12 amended—

13 (1) by striking paragraphs (6) and (9); and

14 (2) by redesignating paragraphs (7), (8), and
15 (10) as paragraphs (6), (7), and (8), respectively.

16 (b) REPORTING REQUIREMENTS REGARDING LOANS
17 FROM CORRESPONDENT BANKS TO EXECUTIVE OFFI-
18 CERS AND SHAREHOLDERS OF INSURED BANKS.—Section
19 106(b)(2) of the Bank Holding Company Act Amend-
20 ments of 1970 (12 U.S.C. 1972(2)) is amended—

21 (1) by striking subparagraph (G); and

22 (2) by redesignating subparagraphs (H) and (I)
23 as subparagraphs (G) and (H), respectively.

1 **SEC. 404. AMENDMENT TO PROVIDE AN INFLATION AD-**
2 **JUSTMENT FOR THE SMALL DEPOSITORY IN-**
3 **STITUTION EXCEPTION UNDER THE DEPOSI-**
4 **TORY INSTITUTION MANAGEMENT INTER-**
5 **LOCKS ACT.**

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

9 **SEC. 405. ENHANCING THE SAFETY AND SOUNDNESS OF IN-**
10 **SURED DEPOSITORY INSTITUTIONS.**

11 (a) CLARIFICATION RELATING TO THE ENFORCE-
12 ABILITY OF AGREEMENTS AND CONDITIONS.—The Fed-
13 eral Deposit Insurance Act (12 U.S.C. 1811 et seq.) is
14 amended by adding at the end the following new section:
15 **“SEC. 49. ENFORCEMENT OF AGREEMENTS.**

16 “(a) IN GENERAL.—Notwithstanding clause (i) or
17 (ii) of section 8(b)(6)(A) or section 38(e)(2)(E), an appro-
18 priate Federal banking agency may enforce, under section
19 8, the terms of—

20 “(1) any condition imposed in writing by the
21 agency on a depository institution or an institution-
22 affiliated party (including a bank holding company)
23 in connection with any action on any application, no-
24 tice, or other request concerning a depository insti-
25 tution; or

1 (1) Section 1(b)(4) of the Bank Service Com-
2 pany Act (12 U.S.C. 1861(b)(4)) is amended—

3 (A) by inserting “, except when such term
4 appears in connection with the term ‘insured
5 depository institution’,” after “means”; and

6 (B) by striking “Federal Home Loan Bank
7 Board” and inserting “Director of the Office of
8 Thrift Supervision”.

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

11 (A) by striking paragraph (5) and insert-
12 ing the following new paragraph:

13 “(5) INSURED DEPOSITORY INSTITUTION.—The
14 term ‘insured depository institution’ has the mean-
15 ing given the term in section 3(c) of the Federal De-
16 posit Insurance Act;”;

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

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

21 (D) by adding at the end the following new
22 paragraph:

23 “(9) the terms ‘State depository institution’,
24 ‘Federal depository institution’, ‘State savings asso-
25 ciation’ and ‘Federal savings association’ have the

1 meanings given the terms in section 3 of the Federal
2 Deposit Insurance Act.”.

3 (3) The 1st sentence of section 5(c)(4)(B) of
4 the Home Owners’ Loan Act (12 U.S.C.
5 1464(c)(4)(B)) is amended by striking “by savings
6 associations of such State and by Federal associa-
7 tions” and inserting “by State and Federal deposi-
8 tory institutions”.

9 (4) Subparagraph (A)(ii) and subparagraph
10 (B)(ii) of section 1(b)(2) of the Bank Service Com-
11 pany Act (12 U.S.C. 1861(b)(2)) are each amended
12 by striking “insured banks” and inserting “insured
13 depository institutions”.

14 (5) Section 1(b)(8) of the Bank Service Com-
15 pany Act (12 U.S.C. 1861(b)(8)) is further amend-
16 ed—

17 (A) by striking “insured bank” and insert-
18 ing “insured depository institution”

19 (B) by striking “insured banks” each place
20 such term appears and inserting “insured de-
21 pository institutions”; and

22 (C) by striking “the bank’s” and inserting
23 “the depository institution’s”.

24 (6) Section 2 of the Bank Service Company Act
25 (12 U.S.C. 1862) is amended by inserting “or sav-

1 ings associations, other than the limitation on the
2 amount of investment by a Federal savings associa-
3 tion contained in section 5(c)(4)(B) of Home Own-
4 ers' Loan Act" after "relating to banks".

5 (7) Section 4(c) of the Bank Service Company
6 Act (12 U.S.C. 1864(c)) is amended by inserting "or
7 State savings association" after "State bank" each
8 place such term appears.

9 (8) Section 4(d) of the Bank Service Company
10 Act (12 U.S.C. 1864(d)) is amended by inserting
11 "or Federal savings association" after "national
12 bank" each place such term appears.

13 (9) Section 4(e) of the Bank Service Company
14 Act (12 U.S.C. 1864(e)) is amended to read as fol-
15 lows:

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

17 “(1) only those services that each depository in-
18 stitution shareholder or member is otherwise author-
19 ized to perform under any applicable Federal or
20 State law; and

21 “(2) such services only at locations in a State
22 in which each such shareholder or member is author-
23 ized to perform such services.”.

1 (10) Section 4(f) of the Bank Service Company
2 Act (12 U.S.C. 1864(f)) is amended by inserting “or
3 savings associations” after “location of banks”.

4 (11) Section 5 of the Bank Service Company
5 Act (12 U.S.C. 1865) is amended—

6 (A) in subsection (a)—

7 (i) by striking “insured bank” and in-
8 sserting “insured depository institution”;
9 and

10 (ii) by striking “bank’s” and inserting
11 “institution’s”.

12 (B) in subsection (b), by striking “insured
13 bank” and inserting “insured depository insti-
14 tution”; and

15 (C) in subsection (c)—

16 (i) by striking “the bank or banks”
17 and inserting “any depository institution”;
18 and

19 (ii) by striking “capability of the
20 bank” and inserting “capability of the de-
21 pository institution”.

22 (12) Section 7 of the Bank Service Company
23 Act (12 U.S.C. 1867) is amended—

1 (A) in subsection (b), by striking “insured
2 bank” and inserting “insured depository insti-
3 tution”;

4 (B) in subsection (c)—

5 (i) by striking “a bank” each place
6 such term appears and inserting “a deposi-
7 tory institution”; and

8 (ii) by striking “the bank” each place
9 such term appears and inserting “the de-
10 pository institution”.

11 **SEC. 407. CROSS GUARANTEE AUTHORITY.**

12 Subparagraph (A) of section 5(e)(9) of the Federal
13 Deposit Insurance Act (12 U.S.C. 1815(e)(9)(A)) is
14 amended to read as follows:

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

17 **SEC. 408. GOLDEN PARACHUTE AUTHORITY AND NONBANK**
18 **HOLDING COMPANIES.**

19 Subsection (k) of section 18 of the Federal Deposit
20 Insurance Act (12 U.S.C. 1828(k)) is amended—

21 (1) in paragraph (2)(A), by striking “or deposi-
22 tory institution holding company” and inserting “or
23 covered company”;

24 (2) by striking subparagraph (B) of paragraph
25 (2) and inserting the following new subparagraph:

1 “(B) Whether there is a reasonable basis
2 to believe that the institution-affiliated party is
3 substantially responsible for—

4 “(i) the insolvency of the depository
5 institution or covered company;

6 “(ii) the appointment of a conservator
7 or receiver for the depository institution; or

8 “(iii) the depository institution’s trou-
9 bled condition (as defined in the regula-
10 tions prescribed pursuant to section
11 32(f)).”;

12 (3) in paragraph (2)(F), by striking “depository
13 institution holding company” and inserting “covered
14 company,”;

15 (4) in paragraph (3) in the matter preceding
16 subparagraph (A), by striking “depository institu-
17 tion holding company” and inserting “covered com-
18 pany”;

19 (5) in paragraph (3)(A), by striking “holding
20 company” and inserting “covered company”;

21 (6) in paragraph (4)(A)—

22 (A) by striking “depository institution
23 holding company” each place such term appears
24 and inserting “covered company”; and

1 (B) by striking “holding company” each
2 place such term appears (other than in connec-
3 tion with the term referred to in subparagraph
4 (A)) and inserting “covered company”;

5 (7) in paragraph (5)(A), by striking “depository
6 institution holding company” and inserting “covered
7 company”;

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

10 “(D) COVERED COMPANY.—The term ‘cov-
11 ered company’ means any depository institution
12 holding company (including any company re-
13 quired to file a report under section 4(f)(6) of
14 the Bank Holding Company Act of 1956), or
15 any other company that controls an insured de-
16 pository institution.”; and

17 (9) in paragraph (6)—

18 (A) by striking “depository institution
19 holding company” and inserting “covered com-
20 pany,”; and

21 (B) by striking “or holding company” and
22 inserting “or covered company”.

1 **SEC. 409. AMENDMENTS RELATING TO CHANGE IN BANK**
2 **CONTROL.**

3 Section 7(j) of the Federal Deposit Insurance Act (12
4 U.S.C. 1817(j)) is amended—

5 (1) in paragraph (1)(D)—

6 (A) by striking “is needed to investigate”
7 and inserting “is needed—

8 “(i) to investigate”;

9 (B) by striking “United States Code.” and
10 inserting “United States Code; or”; and

11 (C) by adding at the end the following new
12 clause:

13 “(ii) to analyze the safety and sound-
14 ness of any plans or proposals described in
15 paragraph (6)(E) or the future prospects
16 of the institution.”; and

17 (2) in paragraph (7)(C), by striking “the finan-
18 cial condition of any acquiring person” and inserting
19 “either the financial condition of any acquiring per-
20 son or the future prospects of the institution”.

1 **TITLE V—DEPOSITORY INSTITU-**
 2 **TION AFFILIATES PROVI-**
 3 **SIONS**

4 **SEC. 501. CLARIFICATION OF CROSS MARKETING PROVI-**
 5 **SION.**

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

8 (1) in subparagraph (B), by striking “sub-
 9 section (k)(4)(I)” and inserting “subparagraph (H)
 10 or (I) of subsection (k)(4)”; and

11 (2) by adding at the end the following new sub-
 12 paragraph:

13 “(C) THRESHOLD OF CONTROL.—Subpara-
 14 graph (A) shall not apply with respect to a
 15 company described or referred to in clause (i)
 16 or (ii) of such subparagraph if the financial
 17 holding company does not own or control 25
 18 percent or more of the total equity or any class
 19 of voting securities of such company.”.

20 **SEC. 502. AMENDMENT TO PROVIDE THE FEDERAL RE-**
 21 **SERVE BOARD WITH DISCRETION CON-**
 22 **CERNING THE IMPUTATION OF CONTROL OF**
 23 **SHARES OF A COMPANY BY TRUSTEES.**

24 Section 2(g)(2) of the Bank Holding Company Act
 25 of 1956 (12 U.S.C. 1841(g)(2)) is amended by inserting

1 “, unless the Board determines that such treatment is not
2 appropriate in light of the facts and circumstances of the
3 case and the purposes of this Act” before the period at
4 the end.

5 **SEC. 503. ELIMINATING GEOGRAPHIC LIMITS ON THRIFT**
6 **SERVICE COMPANIES.**

7 (a) IN GENERAL.—The 1st sentence of section
8 5(c)(4)(B) of the Home Owners’ Loan Act (12 U.S.C.
9 1464(c)(4)(B)) (as amended by section 406(b)(3) of this
10 Act) is amended—

11 (1) by striking “corporation organized” and all
12 that follows through “is available for purchase” and
13 inserting “company, if the entire capital of the com-
14 pany is available for purchase”; and

15 (2) by striking “having their home offices in
16 such State”.

17 (b) TECHNICAL CORRECTIONS.—

18 (1) The heading for subparagraph (B) of sec-
19 tion 5(c)(4) of the Home Owners’ Loan Act (12
20 U.S.C. 1464(c)(4)(B)) is amended by striking “COR-
21 PORATIONS” and inserting “COMPANIES”.

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

1 (3) Section 5(q)(1) of the Home Owners' Loan
2 Act (12 U.S.C. 1464(q)(1)) is amended by striking
3 “service corporation” each place such term appears
4 in subparagraphs (A), (B), and (C) and inserting
5 “service company”.

6 (4) Section 10(m)(4)(C)(iii)(II) of the Home
7 Owners' Loan Act (12 U.S.C.
8 1467a(m)(4)(C)(iii)(II)) is amended by striking
9 “service corporation” each place such term appears
10 and inserting “service company”.

11 **SEC. 504. CLARIFICATION OF SCOPE OF APPLICABLE RATE**

12 **PROVISION.**

13 Section 44(f) of the Federal Deposit Insurance Act
14 (12 U.S.C. 1831u(f)) is amended by adding at the end
15 the following new paragraphs:

16 “(3) OTHER LENDERS.—In the case of any
17 other lender doing business in the State described in
18 paragraph (1), the maximum interest rate or
19 amount of interest, discount points, finance charges,
20 or other similar charges that may be charged, taken,
21 received, or reserved from time to time in any loan,
22 discount, or credit sale made, or upon any note, bill
23 of exchange, financing transaction, or other evidence
24 of debt issued to or acquired by any other lender
25 shall be equal to not more than the greater of the

1 rates described in subparagraph (A) or (B) of para-
2 graph (1).

3 “(4) OTHER LENDER DEFINED.—For purposes
4 of paragraph (3), the term ‘other lender’ means any
5 person engaged in the business of selling or financ-
6 ing the sale of personal property (and any servicers
7 incidental to the sale of personal property) in such
8 State, except that, with regard to any person or en-
9 tity described in such paragraph, such term does not
10 include—

11 “(A) an insured depository institution; or

12 “(B) any person or entity engaged in the
13 business of providing a short-term cash advance
14 to any consumer in exchange for—

15 “(i) a consumer’s personal check or
16 share draft, in the amount of the advance
17 plus a fee, where presentment or negotia-
18 tion of such check or share draft is de-
19 ferred by agreement of the parties until a
20 designated future date; or

21 “(ii) a consumer authorization to
22 debit the consumer’s transaction account,
23 in the amount of the advance plus a fee,
24 where such account will be debited on or
25 after a designated future date.”.

1 **TITLE VI—BANKING AGENCY**
2 **PROVISIONS**

3 **SEC. 601. WAIVER OF EXAMINATION SCHEDULE IN ORDER**
4 **TO ALLOCATE EXAMINER RESOURCES.**

5 Section 10(d) of the Federal Deposit Insurance Act
6 (12 U.S.C. 1820(d)) is amended—

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

10 (2) by inserting after paragraph (4), the fol-
11 lowing new paragraph:

12 “(5) WAIVER OF SCHEDULE WHEN NECESSARY
13 TO ACHIEVE SAFE AND SOUND ALLOCATION OF EX-
14 AMINER RESOURCES.—Notwithstanding paragraphs
15 (1), (2), (3), and (4), an appropriate Federal bank-
16 ing agency may make adjustments in the examina-
17 tion cycle for an insured depository institution if
18 necessary to allocate available resources of exam-
19 iners in a manner that provides for the safety and
20 soundness of, and the effective examination and su-
21 pervision of, insured depository institutions.”; and

22 (3) in paragraphs (8) and (9), as so redesign-
23 ated, by striking “paragraph (6)” and inserting
24 “paragraph (7)”.

1 **SEC. 602. INTERAGENCY DATA SHARING.**

2 (a) FEDERAL BANKING AGENCIES.—Section 7(a)(2)
3 of the Federal Deposit Insurance Act (12 U.S.C.
4 1817(a)(2)) is amended by adding at the end the following
5 new subparagraph:

6 “(C) DATA SHARING WITH OTHER AGEN-
7 CIES AND PERSONS.—In addition to reports of
8 examination, reports of condition, and other re-
9 ports required to be regularly provided to the
10 Corporation (with respect to all insured deposi-
11 tory institutions, including a depository institu-
12 tion for which the Corporation has been ap-
13 pointed conservator or receiver) or an appro-
14 priate State bank supervisor (with respect to a
15 State depository institution) under subpara-
16 graph (A) or (B), a Federal banking agency
17 may, in the agency’s discretion, furnish any re-
18 port of examination or other confidential super-
19 visory information concerning any depository
20 institution or other entity examined by such
21 agency under authority of any Federal law,
22 to—

23 “(i) any other Federal or State agen-
24 cy or authority with supervisory or regu-
25 latory authority over the depository institu-
26 tion or other entity;

1 “(ii) to any officer, director, or re-
2 ceiver of such depository institution or en-
3 tity; and

4 “(iii) any other person the Federal
5 banking agency determines to be appro-
6 priate.”.

7 (b) NATIONAL CREDIT UNION ADMINISTRATION.—
8 Section 202(a) of the Federal Credit Union Act (12
9 U.S.C. 1782(a)) is amended by adding at the end the fol-
10 lowing new paragraph:

11 “(8) DATA SHARING WITH OTHER AGENCIES
12 AND PERSONS.—In addition to reports of examina-
13 tion, reports of condition, and other reports required
14 to be regularly provided to the Board (with respect
15 to all insured credit unions, including a credit union
16 for which the Corporation has been appointed con-
17 servator or liquidating agent) or an appropriate
18 State commission, board, or authority having super-
19 vision of a State-chartered credit union, the Board
20 may, in the Board’s discretion, furnish any report
21 of examination or other confidential supervisory in-
22 formation concerning any credit union or other enti-
23 ty examined by the Board under authority of any
24 Federal law, to—

1 “(A) any other Federal or State agency or
2 authority with supervisory or regulatory author-
3 ity over the credit union or other entity;

4 “(B) to any officer, director, or receiver of
5 such credit union or entity; and

6 “(C) any other institution-affiliated party
7 of such credit union or entity the Board deter-
8 mines to be appropriate.”.

9 **SEC. 603. PENALTY FOR UNAUTHORIZED PARTICIPATION**
10 **BY CONVICTED INDIVIDUAL.**

11 Section 19 of the Federal Deposit Insurance Act (12
12 U.S.C. 1829) is amended by adding at the end the fol-
13 lowing new subsection:

14 “(c) **NONINSURED BANKS.**—Subsections (a) and (b)
15 shall apply to a noninsured national bank and a non-
16 insured State member bank, and any agency or non-
17 insured branch (as such terms are defined in section 1(b)
18 of the International Banking Act of 1978) of a foreign
19 bank as if such bank, branch, or agency were an insured
20 depository institution, except such subsections shall be ap-
21 plied for purposes of this subsection by substituting the
22 agency determined under the following paragraphs for
23 ‘Corporation’ each place such term appears in such sub-
24 sections:

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

5 “(2) The Board of Governors of the Federal
6 Reserve System, in the case of a noninsured State
7 member bank or any State agency or noninsured
8 State branch of a foreign bank.”.

9 **SEC. 604. AMENDMENT PERMITTING THE DESTRUCTION OF**
10 **OLD RECORDS OF A DEPOSITORY INSTITU-**
11 **TION BY THE FDIC AFTER THE APPOINTMENT**
12 **OF THE FDIC AS RECEIVER.**

13 Section 11(d)(15)(D) of the Federal Deposit Insur-
14 ance Act (12 U.S.C. 1821(d)(15)(D)) is amended—

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

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (ii), after the end of the 6-
20 year period”; and

21 (2) by adding at the end the following new
22 clause:

23 “(ii) OLD RECORDS.—In the case of
24 records of an insured depository institution
25 which are at least 10 years old as of the

1 date the Corporation is appointed as the
2 receiver of such depository institution, the
3 Corporation may destroy such records in
4 accordance with clause (i) any time after
5 such appointment is final without regard
6 to the 6-year period of limitation contained
7 in such clause.”.

8 **SEC. 605. MODERNIZATION OF FDIC RECORDKEEPING RE-**
9 **QUIREMENT.**

10 Subsection (f) of section 10 of the Federal Deposit
11 Insurance Act (12 U.S.C. 1820(f)) is amended to read as
12 follows:

13 “(f) PRESERVATION OF AGENCY RECORDS.—

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

18 “(A) photographed or microphotographed
19 or otherwise reproduced upon film; or

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

22 “(i) being read or scanned by com-
23 puter; and

24 “(ii) being reproduced from such elec-
25 tronic medium or format by printing or

1 any other form of reproduction of elec-
2 tronically stored data.

3 “(2) TREATMENT AS ORIGINAL RECORDS.—Any
4 photographs, microphotographs, or photographic
5 film or copies thereof described in paragraph (1)(A)
6 or reproduction of electronically stored data de-
7 scribed in paragraph (1)(B) shall be deemed to be
8 an original record for all purposes, including intro-
9 duction in evidence in all State and Federal courts
10 or administrative agencies and shall be admissible to
11 prove any act, transaction, occurrence, or event
12 therein recorded.

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

1 **SEC. 606. CLARIFICATION OF EXTENT OF SUSPENSION, RE-**
2 **MOVAL, AND PROHIBITION AUTHORITY OF**
3 **FEDERAL BANKING AGENCIES IN CASES OF**
4 **CERTAIN CRIMES BY INSTITUTION-AFFILI-**
5 **ATED PARTIES.**

6 (a) INSURED DEPOSITORY INSTITUTION.—

7 (1) IN GENERAL.—Section 8(g)(1) of the Fed-
8 eral Deposit Insurance Act (12 U.S.C. 1818(g) is
9 amended—

10 (A) in subparagraph (A), by striking “the
11 depository” each place such term appears and
12 inserting “any depository”;

13 (B) in subparagraph (B)(i), by inserting
14 “of which the subject of the order is an institu-
15 tion-affiliated party” before the period at the
16 end;

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

20 (D) in subparagraph (D)(i), by inserting
21 “of which the subject of the order is an institu-
22 tion-affiliated party” after “upon the depository
23 institution”; and

24 (E) by adding at the end the following new
25 subparagraph:

1 “(E) CONTINUATION OF AUTHORITY.—A
2 Federal banking agency may issue an order
3 under this paragraph with respect to an indi-
4 vidual who is an institution-affiliated party at a
5 depository institution at the time of an offense
6 described in subparagraph (A) without regard
7 to—

8 “(i) whether such individual is an in-
9 stitution-affiliated party at any depository
10 institution at the time the order is consid-
11 ered or issued by the agency; or

12 “(ii) whether the depository institu-
13 tion at which the individual was an institu-
14 tion-affiliated party at the time of the of-
15 fense remains in existence at the time the
16 order is considered or issued by the agen-
17 cy.”.

18 (2) CLERICAL AMENDMENT.—Section 8(g) of
19 the Federal Deposit Insurance Act (12 U.S.C.
20 1818(g) is amended by striking “(g)” and inserting
21 the following new subsection heading:

22 “(g) SUSPENSION, REMOVAL, AND PROHIBITION
23 FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN
24 CRIMINAL OFFENSES.—”.

25 (b) INSURED CREDIT UNIONS.—

1 (1) IN GENERAL.—Section 206(i)(1) of the
2 Federal Credit Union Act (12 U.S.C. 1786(i)(1)) is
3 amended—

4 (A) in subparagraph (A), by striking “the
5 credit union” each place such term appears and
6 inserting “any credit union”;

7 (B) in subparagraph (B)(i), by inserting
8 “of which the subject of the order is, or most
9 recently was, an institution-affiliated party” be-
10 fore the period at the end;

11 (C) in subparagraph (C), by striking “the
12 credit union” each place such term appears and
13 inserting “any credit union”;

14 (D) in subparagraph (D)(i), by striking
15 “upon such credit union” and inserting “upon
16 the credit union of which the subject of the
17 order is, or most recently was, an institution-af-
18 filiated party”; and

19 (E) by adding at the end the following new
20 subparagraph:

21 “(E) CONTINUATION OF AUTHORITY.—The
22 Board may issue an order under this paragraph
23 with respect to an individual who is an institu-
24 tion-affiliated party at a credit union at the

1 time of an offense described in subparagraph
2 (A) without regard to—

3 “(i) whether such individual is an in-
4 stitution-affiliated party at any credit
5 union at the time the order is considered
6 or issued by the Board; or

7 “(ii) whether the credit union at
8 which the individual was an institution-af-
9 filiated party at the time of the offense re-
10 mains in existence at the time the order is
11 considered or issued by the Board.”.

12 (2) CLERICAL AMENDMENT.—Section 206(i) of
13 the Federal Credit Union Act (12 U.S.C. 1786(i)) is
14 amended by striking “(i)” at the beginning and in-
15 serting the following new subsection heading:

16 “(i) SUSPENSION, REMOVAL, AND PROHIBITION
17 FROM PARTICIPATION ORDERS IN THE CASE OF CERTAIN
18 CRIMINAL OFFENSES.—”.

19 **SEC. 607. STREAMLINING DEPOSITORY INSTITUTION MERG-**
20 **ER APPLICATION REQUIREMENTS.**

21 (a) IN GENERAL.—Paragraph (4) of section 18(e) of
22 the Federal Deposit Insurance Act (12 U.S.C. 1828(e))
23 is amended to read as follows:

24 “(4) REPORTS ON COMPETITIVE FACTORS.—

1 “(A) REQUEST FOR REPORT.—In the in-
2 terests of uniform standards, before acting on
3 any application for approval of a merger trans-
4 action, the responsible agency, unless the agen-
5 cy finds that it must act immediately in order
6 to prevent the probable failure of a depository
7 institution involved, shall—

8 “(i) request a report on the competi-
9 tive factors involved from the Attorney
10 General; and

11 “(ii) provide a copy of the request to
12 the Corporation (when the Corporation is
13 not the responsible agency).

14 “(B) FURNISHING OF REPORT.—The re-
15 port requested under subparagraph (A) shall be
16 furnished by the Attorney General to the re-
17 sponsible agency—

18 “(i) not more than 30 calendar days
19 after the date on which the Attorney Gen-
20 eral received the request; or

21 “(ii) not more than 10 calendar days
22 after such date, if the requesting agency
23 advises the Attorney General that an emer-
24 gency exists requiring expeditious action.”.

1 (b) TECHNICAL AND CONFORMING AMENDMENT.—
2 The penultimate sentence of section 18(e)(6) of the Fed-
3 eral Deposit Insurance Act (12 U.S.C. 1828(e)(6)) is
4 amended to read as follows: “If the agency has advised
5 the Attorney General under paragraph (4)(B) of the exist-
6 ence of an emergency requiring expeditious action and has
7 requested a report on the competitive factors within 10
8 days, the transaction may not be consummated before the
9 fifth calendar day after the date of approval by the agen-
10 cy.”.

11 **SEC. 608. INCLUSION OF DIRECTOR OF THE OFFICE OF**
12 **THRIFT SUPERVISION IN LIST OF BANKING**
13 **AGENCIES REGARDING INSURANCE CUS-**
14 **TOMER PROTECTION REGULATIONS.**

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

19 **SEC. 609. SHORTENING OF POST-APPROVAL ANTITRUST RE-**
20 **VIEW PERIOD WITH THE AGREEMENT OF THE**
21 **ATTORNEY GENERAL.**

22 (a) ANTITRUST REVIEWS UNDER THE BANK HOLD-
23 ING COMPANY ACT OF 1956.—The 4th sentence of section
24 11(b) of the Bank Holding Company Act of 1956 (12

1 U.S.C. 1849(b) is amended by striking “15 calendar
2 days” and inserting “5 calendar days”.

3 (b) ANTITRUST REVIEWS UNDER THE FEDERAL DE-
4 POSIT INSURANCE ACT.—The last sentence of section
5 18(e)(6) of the Federal Deposit Insurance Act (12 U.S.C.
6 1828(e)(6)) is amended by striking “15 calendar days”
7 and inserting “5 calendar days”.

8 **SEC. 610. PROTECTION OF CONFIDENTIAL INFORMATION**
9 **RECEIVED BY FEDERAL BANKING REGU-**
10 **LATORS FROM FOREIGN BANKING SUPER-**
11 **VISORS.**

12 Section 15 of the International Banking Act of 1978
13 (12 U.S.C. 3109) is amended by adding at the end the
14 following new subsection:

15 “(c) CONFIDENTIAL INFORMATION RECEIVED FROM
16 FOREIGN SUPERVISORS.—

17 “(1) IN GENERAL.—Except as provided in
18 paragraph (3), a Federal banking agency may not be
19 compelled to disclose information received from a
20 foreign regulatory or supervisory authority if—

21 “(A) the foreign regulatory or supervisory
22 authority has, in good faith, determined and
23 represented to such Federal banking agency
24 that public disclosure of the information would

1 violate the laws applicable to that foreign regu-
2 latory or supervisory authority; and

3 “(B) the relevant Federal banking agency
4 obtained such information pursuant to—

5 “(i) such procedures as the Federal
6 banking agencies may establish for use in
7 connection with the administration and en-
8 forcement of Federal banking laws; or

9 “(ii) a memorandum of understanding
10 or other similar arrangement between the
11 Federal banking agency and the foreign
12 regulatory or supervisory authority.

13 “(2) TREATMENT UNDER TITLE 5, UNITED
14 STATES CODE.—For purposes of section 552 of title
15 5, United States Code, this subsection shall be treat-
16 ed as a statute described in subsection (b)(3)(B) of
17 such section.

18 “(3) SAVINGS PROVISION.—No provision of this
19 section shall be construed as—

20 “(A) authorizing any Federal banking
21 agency to withhold any information from any
22 duly authorized committee of the House of Rep-
23 resentatives or the Senate; or

24 “(B) preventing any Federal banking
25 agency from complying with an order of a court

1 of the United States in an action commenced by
2 the United States or such agency.

3 “(4) FEDERAL BANKING AGENCY DEFINED.—

4 For purposes of this subsection, the term ‘Federal
5 banking agency’ means the Board, the Comptroller,
6 the Federal Deposit Insurance Corporation, and the
7 Director of the Office of Thrift Supervision.”.

8 **SEC. 611. PROHIBITION ON THE PARTICIPATION IN THE AF-**
9 **FAIRS OF BANK HOLDING COMPANY OR EDGE**
10 **ACT OR AGREEMENT CORPORATIONS BY**
11 **CONVICTED INDIVIDUAL.**

12 Section 19 of the Federal Deposit Insurance Act (12
13 U.S.C. 1829) is amended by inserting after subsection (c)
14 (as added by section 604 of this title) the following new
15 subsection:

16 “(c) BANK HOLDING COMPANIES.—Subsections (a)
17 and (b) shall apply to any bank holding company any sub-
18 sidiary (other than a bank) of a bank holding company
19 and any organization organized and operated under sec-
20 tion 25A of the Federal Reserve Act or operating under
21 section 25 of the Federal Reserve Act as if such bank
22 holding company, subsidiary, or organization were an in-
23 sured depository institution, except such subsections shall
24 be applied for purposes of this subsection by substituting
25 “Board of Governors of the Federal Reserve System” for

1 “Corporation” each place such term appears in such sub-
2 sections.”.

3 **SEC. 612. CLARIFICATION THAT NOTICE AFTER SEPARA-**
4 **TION FROM SERVICE MAY BE MADE BY AN**
5 **ORDER.**

6 Section 8(i)(3) of the Federal Deposit Insurance Act
7 (12 U.S.C. 1818(i)(3)) is amended by inserting “or order”
8 after “notice” each place such term appears.

9 **SEC. 613. EXAMINERS OF FINANCIAL INSTITUTIONS.**

10 (a) OFFER OF CREDIT TO BANK EXAMINER.—Sec-
11 tion 212 of title 18, United States Code, is amended to
12 read as follows:

13 **“§ 212. Offer of credit to bank examiner**

14 “(a) Subject to section 213(b), whoever being an offi-
15 cer, director or employee of a financial institution extends
16 credit to any examiner which the examiner is prohibited
17 from accepting under section 213 shall be fined under this
18 title or imprisoned not more than one year, or both; and
19 may be fined a further sum equal to the money so loaned
20 or gratuity given.

21 “(b) For purposes of this section, the following defini-
22 tions shall apply:

23 “(1) The term ‘financial institution’ does not
24 include a credit union.

25 “(2) The term ‘examiner’ means any person—

1 “(A) appointed by a Federal financial in-
2 stitution regulatory agency or pursuant to the
3 laws of any State to examine a financial institu-
4 tion; or

5 “(B) elected under the law of any State to
6 conduct examinations of any financial institu-
7 tion.

8 “(3) The term ‘Federal financial institution
9 regulatory agency’ means—

10 “(A) the Comptroller of the Currency;

11 “(B) the Board of Governors of the Fed-
12 eral Reserve System;

13 “(C) the Director of the Office of Thrift
14 Supervision;

15 “(D) the Federal Deposit Insurance Cor-
16 poration;

17 “(E) the Federal Housing Finance Board;

18 “(F) the Farm Credit Administration;

19 “(G) the Farm Credit System Insurance
20 Corporation; and

21 “(H) the Small Business Administration.”.

22 (b) ACCEPTANCE OF CREDIT BY A BANK EXAM-
23 INER.—Section 213 of title 18, United States Code, is
24 amended to read as follows:

1 **“§ 213. Acceptance of credit by bank examiner**

2 “(a) Whoever, being an examiner, accepts an exten-
3 sion of credit from any financial institution that the exam-
4 iner examines or has authority to examine, or from any
5 person connected with any such financial institution, shall
6 be fined under this title or imprisoned not more than one
7 year, or both; and may be fined a further sum equal to
8 the money so loaned or gratuity given, and shall be dis-
9 qualified from holding office as such examiner.

10 “(b) Notwithstanding subsection (a) or section 212,
11 a Federal financial institution regulatory agency may, by
12 regulation or by order on a case-by-case basis, permit a
13 financial institution to extend credit to an examiner, and
14 permit an examiner to accept an extension of credit from
15 a financial institution, if the agency determines that the
16 extension of credit would not likely affect the integrity of
17 any examination of a financial institution. Before pre-
18 scribing regulations or issuing any order under this sub-
19 section, a Federal financial institution regulatory agency
20 shall consult with each other Federal financial institution
21 regulatory agency with regard to any such regulation or
22 order. Any regulation prescribed by a Federal financial in-
23 stitution regulatory agency under this subsection, may ex-
24 empt certain classes or categories of credit from the scope
25 of this section or section 212, and shall provide procedures
26 for examiners and financial institutions to request case-

1 by-case exemption orders under this subsection, subject to
2 subsection (c).

3 “(c) In considering any request by a financial institu-
4 tion or examiner for a case-by-case exemption order under
5 subsection (b), a Federal financial institution regulatory
6 agency shall consider such factors as the agency determine
7 to be appropriate, including—

8 “(1) whether the terms and conditions of the
9 credit being offered the examiner are generally com-
10 parable to those offered by the financial institution
11 in connection with similar types of credit extended
12 to other customers in similar circumstances;

13 “(2) the nature and extent of any other rela-
14 tionship the examiner has with the financial institu-
15 tion or any officer, director, or employee of the fi-
16 nancial institution;

17 “(3) the proximity in time between any exam-
18 ination of the financial institution in which the ex-
19 aminer participated, or is scheduled to participate,
20 and the extension, or the offer of an extension, of
21 credit;

22 “(4) whether there are any other circumstances
23 involving the transaction, or the proposed trans-
24 action, that may be perceived as providing the exam-
25 iner with preferential treatment; and

1 “(5) any other fact or circumstance the agency
2 may consider to be appropriate under the cir-
3 cumstances.

4 “(d) Notwithstanding subsection (a) or section 212,
5 an examiner employed by a Federal financial institution
6 regulatory agency may apply for and receive a credit card,
7 or otherwise be approved as a credit cardholder, under any
8 credit card account under an open end consumer credit
9 plan, to the extent the terms and conditions applicable
10 with respect to such account, and any credit extended
11 under such account, are no more favorable generally to
12 the examiner than the terms and conditions that are gen-
13 erally applicable to credit card accounts offered by the
14 same financial institution to other cardholders under open
15 end consumer credit plans.

16 “(e) For purposes of this section, the following defini-
17 tions shall apply:

18 “(1) The terms ‘examiner’, ‘Federal financial
19 institution regulatory agency’, and ‘financial institu-
20 tion’ have the same meaning as in section 212.

21 “(2) The term ‘credit’ means the right granted
22 by a creditor to a debtor to defer payment of debt
23 or to incur debt and defer its payment.

24 “(3) The term ‘creditor’ refers only to a person
25 who both (A) regularly extends, whether in connec-

1 tion with loans, sales of property or services, or oth-
2 erwise, consumer credit which is payable by agree-
3 ment in more than four installments or for which
4 the payment of a finance charge is or may be re-
5 quired, and (B) is the person to whom the debt aris-
6 ing from the consumer credit transaction is initially
7 payable on the face of the evidence of indebtedness
8 or, if there is no such evidence of indebtedness, by
9 agreement. Notwithstanding the preceding sentence,
10 in the case of an open-end credit plan involving a
11 credit card, the card issuer and any person who hon-
12 ors the credit card and offers a discount which is a
13 finance charge are creditors.

14 “(4) The term ‘consumer’, when used with ref-
15 erence to an open end credit plan, means a credit
16 plan under which the party to whom credit is offered
17 or extended is a natural person, and the money,
18 property, or services which are the subject of any
19 transaction under the plan are primarily for per-
20 sonal, family, or household purposes.

21 “(5) The term ‘open end credit plan’ means a
22 plan under which the creditor reasonably con-
23 templates repeated transactions, which prescribes
24 the terms of such transactions, and which provides
25 for a finance charge which may be computed from

1 time to time on the outstanding unpaid balance. A
2 credit plan which is an open end credit plan within
3 the meaning of the preceding sentence is an open
4 end credit plan even if credit information is verified
5 from time to time.

6 “(6) The term ‘credit card’ means any card,
7 plate, coupon book or other credit device existing for
8 the purpose of obtaining money, property, labor, or
9 services on credit.

10 “(7) The term ‘cardholder’ means any person to
11 whom a credit card is issued or any person who has
12 agreed with the card issuer to pay obligations aris-
13 ing from the issuance of a credit card to another
14 person.

15 “(8) The term ‘card issuer’ means any person
16 who issues a credit card, or the agent of such person
17 with respect to such card.”.

18 (c) CLERICAL AMENDMENTS.—The table of sections
19 for chapter 11 of title 18, United States Code, is amended
20 by striking the items relating to sections 212 and 213 and
21 inserting the following new items:

“212. Offer of credit to bank examiner.

“213. Acceptance of credit by bank examiner.”.

1 **SEC. 614. PARITY IN STANDARDS FOR INSTITUTION-AFFILI-**
 2 **ATED PARTIES.**

3 Section 3(u)(4) of the Federal Deposit Insurance Act
 4 (12 U.S.C. 1813(u)(4)) is amended by striking “know-
 5 ingly or recklessly”.

6 **SEC. 615. ENFORCEMENT AGAINST MISREPRESENTATIONS**
 7 **REGARDING FDIC DEPOSIT INSURANCE COV-**
 8 **ERAGE.**

9 (a) IN GENERAL.—Section 8 of the Federal Deposit
 10 Insurance Act (12 U.S.C. 1818) is amended by adding at
 11 the end the following new subsection:

12 “(x) MISREPRESENTATION REGARDING DEPOSIT IN-
 13 SURANCE COVERAGE.—

14 “(1) IN GENERAL.—Any person who knowingly
 15 violates the third undesignated paragraph of section
 16 709 of title 18, United States Code, shall be liable
 17 to the United States Government for a civil penalty
 18 in an amount not to exceed \$1,000,000 for each day
 19 during which such violation occurs or continues.

20 “(2) TIME LIMITATIONS FOR ASSESSMENTS
 21 AND COMMENCEMENT OF CIVIL ACTIONS.—

22 “(A) ASSESSMENTS.—The Corporation
 23 may assess a civil penalty under paragraph (1)
 24 at any time before the end of the 6-year period
 25 beginning on the later of—

26 “(i) the date the violation occurred; or

1 “(ii) in the case of a continuing viola-
2 tion, the last day the continuing violation
3 occurred.

4 “(B) CIVIL ACTIONS.—The Corporation
5 may commence a civil action to recover a civil
6 penalty assessed under this subsection at any
7 time before the end of the 2-year period begin-
8 ning on the later of—

9 “(i) the date the penalty was assessed;
10 or

11 “(ii) the date any judgment becomes
12 final in any criminal action under section
13 709 of title 18, United States Code, in
14 connection with the same violation with re-
15 spect to which the penalty is assessed.

16 “(3) CRIMINAL PENALTY NOT EXCLUSIVE OF
17 CIVIL PENALTY.—A civil money penalty may be im-
18 posed under this subsection with respect to any vio-
19 lation of the third undesignated paragraph of section
20 709 of title 18, United States Code, notwithstanding
21 the fact that a criminal penalty is imposed with re-
22 spect to the same violation.”.

1 **SEC. 616. COMPENSATION OF FEDERAL HOME LOAN BANK**
 2 **DIRECTORS.**

3 Section 17(i) of the Federal Home Loan Bank Act
 4 (12 U.S.C. 1427(i)) is amended to read as follows:

5 “(i) **DIRECTORS’ COMPENSATION.**—

6 “(1) **IN GENERAL.**—Each Federal home loan
 7 bank may pay the directors on the board of directors
 8 of the bank reasonable compensation for the time re-
 9 quired of such directors, and reasonable expenses in-
 10 curred by the directors, in connection with service on
 11 the board of directors, in accordance with resolutions
 12 adopted by the board of directors and subject to the
 13 approval of the Board.

14 “(2) **ANNUAL REPORT BY THE BOARD.**—Infor-
 15 mation regarding compensation and expenses paid
 16 by the Federal home loan banks to the directors on
 17 the boards of directors of the banks shall be included
 18 in the annual report submitted to the Congress by
 19 the Board pursuant to section 2B(d).”.

20 **TITLE VII—CLERICAL AND**
 21 **TECHNICAL AMENDMENTS**

22 **SEC. 701. CLERICAL AMENDMENTS TO THE HOME OWNERS’**
 23 **LOAN ACT.**

24 (a) **AMENDMENT TO TABLE OF CONTENTS.**—The
 25 table of contents in section 1 of the Home Owners’ Loan
 26 Act (12 U.S.C. 1461) is amended by striking the items

1 relating to sections 5 and 6 and inserting the following
 2 new items:

“Sec. 5. Savings associations.

“Sec. 6. [Repealed.]”.

3 (b) CLERICAL AMENDMENTS TO HEADINGS.—

4 (1) The heading for section 4(a) of the Home
 5 Owners’ Loan Act (12 U.S.C. 1463(a)) is amended
 6 by striking “(a) FEDERAL SAVINGS ASSOCIA-
 7 TIONS.—” and inserting “(a) GENERAL RESPON-
 8 SIBILITIES OF THE DIRECTOR.—”.

9 (2) The section heading for section 5 of the
 10 Home Owners’ Loan Act (12 U.S.C. 1464) is
 11 amended to read as follows:

12 **“SEC. 5. SAVINGS ASSOCIATIONS.”.**

13 **SEC. 702. TECHNICAL CORRECTIONS TO THE FEDERAL**
 14 **CREDIT UNION ACT.**

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

17 (1) In section 101(3), strike “and” after the
 18 semicolon.

19 (2) In section 101(5), strike the terms “account
 20 account” and “account accounts” each place any
 21 such term appears and insert “account”.

22 (3) In section 107(a)(5)(E) (as so designated
 23 by section 303 of this Act), strike the period at the
 24 end and insert a semicolon.

1 (4) In paragraphs (6) and (7) of section 107(a)
2 (as so designated by section 303 of this Act), strike
3 the period at the end and insert a semicolon.

4 (5) In section 107(a)(7)(D) (as so designated
5 by section 303 of this Act), strike “the Federal Sav-
6 ings and Loan Insurance Corporation or”.

7 (6) In section 107(a)(7)(E) (as so designated
8 by section 303 of this Act), strike “the Federal
9 Home Loan Bank Board,” and insert “the Federal
10 Housing Finance Board,”.

11 (7) In section 107(a)(9) (as so designated by
12 section 303 of this Act), strike “subchapter III” and
13 insert “title III”.

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

17 (9) In section 109(c)(2)(i), strike “(12 U.S.C.
18 4703(16))”.

19 (10) In section 120(h), strike “under the Act
20 approved July 30, 1947 (6 U.S.C., secs. 6–13),” and
21 insert “chapter 93 of title 31, United States Code,”.

22 (11) In section 201(b)(5), strike “section 116
23 of”.

24 (12) In section 202(h)(3), strike “section
25 207(c)(1)” and insert “section 207(k)(1)”.

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

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

5 (15) In section 206(f)(1), strike “subsection
6 (e)(3)(B)” and insert “subsection (e)(3)”.

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

9 (17) In section 206(t)(2)(B), insert “regula-
10 tions” after “as defined in”.

11 (18) In section 206(t)(2)(C), strike “material
12 affect” and insert “material effect”.

13 (19) In section 206(t)(4)(A)(ii)(II), strike “or”
14 after the semicolon at the end.

15 (20) In section 206A(a)(2)(A), strike “regulator
16 agency” and insert “regulatory agency”.

17 (21) In section 207(c)(5)(B)(i)(I), insert “and”
18 after the semicolon at the end.

19 (22) In section 207(c)(8)(D)(ii)(I), insert a
20 closing parenthesis after “Act of 1934”.

21 (23) In the heading for subparagraph (A) of
22 section 207(d)(3), strike “TO” and insert “WITH”.

23 (24) In section 207(f)(3)(A), strike “category
24 or claimants” and insert “category of claimants”.

1 (25) In section 209(a)(8), strike the period at
2 the end and insert a semicolon.

3 (26) In section 216(n), insert “any action” be-
4 fore “that is required”.

5 (27) In section 304(b)(3), strike “the affairs or
6 such credit union” and insert “the affairs of such
7 credit union”.

8 (28) In section 310, strike “section 102(e)” and
9 insert “section 102(d)”.

10 **SEC. 703. OTHER TECHNICAL CORRECTIONS.**

11 Section 1306 of title 18, United States Code, is
12 amended by striking “5136A” and inserting “5136B”.

13 **SEC. 704. REPEAL OF OBSOLETE PROVISIONS OF THE BANK**
14 **HOLDING COMPANY ACT OF 1956.**

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

17 (1) in subsection (c)(2), by striking subpara-
18 graphs (I) and (J); and

19 (2) by striking subsection (m) and inserting the
20 following new subsection:

21 “(m) [Repealed]”.

22 (b) TECHNICAL AND CONFORMING AMENDMENTS.—
23 Paragraphs (1) and (2) of section 4(h) of the Bank Hold-
24 ing Company Act of 1956 (12 U.S.C. 1843(h)) are each

1 amended by striking “(G), (H), (I), or (J) of section
2 2(c)(2)” and inserting “(G), or (H) of section 2(c)(2)”.

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