

# Union Calendar No. 113

108TH CONGRESS  
1ST SESSION

# H. R. 1375

[Report No. 108–152, Parts I and II]

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 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

JUNE 12, 2003

Reported with an amendment and referred to the Committee on the Judiciary for a period ending not later than July 14, 2003, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(k), rule X

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

JULY 14, 2003

Additional sponsors: Mr. ROYCE, Mr. NEY, Mr. LATOURETTE, Ms. HART, Mr. TIBERI, Mr. SANDLIN, Mr. HENSARLING, and Mr. CANTOR

JULY 14, 2003

Reported from the Committee on the Judiciary with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

[For text of introduced bill, see copy of bill as introduced on March 20, 2003]

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# A BILL

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

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

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

4        (a) *SHORT TITLE.*—*This Act may be cited as the “Fi-*  
 5 *nancial Services Regulatory Relief Act of 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 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.*  
*Sec. 611. Prohibition on the participation in the affairs of bank holding company or Edge Act or agreement corporations by convicted individual.*  
*Sec. 612. Clarification that notice after separation from service may be made by an order.*  
*Sec. 613. Examiners of financial institutions.*  
*Sec. 614. Parity in standards for institution-affiliated parties.*  
*Sec. 615. Enforcement against misrepresentations regarding FDIC deposit insurance coverage.*  
*Sec. 616. Compensation of Federal home loan bank directors.*  
*Sec. 617. Extension of terms of Federal home loan bank directors.*  
*Sec. 618. Biennial reports on the status of agency employment of minorities and women.*  
*Sec. 619. Coordination of State examination authority.*

*TITLE VII—CLERICAL AND TECHNICAL AMENDMENTS*

- Sec. 701. Clerical amendments to the Home Owners' Loan Act.*  
*Sec. 702. Technical corrections to the Federal Credit Union Act.*  
*Sec. 703. Other technical corrections.*  
*Sec. 704. Repeal of obsolete provisions of the Bank Holding Company Act of 1956.*

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

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

4           *Section 5146 of the Revised Statutes of the United*  
5   *States (12 U.S.C. 72) is amended—*

6                   (1) *by striking “SEC. 5146. Every director must*  
7           *during” and inserting the following:*

8   **“SEC. 5146. REQUIREMENTS FOR BANK DIRECTORS.**

9           **“(a) RESIDENCY REQUIREMENTS.—***Every director of*  
10 *a national bank shall, during”;*

11                   (2) *by striking “total number of directors. Every*  
12 *director must own in his or her own right” and in-*  
13 *serting “total number of directors.*

14           **“(b) INVESTMENT REQUIREMENT.—**

15                   **“(1) IN GENERAL.—***Every director of a national*  
16 *bank shall own, in his or her own right,”; and*

17                   (3) *by adding at the end the following new para-*  
18 *graph:*

19                   **“(2) EXCEPTION FOR SUBORDINATED DEBT IN**  
20 *CERTAIN CASES.—In lieu of the requirements of para-*  
21 *graph (1) relating to the ownership of capital stock*  
22 *in the national bank, the Comptroller of the Currency*  
23 *may, by regulation or order, permit an individual to*  
24 *serve as a director of a national bank that has elected,*  
25 *or notifies the Comptroller of the bank’s intention to*

1 *elect, to operate as a S corporation pursuant to sec-*  
2 *tion 1362(a) of the Internal Revenue Code of 1986, if*  
3 *that individual holds debt of at least \$1,000 issued by*  
4 *the national bank that is subordinated to the interests*  
5 *of depositors and other general creditors of the na-*  
6 *tional bank.”.*

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

8 *Section 5144 of the Revised Statutes of the United*  
9 *States (12 U.S.C. 61) is amended—*

10 *(1) by striking “or to cumulate” and inserting*  
11 *“or, if so provided by the articles of association of the*  
12 *national bank, to cumulate”;*

13 *(2) by striking the comma after “his shares shall*  
14 *equal”; and*

15 *(3) by adding at the end the following new sen-*  
16 *tence: “The Comptroller of the Currency may pre-*  
17 *scribe such regulations to carry out the purposes of*  
18 *this section as the Comptroller determines to be ap-*  
19 *propriate.”.*

20 **SEC. 103. SIMPLIFYING DIVIDEND CALCULATIONS FOR NA-**  
21 **TIONAL BANKS.**

22 *(a) IN GENERAL.—Section 5199 of the Revised Stat-*  
23 *utes of the United States (12 U.S.C. 60) is amended to read*  
24 *as follows:*

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

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

6       “(b) *APPROVAL REQUIRED UNDER CERTAIN CIR-*  
7 *CUMSTANCES.*—A national bank may not declare and pay  
8 dividends in any year in excess of an amount equal to the  
9 sum of the total of the net income of the bank for that year  
10 and the retained net income of the bank in the preceding  
11 two years, minus any transfers required by the Comptroller  
12 of the Currency (including any transfers required to be  
13 made to a fund for the retirement of any preferred stock),  
14 unless the Comptroller of the Currency approves the dec-  
15 laration and payment of dividends in excess of such  
16 amount.”.

17       “(b) *CLERICAL AMENDMENT.*—The table of sections for  
18 chapter three of title LXII of the Revised Statutes of the  
19 United States is amended by striking the item relating to  
20 section 5199 and inserting the following new item:

“5199. *National bank dividends.*”.

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 sen-*  
6 *tence.*

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 exists*  
22 *justifying such waiver, by unanimous action of the share-*  
23 *holders of the association or State bank” and inserting*  
24 *“Publication of notice may be waived if the Comptroller*  
25 *determines that an emergency exists justifying such waiver*  
26 *or if the shareholders of the association or State bank agree*



1 *by unanimous action to waive the publication requirement*  
2 *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 1978*  
7 *(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 Fed-*  
10 *eral branch or agency of a foreign bank in any State*  
11 *and thereafter, the foreign bank, in addition to any*  
12 *deposit requirements imposed under section 6, shall*  
13 *keep on deposit, in accordance with such regulations*  
14 *as the Comptroller of the Currency may prescribe in*  
15 *accordance with paragraph (2), dollar deposits, in-*  
16 *vestment securities, or other assets in such amounts as*  
17 *the Comptroller of the Currency determines to be nec-*  
18 *essary for the protection of depositors and other inves-*  
19 *tors and to be consistent with the principles of safety*  
20 *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 for-*



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 reg-*  
9           *ulations prescribed under subsection (a), a national bank*  
10          *that is operating other than as a body corporate shall have*  
11          *the same rights and privileges and shall be subject to the*  
12          *same duties, restrictions, penalties, liabilities, conditions,*  
13          *and limitations as a national bank that is organized as*  
14          *a body corporate.”.*

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

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

1 *ing after the item relating to section 5136B the following*  
 2 *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 States*  
 6 *is amended—*

7 *(1) in the paragraph designated the “Second” of*  
 8 *section 5134 (12 U.S.C. 22), by striking “The place*  
 9 *where its operations of discount and deposit are to be*  
 10 *carried on” and inserting “The place where the main*  
 11 *office of the national bank is, or is to be, located”;*  
 12 *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 THE**  
 20 **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 association  
8           as defined in section 2(4) of the Home Own-  
9           ers’ Loan Act,” after “banking institution,”;  
10          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 U.S.C.*  
17          *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 the  
6 Federal Deposit Insurance Act (12 U.S.C.  
7 1813(b))) the deposits of which are insured  
8 by the Federal Deposit Insurance Corpora-  
9 tion, a subsidiary or a department or divi-  
10 sion of any such savings association, or a  
11 savings and loan holding company; and”;  
12 (B) in subparagraph (B)—

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

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

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

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

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

1           *by the Federal Deposit Insurance Corpora-*  
2           *tion, or a subsidiary of any such savings*  
3           *association, or a savings and loan holding*  
4           *company; and”;*

5           *(C) in subparagraph (C)—*

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

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

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

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

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

25            *(D) in subparagraph (D)—*

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

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

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

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

14           (E) in subparagraph (F)—

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

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

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



1           by the Federal Deposit Insurance Corpora-  
2           tion; and”;

3           (F) by moving subparagraph (H) and in-  
4           serting such subparagraph after subparagraph  
5           (G); and

6           (G) by adding at the end the following new  
7           sentence: “As used in this paragraph, the term  
8           ‘savings and loan holding company’ has the  
9           meaning given it in section 10(a) of the Home  
10          Owners’ Loan Act (12 U.S.C. 1467a(a)).”.

11       (b) INVESTMENT ADVISERS ACT OF 1940.—

12           (1) DEFINITION OF BANK.—Section 202(a)(2) of  
13       the Investment Advisers Act of 1940 (15 U.S.C. 80b-  
14       2(a)(2)) is amended—

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

20           (B) in subparagraph (C)—

21           (i) by inserting “, savings association  
22       as defined in section 2(4) of the Home Own-  
23       ers’ Loan Act,” after “banking institution”;  
24       and

1                   (ii) by inserting “or savings associa-  
2                   tions” after “having supervision over  
3                   banks”.

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

11                  (c) *CONFORMING AMENDMENT TO THE INVESTMENT*  
12                  *COMPANY ACT OF 1940.*—Section 10(c) of the Investment  
13                  Company Act of 1940 (15 U.S.C. 80a–10(c)), as amended  
14                  by section 213(c) of the Gramm-Leach-Bliley Act, is amend-  
15                  ed by inserting after “1956)” the following: “or any one  
16                  savings and loan holding company (together with its affili-  
17                  ates and subsidiaries) (as such terms are defined in section  
18                  10 of the Home Owners’ Loan Act)”.

19                  **SEC. 202. INVESTMENTS BY FEDERAL SAVINGS ASSOCIA-**  
20                  **TIONS AUTHORIZED TO PROMOTE THE PUB-**  
21                  **LIC WELFARE.**

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

1                   “(D) *DIRECT INVESTMENTS TO PROMOTE*  
2                   *THE PUBLIC WELFARE.*—

3                   “(i) *IN GENERAL.*—*A Federal savings*  
4                   *association may make investments designed*  
5                   *primarily to promote the public welfare, in-*  
6                   *cluding the welfare of low- and moderate-in-*  
7                   *come communities or families through the*  
8                   *provision of housing, services, and jobs.*

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

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

20                   “(iv) *SINGLE INVESTMENT LIMITATION*  
21                   *TO BE ESTABLISHED BY DIRECTOR.*—*Sub-*  
22                   *ject to clauses (v) and (vi), the Director*  
23                   *shall establish, by order or regulation, lim-*  
24                   *its on—*

1           “(I) the amount any savings asso-  
2           ciation may invest in any 1 project;  
3           and

4           “(II) the aggregate amount of in-  
5           vestment of any savings association  
6           under this subparagraph.

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

16                  “(I) the Director determines that  
17                  the savings association is adequately  
18                  capitalized; and

19                  “(II) the Director determines, by  
20                  order, that the aggregate amount of in-  
21                  vestments in a higher amount than the  
22                  limit under this clause will pose no  
23                  significant risk to the affected deposit  
24                  insurance fund.

1                   “(vi) *MAXIMUM AGGREGATE INVEST-*  
2                   *MENT LIMITATION.*—*Notwithstanding clause*  
3                   *(v), the aggregate amount of investments of*  
4                   *any savings association under this subpara-*  
5                   *graph may not exceed an amount equal to*  
6                   *the sum of 10 percent of the savings associa-*  
7                   *tion’s capital stock actually paid in and*  
8                   *unimpaired and 10 percent of the savings*  
9                   *association’s unimpaired surplus.*

10                   “(vii) *INVESTMENTS NOT SUBJECT TO*  
11                   *OTHER LIMITATION ON QUALITY OF INVEST-*  
12                   *MENTS.*—*No obligation a Federal savings*  
13                   *association acquires or retains under this*  
14                   *subparagraph shall be taken into account*  
15                   *for purposes of the limitation contained in*  
16                   *section 28(d) of the Federal Deposit Insur-*  
17                   *ance Act on the acquisition and retention of*  
18                   *any corporate debt security not of invest-*  
19                   *ment grade.”.*

20                   (b) *TECHNICAL AND CONFORMING AMENDMENT.*—*Sec-*  
21                   *tion 5(c)(3)(A) of the Home Owners’ Loan Act (12 U.S.C.*  
22                   *1464(c)(3)(A)) is amended to read as follows:*

23                   “(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 WITH*  
11 *NONDEPOSITORY INSTITUTION AFFILIATES.—*

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

16 *“(ii) RULE OF CONSTRUCTION.—No*  
17 *provision of clause (i) shall be construed*  
18 *as—*

19 *“(I) affecting the applicability of*  
20 *section 18(c) of the Federal Deposit In-*  
21 *surance Act; or*

22 *“(II) granting a Federal savings*  
23 *association any power or any author-*  
24 *ity to engage in any activity that is*  
25 *not authorized for a Federal savings*  
26 *association under any other provision*

1                   of this Act or any other provision of  
2                   law.”.

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

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

9           “(f) *DECLARATION OF DIVIDEND.*—The Director  
10 may—

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

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

19 **SEC. 205. MODERNIZING STATUTORY AUTHORITY FOR**  
20                   **TRUST OWNERSHIP OF SAVINGS ASSOCIA-**  
21                   **TIONS.**

22           (a) *IN GENERAL.*—Section 10(a)(1)(C) of the Home  
23 Owners’ Loan Act (12 U.S.C. 1467a(a)(1)(C)) is amend-  
24 ed—

1           (1) *by striking “trust,” and inserting “business*  
2 *trust,”; and*

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

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

11           (1) *by striking “does not include—” and all that*  
12 *follows through “any company by virtue” where such*  
13 *term appears in subparagraph (A) and inserting*  
14 *“does not include any company by virtue”;*

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

17           (3) *by striking subparagraph (B).*

18 **SEC. 206. REPEAL OF OVERLAPPING RULES GOVERNING**

19 **PURCHASED MORTGAGE SERVICING RIGHTS.**

20           Section 5(t) of the Home Owners’ Loan Act (12 U.S.C.  
21 1464(t)) is amended—

22           (1) *by striking paragraph (4) and inserting the*  
23 *following new paragraph:*

24           “(4) [Repealed.]”; and



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

4 **SEC. 207. RESTATEMENT OF AUTHORITY FOR FEDERAL SAV-**  
5                           **INGS ASSOCIATIONS TO INVEST IN SMALL**  
6                           **BUSINESS INVESTMENT COMPANIES.**

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

10                       “(D) *SMALL BUSINESS INVESTMENT COMPA-*  
11                       *NIES.—Any Federal savings association may in-*  
12                       *vest in 1 or more small business investment com-*  
13                       *panies, or in any entity established to invest*  
14                       *solely in small business investment companies*  
15                       *formed under the Small Business Investment Act*  
16                       *of 1958, except that the total amount of invest-*  
17                       *ments under this subparagraph may not at any*  
18                       *time exceed the amount equal to 5 percent of*  
19                       *capital and surplus of the savings association.”.*

20 **SEC. 208. REMOVAL OF LIMITATION ON INVESTMENTS IN**  
21                           **AUTO LOANS.**

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

1                   “(V) *AUTO LOANS*.—*Loans and leases for*  
2                   *motor vehicles acquired for personal, family, or*  
3                   *household purposes.*”.

4           (b) *TECHNICAL AND CONFORMING AMENDMENT RE-*  
5 *LATING TO QUALIFIED THRIFT INVESTMENTS*.—*Section*  
6 *10(m)(4)(C)(ii) of the Home Owners’ Loan Act (12 U.S.C.*  
7 *1467a(m)(4)(C)(ii)) is amended by adding at the end the*  
8 *following new subclause:*

9                                   “(VIII) *Loans and leases for*  
10                                  *motor vehicles acquired for personal,*  
11                                  *family, or household purposes.*”.

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

13                   *Section 15(h) of the Securities Exchange Act of*  
14                   *1934 (15 U.S.C. 78o(h)) is amended by adding at the*  
15                   *end the following new paragraph:*

16                                   “(4) *SELLING AND OFFERING OF DEPOSIT PROD-*  
17                                  *UCTS*.—*No law, rule, regulation, or order, or other*  
18                                  *administrative action of any State or political sub-*  
19                                  *division thereof shall directly or indirectly require*  
20                                  *any individual who is an agent of 1 Federal savings*  
21                                  *association (as such term is defined in section 2(5)*  
22                                  *of the Home Owners’ Loan Act (12 U.S.C. 1462(5))*  
23                                  *in selling or offering deposit (as such term is defined*  
24                                  *in section 3 of the Federal Deposit Insurance Act (12*  
25                                  *U.S.C. 1813(l)) products issued by such association*

1       to qualify or register as a broker, dealer, associated  
2       person of a broker, or associated person of a dealer,  
3       or to qualify or register in any other similar status  
4       or capacity, if the individual does not—

5               “(A) accept deposits or make withdrawals  
6               on behalf of any customer of the association;

7               “(B) offer or sell a deposit product as an  
8               agent for another entity that is not subject to su-  
9               pervision and examination by a Federal banking  
10              agency (as defined in section 3(z) of the Federal  
11              Deposit Insurance Act (12 U.S.C. 1813(z)), the  
12              National Credit Union Administration, or any  
13              officer, agency, or other entity of any State  
14              which has primary regulatory authority over  
15              State banks, State savings associations, or State  
16              credit unions;

17              “(C) offer or sell a deposit product that is  
18              not an insured deposit (as defined in section  
19              3(m) of the Federal Deposit Insurance Act (12  
20              U.S.C. 1813(m)));

21              “(D) offer or sell a deposit product which  
22              contains a feature that makes it callable at the  
23              option of such Federal savings association; or

24              “(E) create a secondary market with respect  
25              to a deposit product or otherwise add enhance-

1           *ments or features to such product independent of*  
2           *those offered by the association.”.*

3 **SEC. 210. FUNERAL- AND CEMETERY-RELATED FIDUCIARY**  
4           **SERVICES.**

5           *Section 5(n) of the Home Owners’ Loan Act (12 U.S.C.*  
6 *1464(n)) is amended by adding at the end the following*  
7 *new paragraph:*

8           “(11) *FUNERAL- AND CEMETERY-RELATED FIDU-*  
9           *CIARY SERVICES.—*

10           “(A) *IN GENERAL.—A funeral director or*  
11           *cemetery operator, when acting in such capacity,*  
12           *(or any other person in connection with a con-*  
13           *tract or other agreement with a funeral director*  
14           *or cemetery operator) may engage any Federal*  
15           *savings association, regardless of where the asso-*  
16           *ciation is located, to act in any fiduciary capac-*  
17           *ity in which the savings association has the right*  
18           *to act in accordance with this section, including*  
19           *holding funds deposited in trust or escrow by the*  
20           *funeral director or cemetery operator (or by such*  
21           *other party), and the savings association may*  
22           *act in such fiduciary capacity on behalf of the*  
23           *funeral director or cemetery operator (or such*  
24           *other person).*

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

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

7           “(ii) *CEMETERY OPERATOR.*—*The term*  
8 *‘cemetery operator’ means any person who*  
9 *contracts or accepts payment for merchan-*  
10 *dise, endowment, or perpetual care services*  
11 *in connection with a cemetery.*

12           “(iii) *FUNERAL DIRECTOR.*—*The term*  
13 *‘funeral director’ means any person who*  
14 *contracts or accepts payment to provide or*  
15 *arrange—*

16           “(I) *services for the final dispo-*  
17 *sition of human remains; or*

18           “(II) *funeral services, property, or*  
19 *merchandise (including cemetery serv-*  
20 *ices, property, or merchandise).”.*

21 **SEC. 211. REPEAL OF QUALIFIED THRIFT LENDER REQUIRE-**  
22 **MENT WITH RESPECT TO OUT-OF-STATE**  
23 **BRANCHES.**

24           *Section 5(r)(1) of the Home Owners’ Loan Act (12*  
25 *U.S.C. 1464(r)(1)) is amended by striking the last sentence.*

1 **SEC. 212. SMALL BUSINESS AND OTHER COMMERCIAL**  
2 **LOANS.**

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

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

11 (b) *INCREASE IN LENDING LIMIT ON OTHER BUSINESS*  
12 *LOANS.*—Section 5(c)(2)(A) of the Home Owners’ Loan Act  
13 (12 U.S.C. 1464(c)(2)(A)) is amended by striking “, and  
14 amounts in excess of 10 percent” and all that follows  
15 through “by the Director”.

16 **SEC. 213. CLARIFYING CITIZENSHIP OF FEDERAL SAVINGS**  
17 **ASSOCIATIONS FOR FEDERAL COURT JURIS-**  
18 **DICTION.**

19 Section 5 of the Home Owners’ Loan Act (12 U.S.C.  
20 1464) is amended by adding at the end the following new  
21 subsection:

22 “(x) *HOME STATE CITIZENSHIP.*—In determining  
23 whether a Federal court has diversity jurisdiction over a  
24 case in which a Federal savings association is a party, the  
25 Federal savings association shall be considered to be a cit-

1 *ized only of the State in which such savings association*  
2 *has its main office.”.*

3 **SEC. 214. CLARIFICATION OF APPLICABILITY OF CERTAIN**  
4 **PROCEDURAL DOCTRINES.**

5 *Section 11A(d) of the Federal Deposit Insurance Act*  
6 *(12 U.S.C. 1821a(d)) is amended—*

7 *(1) by striking “LEGAL PROCEEDINGS.—Any*  
8 *judgment” and inserting “LEGAL PROCEEDINGS.—*

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

10 *(2) by adding at the end the following new para-*  
11 *graph:*

12 *“(2) CLARIFICATION OF APPLICABILITY OF CER-*  
13 *TAIN PROCEDURAL DOCTRINES.—In any proceeding*  
14 *seeking a monetary recovery against the United*  
15 *States, or an agency or official thereof, based upon*  
16 *actions of the Federal Savings and Loan Insurance*  
17 *Corporation prior to its dissolution, or the Federal*  
18 *Home Loan Bank Board prior to its dissolution, and*  
19 *arising from the Financial Institutions Reform, Re-*  
20 *covery, and Enforcement Act of 1989 or its implemen-*  
21 *tation, and where any monetary recovery in such pro-*  
22 *ceeding would be paid from the FSLIC Resolution*  
23 *Fund or any supplements thereto, neither the United*  
24 *States Court of Federal Claims, the United States*  
25 *Court of Appeals for the Federal Circuit, nor any*

1     *other court of competent jurisdiction shall dismiss, or*  
 2     *affirm on appeal the dismissal of, the claims of any*  
 3     *party seeking such monetary recovery, on the basis of*  
 4     *res judicata, collateral estoppel, or any similar doc-*  
 5     *trine, defense, or rule of law, based upon any deci-*  
 6     *sion, opinion, or order of judgment entered by any*  
 7     *court prior to July 1, 1996. Unless some other defense*  
 8     *is applicable, in any such proceeding, the United*  
 9     *States Court of Federal Claims, the United States*  
 10    *Court of Appeals for the Federal Circuit, and any*  
 11    *other court of competent jurisdiction shall review the*  
 12    *merits of the claims of the party seeking such mone-*  
 13    *etary relief and shall enter judgment accordingly.”.*

14            **TITLE III—CREDIT UNION**  
 15            **PROVISIONS**

16    **SEC. 301. PRIVATELY INSURED CREDIT UNIONS AUTHOR-**  
 17            **IZED TO BECOME MEMBERS OF A FEDERAL**  
 18            **HOME LOAN BANK.**

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

22                    “(5) CERTAIN PRIVATELY INSURED CREDIT  
 23                    UNIONS.—

24                            “(A) IN GENERAL.—A credit union which  
 25                            has been determined, in accordance with section



1           43(e)(1) of the Federal Deposit Insurance Act  
2           and subject to the requirements of subparagraph  
3           (B), to meet all eligibility requirements for Fed-  
4           eral deposit insurance shall be treated as an in-  
5           sured depository institution for purposes of de-  
6           termining the eligibility of such credit union for  
7           membership in a Federal home loan bank under  
8           paragraphs (1), (2), and (3).

9           “(B) CERTIFICATION BY APPROPRIATE SU-  
10          PERVISOR.—

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

24           “(ii) CERTIFICATION DEEMED  
25          VALID.—If, in the case of any credit union

1           to which clause (i) applies, the appropriate  
2           supervisor of the State in which such credit  
3           union is chartered fails to make a deter-  
4           mination pursuant to such clause by the  
5           end of the 6-month period beginning on the  
6           date of the application, the credit union  
7           shall be deemed to have met the require-  
8           ments of clause (i).

9           “(C) SECURITY INTERESTS OF FEDERAL  
10          HOME LOAN BANK NOT AVOIDABLE.—Notwith-  
11          standing any provision of State law authorizing  
12          a conservator or liquidating agent of a credit  
13          union to repudiate contracts, no such provision  
14          shall apply with respect to—

15                 “(i) any extension of credit from any  
16                 Federal home loan bank to any credit union  
17                 which is a member of any such bank pursu-  
18                 ant to this paragraph; or

19                 “(ii) any security interest in the assets  
20                 of such credit union securing any such ex-  
21                 tension of credit.”.

22          (b) COPIES OF AUDITS OF PRIVATE INSURERS OF  
23          CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE  
24          PROVIDED TO SUPERVISORY AGENCIES.—Section 43(a)(2)

1 of the Federal Deposit Insurance Act (12 U.S.C.  
2 1831t(a)(2)) is amended—

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

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

7 (3) by inserting the following new clauses at the  
8 end of subparagraph (A):

9 “(iii) in the case of depository institu-  
10 tions described in subsection (f)(2)(A) the  
11 deposits of which are insured by the private  
12 insurer, the National Credit Union Admin-  
13 istration, not later than 7 days after that  
14 audit is completed; and

15 “(iv) in the case of depository institu-  
16 tions described in subsection (f)(2)(A) the  
17 deposits of which are insured by the private  
18 insurer which are members of a Federal  
19 home loan bank, the Federal Housing Fi-  
20 nance Board, not later than 7 days after  
21 that audit is completed.”; and

22 (4) by adding at the end the following new sub-  
23 paragraph:

24 “(C) CONSULTATION.—The appropriate su-  
25 pervisory agency of each State in which a pri-

1            *vate deposit insurer insures deposits in an insti-*  
 2            *tution described in subsection (f)(2)(A) which—*  
 3                    *“(i) lacks Federal deposit insurance;*  
 4                    *and*  
 5                    *“(ii) has become a member of a Fed-*  
 6                    *eral home loan bank,*  
 7            *shall provide the National Credit Union Admin-*  
 8            *istration, upon request, with the results of any*  
 9            *examination and reports related thereto con-*  
 10           *cerning the private deposit insurer to which such*  
 11           *agency may have in its possession.”.*

12 **SEC. 302. LEASES OF LAND ON FEDERAL FACILITIES FOR**  
 13                    **CREDIT UNIONS.**

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

16                    *(1) by striking “Upon application by any credit*  
 17                    *union” and inserting “Notwithstanding any other*  
 18                    *provision of law, upon application by any credit*  
 19                    *union”;*

20                    *(2) by inserting “on lands reserved for the use of,*  
 21                    *and under the exclusive or concurrent jurisdiction of,*  
 22                    *the United States or” after “officer or agency of the*  
 23                    *United States charged with the allotment of space”;*

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



1           “(A) *SINGLE OBLIGOR.*—*In no event may*  
2           *the total amount of investment securities of any*  
3           *single obligor or maker held by a Federal credit*  
4           *union for the credit union’s own account exceed*  
5           *at any time an amount equal to 10 percent of*  
6           *the net worth of the credit union.*

7           “(B) *AGGREGATE INVESTMENTS.*—*In no*  
8           *event may the aggregate amount of investment*  
9           *securities held by a Federal credit union for the*  
10           *credit union’s own account exceed at any time*  
11           *an amount equal to 10 percent of the assets of*  
12           *the credit union.*

13           “(3) *INVESTMENT SECURITY DEFINED.*—

14           “(A) *IN GENERAL.*—*For purposes of this*  
15           *subsection, the term ‘investment security’ means*  
16           *marketable obligations evidencing the indebted-*  
17           *ness of any person in the form of bonds, notes,*  
18           *or debentures and other instruments commonly*  
19           *referred to as investment securities.*

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

23           “(4) *INVESTMENT GRADE DEFINED.*—*The term*  
24           *‘investment grade’ means with respect to an invest-*  
25           *ment security purchased by a credit union for its own*

1        *account, an investment security that at the time of*  
 2        *such purchase is rated in one of the 4 highest rating*  
 3        *categories by at least 1 nationally recognized statis-*  
 4        *tical rating organization.*

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

11    **SEC. 304. INCREASE IN GENERAL 12-YEAR LIMITATION OF**  
 12                        **TERM OF FEDERAL CREDIT UNION LOANS TO**  
 13                        **15 YEARS.**

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

17                *(1) in the matter preceding subparagraph (A),*  
 18        *by striking “to make loans, the maturities of which*  
 19        *shall not exceed twelve years except as otherwise pro-*  
 20        *vided herein” and inserting “to make loans, the ma-*  
 21        *turities of which shall not exceed 15 years or any*  
 22        *longer maturity as the Board may allow, in regula-*  
 23        *tions, except as otherwise provided in this Act”;*

24                *(2) in subparagraph (A)—*

25                        *(A) by striking clause (ii);*

1                   (B) by redesignating clauses (iii) through  
2                   (x) as clauses (ii) through (ix), respectively; and  
3                   (C) by inserting “and” after the semicolon  
4                   at the end of clause (viii) (as so redesignated).

5 **SEC. 305. INCREASE IN 1 PERCENT INVESTMENT LIMIT IN**  
6 **CREDIT UNION SERVICE ORGANIZATIONS.**

7           Section 107(a)(7)(I) of the Federal Credit Union Act  
8 (12 U.S.C. 1757(7)(I)) (as so designated by section 303 of  
9 this title) is amended by striking “up to 1 per centum of  
10 the total paid” and inserting “up to 3 percent of the total  
11 paid”.

12 **SEC. 306. MEMBER BUSINESS LOAN EXCLUSION FOR LOANS**  
13 **TO NONPROFIT RELIGIOUS ORGANIZATIONS.**

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

18 **SEC. 307. CHECK CASHING AND MONEY TRANSFER SERV-**  
19 **ICES OFFERED WITHIN THE FIELD OF MEM-**  
20 **BERSHIP.**

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

24                   “(12) in accordance with regulations prescribed  
25                   by the Board—



1           “(A) to sell, to persons in the field of mem-  
2           bership, negotiable checks (including travelers  
3           checks), money orders, and other similar money  
4           transfer instruments (including electronic fund  
5           transfers); and

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

9   **SEC. 308. VOLUNTARY MERGERS INVOLVING MULTIPLE**  
10                           **COMMON-BOND CREDIT UNIONS.**

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

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

15                   (2) *by striking the period at the end of subpara-*  
16                   *graph (C) and inserting “; or”; and*

17                   (3) *by adding at the end the following new sub-*  
18                   *paragraph:*

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

1 **SEC. 309. CONVERSIONS INVOLVING COMMON-BOND CRED-**  
2 **IT UNIONS.**

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

6 *“(3) CRITERIA FOR CONTINUED MEMBERSHIP OF*  
7 *CERTAIN MEMBER GROUPS IN COMMUNITY CHARTER*  
8 *CONVERSIONS.—In the case of a voluntary conversion*  
9 *of a common-bond credit union described in para-*  
10 *graph (1) or (2) of subsection (b) into a community*  
11 *credit union described in subsection (b)(3), the Board*  
12 *shall prescribe, by regulation, the criteria under*  
13 *which the Board may determine that a member group*  
14 *or other portion of a credit union’s existing member-*  
15 *ship, that is located outside the well-defined local*  
16 *community, neighborhood, or rural district that shall*  
17 *constitute the community charter, can be satisfac-*  
18 *torily served by the credit union and remain within*  
19 *the community credit union’s field of membership.”.*

20 **SEC. 310. CREDIT UNION GOVERNANCE.**

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

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

1           “(1) *EXPULSION OF MEMBERS FOR NONPARTICI-*  
2           *PATION OR FOR JUST CAUSE.*—*The board of directors*  
3           *of a Federal credit union may, by majority vote of a*  
4           *quorum of directors, adopt and enforce a policy with*  
5           *respect to expulsion from membership, by a majority*  
6           *vote of such board of directors, based on just cause,*  
7           *including disruption of credit union operations, or on*  
8           *nonparticipation by a member in the affairs of the*  
9           *credit union.*

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

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

17                   “(B) *each new member prior to or upon ap-*  
18                   *plying for membership.”.*

19           “(b) *TERM LIMITS AUTHORIZED FOR BOARD MEMBERS*  
20           *OF FEDERAL CREDIT UNIONS.*—*Section 111(a) of the Fed-*  
21           *eral Credit Union Act (12 U.S.C. 1761(a)) is amended by*  
22           *adding at the end the following new sentence: “The bylaws*  
23           *of a Federal credit union may limit the number of consec-*  
24           *utive terms any person may serve on the board of directors*  
25           *of such credit union.”.*

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

7 **SEC. 311. PROVIDING THE NATIONAL CREDIT UNION AD-**  
8                                   **MINISTRATION WITH GREATER FLEXIBILITY**  
9                                   **IN RESPONDING TO MARKET CONDITIONS.**

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

16 **SEC. 312. EXEMPTION FROM PRE-MERGER NOTIFICATION**  
17                                   **REQUIREMENT OF THE CLAYTON ACT.**

18           Section 7A(c)(7) of the Clayton Act (15 U.S.C.  
19 18a(c)(7)) is amended by inserting “section 205(b)(3) of the  
20 Federal Credit Union Act (12 U.S.C. 1785(b)(3)),” before  
21 “or section 3”.

22 **SEC. 313. TREATMENT OF CREDIT UNIONS AS DEPOSITORY**  
23                                   **INSTITUTIONS UNDER SECURITIES LAWS.**

24           (a) *DEFINITION OF BANK UNDER THE SECURITIES*  
25 *EXCHANGE ACT OF 1934.*—Section 3(a)(6) of the Securities

1 *Exchange Act of 1934 (15 U.S.C. 78c(a)(6)) (as amended*  
2 *by section 201(a)(1) of this Act) is amended—*

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

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

13           (b) *DEFINITION OF BANK UNDER THE INVESTMENT*  
14 *ADVISERS ACT OF 1940.—Section 202(a)(2) of the Invest-*  
15 *ment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(2)) (as*  
16 *amended by section 201(b)(1) of this Act) is amended—*

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

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

1           (c) *DEFINITION OF APPROPRIATE FEDERAL BANKING*  
 2 *AGENCY.*—Section 210A(c) of the Investment Advisers Act  
 3 of 1940 (15 U.S.C. 80b–10a(c)) is amended by inserting  
 4 “and includes the National Credit Union Administration  
 5 Board, in the case of an insured credit union (as defined  
 6 in section 101(7) of the Federal Credit Union Act)” before  
 7 the period at the end.

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

10 **SEC. 401. EASING RESTRICTIONS ON INTERSTATE BRANCH-**  
 11 **ING AND MERGERS.**

12           (a) *DE NOVO INTERSTATE BRANCHES OF NATIONAL*  
 13 *BANKS.*—

14                   (1) *IN GENERAL.*—Section 5155(g)(1) of the Re-  
 15 *vised Statutes of the United States* (12 U.S.C.  
 16 36(g)(1)) is amended by striking “maintain a branch  
 17 if—” and all that follows through the end of subpara-  
 18 graph (B) and inserting “maintain a branch.”.

19                   (2) *CLERICAL AMENDMENT.*—The heading for  
 20 subsection (g) of section 5155 of the Revised Statutes  
 21 of the United States is amended by striking “STATE  
 22 ‘OPT-IN’ ELECTION TO PERMIT”.

23           (b) *DE NOVO INTERSTATE BRANCHES OF STATE NON-*  
 24 *MEMBER BANKS.*—

1           (1) *IN GENERAL.*—Section 18(d)(4)(A) of the  
2       *Federal Deposit Insurance Act* (12 U.S.C.  
3       1828(d)(4)(A)) is amended by striking “maintain a  
4       branch if—” and all that follows through the end of  
5       clause (ii) and inserting “maintain a branch.”.

6           (2) *CLERICAL AMENDMENT.*—The heading for  
7       paragraph (4) of section 18(d) of the *Federal Deposit*  
8       *Insurance Act* is amended by striking “STATE ‘OPT-  
9       IN’ ELECTION TO PERMIT INTERSTATE” and inserting  
10      “INTERSTATE”.

11          (c) *DE NOVO INTERSTATE BRANCHES OF STATE MEM-*  
12      *BER BANKS.*—The 3rd undesignated paragraph of section  
13      9 of the *Federal Reserve Act* (12 U.S.C. 321) is amended  
14      by adding at the end the following new sentences: “A State  
15      member bank may establish and operate a de novo branch  
16      in a host State (as such terms are defined in section 18(d)  
17      of the *Federal Deposit Insurance Act*) on the same terms  
18      and conditions and subject to the same limitations and re-  
19      strictions as are applicable to the establishment of a de novo  
20      branch of a national bank in a host State under section  
21      5155(g) of the *Revised Statutes of the United States*. Such  
22      section 5155(g) shall be applied for purposes of the pre-  
23      ceding sentence by substituting ‘Board of Governors of the  
24      Federal Reserve System’ for ‘Comptroller of the Currency’  
25      and ‘State member bank’ for ‘national bank’.”.

1       (d) *INTERSTATE MERGER OF BANKS.*—

2               (1) *MERGER OF INSURED BANK WITH ANOTHER*  
3       *DEPOSITORY INSTITUTION OR TRUST COMPANY.*—*Sec-*  
4       *tion 44(a)(1) of the Federal Deposit Insurance Act*  
5       *(12 U.S.C. 1831u(a)(1)) is amended—*

6               (A) *by striking “Beginning on June 1,*  
7               *1997, the” and inserting “The”; and*

8               (B) *by striking “insured banks with dif-*  
9       *ferent home States” and inserting “an insured*  
10       *bank and another insured depository institution*  
11       *or trust company with a different home State*  
12       *than the resulting insured bank”.*

13              (2) *NATIONAL BANK TRUST COMPANY MERGER*  
14       *WITH OTHER TRUST COMPANY.*—*Subsection (b) of sec-*  
15       *tion 4 of the National Bank Consolidation and Merg-*  
16       *er Act (12 U.S.C. 215a–1(b)) is amended to read as*  
17       *follows:*

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



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

5           “(5) *INTERSTATE FIDUCIARY ACTIVITY.—*

6                   “(A) *AUTHORITY OF STATE BANK SUPER-*  
7 *VISOR.—The State bank supervisor of a State*  
8 *bank may approve an application by the State*  
9 *bank, when not in contravention of home State*  
10 *or host State law, to act as trustee, executor, ad-*  
11 *ministrators, registrar of stocks and bonds,*  
12 *guardian of estates, assignee, receiver, committee*  
13 *of estates of lunatics, or in any other fiduciary*  
14 *capacity in a host State in which State banks or*  
15 *other corporations which come into competition*  
16 *with national banks are permitted to act under*  
17 *the laws of such host State.*

18                   “(B) *NONCONTRAVENTION OF HOST STATE*  
19 *LAW.—Whenever the laws of a host State author-*  
20 *ize or permit the exercise of any or all of the*  
21 *foregoing powers by State banks or other cor-*  
22 *porations which compete with national banks,*  
23 *the granting to and the exercise of such powers*  
24 *by a State bank as provided in this paragraph*

1           *shall not be deemed to be in contravention of host*  
 2           *State law within the meaning of this paragraph.*

3           “(C) *STATE BANK INCLUDES TRUST COMPA-*  
 4           *NIES.—For purposes of this paragraph, the term*  
 5           *‘State bank’ includes any State-chartered trust*  
 6           *company (as defined in section 44(g)).*

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

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

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

14           (A) *in subsection (a)—*

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

17           “(4) *TREATMENT OF BRANCHES IN CONNECTION*  
 18           *WITH CERTAIN INTERSTATE MERGER TRANS-*  
 19           *ACTIONS.—In the case of an interstate merger trans-*  
 20           *action which involves the acquisition of a branch of*  
 21           *an insured depository institution or trust company*  
 22           *without the acquisition of the insured depository in-*  
 23           *stitution or trust company, the branch shall be treat-*  
 24           *ed, for purposes of this section, as an insured deposi-*  
 25           *tory institution or trust company the home State of*

1       *which is the State in which the branch is located.”;*

2       *and*

3               *(ii) by striking paragraphs (5) and*

4               *(6);*

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

6                   *(i) by striking “bank” each place such*

7                   *term appears in paragraph (2)(B)(i) and*

8                   *inserting “insured depository institution”;*

9                   *(ii) by striking “banks” where such*

10                  *term appears in paragraph (2)(E) and in-*

11                  *serting “insured depository institutions or*

12                  *trust companies”;*

13                  *(iii) by striking “bank affiliate” each*

14                  *place such term appears in that portion of*

15                  *paragraph (3) that precedes subparagraph*

16                  *(A) and inserting “insured depository insti-*

17                  *tution affiliate”;*

18                  *(iv) by striking “any bank” where such*

19                  *term appears in paragraph (3)(B) and in-*

20                  *serting “any insured depository institu-*

21                  *tion”;*

22                  *(v) by striking “bank” where such term*

23                  *appears in paragraph (4)(A) and inserting*

24                  *“insured depository institution and trust*

25                  *company”; and*

1                   (vi) by striking “all banks” where such  
2                   term appears in paragraph (5) and insert-  
3                   ing “all insured depository institutions and  
4                   trust companies”;

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

8                   (D) in subsection (e)—

9                   (i) by striking “1 or more banks” and  
10                  inserting “1 or more insured depository in-  
11                  stitutions”; and

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

14                  (E) by striking clauses (i) and (ii) of sub-  
15                  section (g)(4)(A) and inserting the following new  
16                  clauses:

17                         “(i) with respect to a national bank or  
18                         Federal savings association, the State in  
19                         which the main office of the bank or savings  
20                         association is located; and

21                         “(ii) with respect to a State bank,  
22                         State savings association, or State-chartered  
23                         trust company, the State by which the bank,  
24                         savings association, or trust company is  
25                         chartered; and”;

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

3           “(5) *HOST STATE*.—The term ‘host State’  
4           means—

5           “(A) with respect to a bank, a State, other  
6           than the home State of the bank, in which the  
7           bank maintains, or seeks to establish and main-  
8           tain, a branch; and

9           “(B) with respect to a trust company and  
10           solely for purposes of section 18(d)(5), a State,  
11           other than the home State of the trust company,  
12           in which the trust company acts, or seeks to act,  
13           in 1 or more fiduciary capacities.”;

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

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

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

21           “(A) any national bank;

22           “(B) any savings association; and

23           “(C) any bank, banking association, trust  
24           company, savings bank, or other banking institu-

1            *tion which is incorporated under the laws of any*  
2            *State,*  
3            *that is authorized to act in 1 or more fiduciary ca-*  
4            *pacities but is not engaged in the business of receiving*  
5            *deposits other than trust funds (as defined in section*  
6            *3(p)).”.*

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

9                    *(A) in paragraph (1)—*

10                            *(i) by striking subparagraphs (B) and*  
11                            *(C); and*

12                            *(ii) by redesignating subparagraph (D)*  
13                            *as subparagraph (B); and*

14                            *(B) in paragraph (5), by striking “subpara-*  
15                            *graph (B) or (D)” and inserting “subparagraph*  
16                            *(B)”.*

17            *(3) Subsection (c) of section 4 of the National*  
18            *Bank Consolidation and Merger Act (12 U.S.C. 215a-*  
19            *1(c)) is amended to read as follows:*

20            *“(c) DEFINITIONS.—For purposes of this section, the*  
21            *terms ‘home State’, ‘out-of-State bank’, and ‘trust company’*  
22            *each have the same meaning as in section 44(g) of the Fed-*  
23            *eral Deposit Insurance Act.”.*

24            *(g) CLERICAL AMENDMENTS.—*

1           (1) *The heading for section 44(b)(2)(E) of the*  
 2 *Federal Deposit Insurance Act (12 U.S.C.*  
 3 *1831u(b)(2)(E)) is amended by striking “BANKS” and*  
 4 *inserting “INSURED DEPOSITORY INSTITUTIONS AND*  
 5 *TRUST COMPANIES”.*

6           (2) *The heading for section 44(e) of the Federal*  
 7 *Deposit Insurance Act (12 U.S.C. 1831u(e)) is*  
 8 *amended by striking “BANKS” and inserting “IN-*  
 9 *SURED DEPOSITORY INSTITUTIONS”.*

10 **SEC. 402. STATUTE OF LIMITATIONS FOR JUDICIAL REVIEW**  
 11                                   **OF APPOINTMENT OF A RECEIVER FOR DE-**  
 12                                   **POSITORY INSTITUTIONS.**

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

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

17 **“SEC. 2. APPOINTMENT OF RECEIVER FOR A NATIONAL**  
 18                                   **BANK.**

19                   “(a) *IN GENERAL.—The Comptroller of the Currency”;*  
 20 *and*

21                   (2) *by adding at the end the following new sub-*  
 22 *section:*

23                   “(b) *JUDICIAL REVIEW.—If the Comptroller of the*  
 24 *Currency appoints a receiver under subsection (a), the na-*  
 25 *tional bank may, within 30 days thereafter, bring an action*

1 *in the United States district court for the judicial district*  
2 *in which the home office of such bank is located, or in the*  
3 *United States District Court for the District of Columbia,*  
4 *for an order requiring the Comptroller of the Currency to*  
5 *remove the receiver, and the court shall, upon the merits,*  
6 *dismiss such action or direct the Comptroller of the Cur-*  
7 *rency to remove the receiver.”.*

8 (b) *INSURED DEPOSITORY INSTITUTIONS.*—Section  
9 *11(c)(7) of the Federal Deposit Insurance Act (12 U.S.C.*  
10 *1821(c)(7)) is amended to read as follows:*

11 “(7) *JUDICIAL REVIEW.*—*If the Corporation is*  
12 *appointed (including the appointment of the Corpora-*  
13 *tion as receiver by the Board of Directors) as conser-*  
14 *vator or receiver of a depository institution under*  
15 *paragraph (4), (9), or (10), the depository institution*  
16 *may, within 30 days thereafter, bring an action in*  
17 *the United States district court for the judicial dis-*  
18 *trict in which the home office of such depository insti-*  
19 *tution is located, or in the United States District*  
20 *Court for the District of Columbia, for an order re-*  
21 *quiring the Corporation to be removed as the conser-*  
22 *vator or receiver (regardless of how such appointment*  
23 *was made), and the court shall, upon the merits, dis-*  
24 *miss such action or direct the Corporation to be re-*  
25 *moved as the conservator or receiver.”.*



1           (c) *EXPANSION OF PERIOD FOR CHALLENGING THE*  
 2 *APPOINTMENT OF A LIQUIDATING AGENT.*—Subparagraph  
 3 *(B) of section 207(a)(1) of the Federal Credit Union Act*  
 4 *(12 U.S.C. 1787(a)(1)) is amended by striking “10 days”*  
 5 *and inserting “30 days”.*

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

10 **SEC. 403. REPORTING REQUIREMENTS RELATING TO IN-**  
 11 **SIDER LENDING.**

12           (a) *REPORTING REQUIREMENTS REGARDING LOANS*  
 13 *TO EXECUTIVE OFFICERS OF MEMBER BANKS.*—Section  
 14 *22(g) of the Federal Reserve Act (12 U.S.C. 375a) is amend-*  
 15 *ed—*

16                   (1) *by striking paragraphs (6) and (9); and*

17                   (2) *by redesignating paragraphs (7), (8), and*  
 18 *(10) as paragraphs (6), (7), and (8), respectively.*

19           (b) *REPORTING REQUIREMENTS REGARDING LOANS*  
 20 *FROM CORRESPONDENT BANKS TO EXECUTIVE OFFICERS*  
 21 *AND SHAREHOLDERS OF INSURED BANKS.*—Section  
 22 *106(b)(2) of the Bank Holding Company Act Amendments*  
 23 *of 1970 (12 U.S.C. 1972(2)) is amended—*

24                   (1) *by striking subparagraph (G); and*

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

3 **SEC. 404. AMENDMENT TO PROVIDE AN INFLATION ADJUST-**  
4                           **MENT FOR THE SMALL DEPOSITORY INSTITU-**  
5                           **TION EXCEPTION UNDER THE DEPOSITORY**  
6                           **INSTITUTION MANAGEMENT INTERLOCKS**  
7                           **ACT.**

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

11 **SEC. 405. ENHANCING THE SAFETY AND SOUNDNESS OF IN-**  
12                           **SURED DEPOSITORY INSTITUTIONS.**

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

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

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

22                 “(1) *any condition imposed in writing by the*  
23 *agency on a depository institution or an institution-*  
24 *affiliated party (including a bank holding company)*  
25 *in connection with any action on any application,*

1       *notice, or other request concerning a depository insti-*  
2       *tution; or*

3               “(2) *any written agreement entered into between*  
4       *the agency and an institution-affiliated party (in-*  
5       *cluding a bank holding company).*”

6       “(b) *RECEIVERSHIPS AND CONSERVATORSHIPS.—After*  
7       *the appointment of the Corporation as the receiver or con-*  
8       *servator for any insured depository institution, the Cor-*  
9       *poration may enforce any condition or agreement described*  
10       *in paragraph (1) or (2) of subsection (a) involving such*  
11       *institution or any institution-affiliated party (including a*  
12       *bank holding company), through an action brought in an*  
13       *appropriate United States district court.*”.

14       “(b) *PROTECTION OF CAPITAL OF INSURED DEPOSI-*  
15       *TORY INSTITUTIONS.—Paragraph (1) of section 18(u) of the*  
16       *Federal Deposit Insurance Act (12 U.S.C. 1828(u)) is*  
17       *amended by striking subparagraph (B) and by redesign-*  
18       *ating subparagraph (C) as subparagraph (B).*”

19       **SEC. 406. INVESTMENTS BY INSURED SAVINGS ASSOCIA-**  
20                       **TIONS IN BANK SERVICE COMPANIES AU-**  
21                       **THORIZED.**

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

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

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

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

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

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

12                     (A) *by striking paragraph (5) and inserting*  
13 *the following new paragraph:*

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

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

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

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

24                     “(9) *the terms ‘State depository institution’,*  
25 *‘Federal depository institution’, ‘State savings asso-*

1        *ciation’ and ‘Federal savings association’ have the*  
2        *meanings given the terms in section 3 of the Federal*  
3        *Deposit Insurance Act.”.*

4                (3) *The 1st sentence of section 5(c)(4)(B) of the*  
5        *Home Owners’ Loan Act (12 U.S.C. 1464(c)(4)(B)) is*  
6        *amended by striking “by savings associations of such*  
7        *State and by Federal associations” and inserting “by*  
8        *State and Federal depository 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 Company*  
15        *Act (12 U.S.C. 1861(b)(8)) is further amended—*

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

18                        (B) *by striking “insured banks” each place*  
19                        *such term appears and inserting “insured depos-*  
20                        *itory institutions”; and*

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

23                (6) *Section 2 of the Bank Service Company Act*  
24        *(12 U.S.C. 1862) is amended by inserting “or savings*  
25        *associations, other than the limitation on the amount*

1       *of investment by a Federal savings association con-*  
2       *tained in section 5(c)(4)(B) of the Home Owners’*  
3       *Loan Act” after “relating to banks”.*

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

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

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

15       “*(e) A bank service company may perform—*

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

20              “*(2) such services only at locations in a State in*  
21       *which each such shareholder or member is authorized*  
22       *to perform such services.”.*

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

1           (11) *Section 5 of the Bank Service Company Act*  
2           (12 U.S.C. 1865) *is amended—*

3           (A) *in subsection (a)—*

4                 (i) *by striking “insured bank” and in-*  
5                 *serting “insured depository institution”;*  
6                 *and*

7                 (ii) *by striking “bank’s” and inserting*  
8                 *“institution’s”.*

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

12           (C) *in subsection (c)—*

13                 (i) *by striking “the bank or banks”*  
14                 *and inserting “any depository institution”;*  
15                 *and*

16                 (ii) *by striking “capability of the*  
17                 *bank” and inserting “capability of the de-*  
18                 *pository institution”.*

19           (12) *Section 7 of the Bank Service Company Act*  
20           (12 U.S.C. 1867) *is amended—*

21           (A) *in subsection (b), by striking “insured*  
22           *bank” and inserting “insured depository institu-*  
23           *tion”;* *and*

24           (B) *in subsection (c)—*

1                   (i) by striking “a bank” each place  
2                   such term appears and inserting “a deposi-  
3                   tory institution”; and

4                   (ii) by striking “the bank” each place  
5                   such term appears and inserting “the depos-  
6                   itory institution”.

7 **SEC. 407. CROSS GUARANTEE AUTHORITY.**

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

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

13 **SEC. 408. GOLDEN PARACHUTE AUTHORITY AND NONBANK**  
14                   **HOLDING COMPANIES.**

15           Subsection (k) of section 18 of the Federal Deposit In-  
16 surance Act (12 U.S.C. 1828(k)) is amended—

17                   (1) in paragraph (2)(A), by striking “or deposi-  
18                   tory institution holding company” and inserting “or  
19                   covered company”;

20                   (2) by striking subparagraph (B) of paragraph  
21                   (2) and inserting the following new subparagraph:

22                   “(B) Whether there is a reasonable basis to  
23                   believe that the institution-affiliated party is  
24                   substantially responsible for—



1                   “(i) the insolvency of the depository in-  
2                   stitution or covered company;

3                   “(ii) the appointment of a conservator  
4                   or receiver for the depository institution; or

5                   “(iii) the depository institution’s trou-  
6                   bled condition (as defined in the regulations  
7                   prescribed pursuant to section 32(f)).”;

8                   (3) in paragraph (2)(F), by striking “depository  
9                   institution holding company” and inserting “covered  
10                  company,”;

11                  (4) in paragraph (3) in the matter preceding  
12                  subparagraph (A), by striking “depository institution  
13                  holding company” and inserting “covered company”;

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

16                  (6) in paragraph (4)(A)—

17                         (A) by striking “depository institution hold-  
18                         ing company” each place such term appears and  
19                         inserting “covered company”; and

20                         (B) by striking “holding company” each  
21                         place such term appears (other than in connec-  
22                         tion with the term referred to in subparagraph  
23                         (A)) and inserting “covered company”;

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

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

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

13          (9) in paragraph (6)—

14                  (A) by striking “depository institution hold-  
15                  ing company” and inserting “covered com-  
16                  pany,”; and

17                  (B) by striking “or holding company” and  
18                  inserting “or covered company”.

19 **SEC. 409. AMENDMENTS RELATING TO CHANGE IN BANK**  
20 **CONTROL.**

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

23                  (1) in paragraph (1)(D)—

24                          (A) by striking “is needed to investigate”  
25                          and inserting “is needed—

1                   “(i) to investigate”;

2                   (B) by striking “United States Code.” and  
3                   inserting “United States Code; or”; and

4                   (C) by adding at the end the following new  
5                   clause:

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

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

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

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

19                  Section 4(n)(5) of the Bank Holding Company Act of  
20   1956 (12 U.S.C. 1843(n)(5)) is amended—

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

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

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

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

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

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

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

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

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

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

5        *(b) TECHNICAL CORRECTIONS.—*

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

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

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

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

1 **SEC. 504. CLARIFICATION OF SCOPE OF APPLICABLE RATE**  
2 **PROVISION.**

3 *Section 44(f) of the Federal Deposit Insurance Act (12*  
4 *U.S.C. 1831u(f)) is amended by adding at the end the fol-*  
5 *lowing new paragraphs:*

6 *“(3) OTHER LENDERS.—In the case of any other*  
7 *lender doing business in the State described in para-*  
8 *graph (1), the maximum interest rate or amount of*  
9 *interest, discount points, finance charges, or other*  
10 *similar charges that may be charged, taken, received,*  
11 *or reserved from time to time in any loan, discount,*  
12 *or credit sale made, or upon any note, bill of ex-*  
13 *change, financing transaction, or other evidence of*  
14 *debt issued to or acquired by any other lender shall*  
15 *be equal to not more than the greater of the rates de-*  
16 *scribed in subparagraph (A) or (B) of paragraph (1).*

17 *“(4) OTHER LENDER DEFINED.—For purposes of*  
18 *paragraph (3), the term ‘other lender’ means any per-*  
19 *son engaged in the business of selling or financing the*  
20 *sale of personal property (and any services incidental*  
21 *to the sale of personal property) in such State, except*  
22 *that, with regard to any person or entity described in*  
23 *such paragraph, such term does not include—*

24 *“(A) an insured depository institution; or*

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

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

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

15           **TITLE VI—BANKING AGENCY**  
16           **PROVISIONS**

17           **SEC. 601. WAIVER OF EXAMINATION SCHEDULE IN ORDER**  
18           **TO ALLOCATE EXAMINER RESOURCES.**

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

21                   (1) by redesignating paragraphs (5), (6), (7),  
22                   (8), (9), and (10) as paragraphs (6), (7), (8), (9),  
23                   (10), and (11), respectively;

24                   (2) by inserting after paragraph (4), the fol-  
25                   lowing new paragraph:

1           “(5) *WAIVER OF SCHEDULE WHEN NECESSARY*  
2           *TO ACHIEVE SAFE AND SOUND ALLOCATION OF EXAM-*  
3           *INER RESOURCES.*—*Notwithstanding paragraphs (1),*  
4           *(2), (3), and (4), an appropriate Federal banking*  
5           *agency may make adjustments in the examination*  
6           *cycle for an insured depository institution if nec-*  
7           *essary to allocate available resources of examiners in*  
8           *a manner that provides for the safety and soundness*  
9           *of, and the effective examination and supervision of,*  
10          *insured depository institutions.”; and*

11           *(3) in paragraphs (8) and (9), as so redesign-*  
12          *ated, by striking “paragraph (6)” and inserting*  
13          *“paragraph (7)”.*

14   **SEC. 602. INTERAGENCY DATA SHARING.**

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

19                  “(C) *DATA SHARING WITH OTHER AGEN-*  
20                  *CIES AND PERSONS.*—*In addition to reports of*  
21                  *examination, reports of condition, and other re-*  
22                  *ports required to be regularly provided to the*  
23                  *Corporation (with respect to all insured deposi-*  
24                  *tory institutions, including a depository institu-*  
25                  *tion for which the Corporation has been ap-*



1           pointed conservator or receiver) or an appro-  
2           priate State bank supervisor (with respect to a  
3           State depository institution) under subpara-  
4           graph (A) or (B), a Federal banking agency  
5           may, in the agency's discretion, furnish any re-  
6           port of examination or other confidential super-  
7           visory information concerning any depository  
8           institution or other entity examined by such  
9           agency under authority of any Federal law, to—

10                   “(i) any other Federal or State agency  
11                   or authority with supervisory or regulatory  
12                   authority over the depository institution or  
13                   other entity;

14                   “(ii) any officer, director, or receiver of  
15                   such depository institution or entity; and

16                   “(iii) any other person the Federal  
17                   banking agency determines to be appro-  
18                   priate.”.

19           (b) NATIONAL CREDIT UNION ADMINISTRATION.—Sec-  
20           tion 202(a) of the Federal Credit Union Act (12 U.S.C.  
21           1782(a)) is amended by adding at the end the following  
22           new paragraph:

23                   “(8) DATA SHARING WITH OTHER AGENCIES AND  
24                   PERSONS.—In addition to reports of examination, re-  
25                   ports of condition, and other reports required to be

1 regularly provided to the Board (with respect to all  
2 insured credit unions, including a credit union for  
3 which the Corporation has been appointed conservator  
4 or liquidating agent) or an appropriate State com-  
5 mission, board, or authority having supervision of a  
6 State-chartered credit union, the Board may, in the  
7 Board’s discretion, furnish any report of examination  
8 or other confidential supervisory information con-  
9 cerning any credit union or other entity examined by  
10 the Board under authority of any Federal law, to—

11 “(A) any other Federal or State agency or  
12 authority with supervisory or regulatory author-  
13 ity over the credit union or other entity;

14 “(B) any officer, director, or receiver of  
15 such credit union or entity; and

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

19 **SEC. 603. PENALTY FOR UNAUTHORIZED PARTICIPATION**  
20 **BY CONVICTED INDIVIDUAL.**

21 Section 19 of the Federal Deposit Insurance Act (12  
22 U.S.C. 1829) is amended by adding at the end the following  
23 new subsection:

24 “(c) **NONINSURED BANKS.**—Subsections (a) and (b)  
25 shall apply to a noninsured national bank and a non-

1 *insured State member bank, and any agency or noninsured*  
 2 *branch (as such terms are defined in section 1(b) of the*  
 3 *International Banking Act of 1978) of a foreign bank as*  
 4 *if such bank, branch, or agency were an insured depository*  
 5 *institution, except such subsections shall be applied for pur-*  
 6 *poses of this subsection by substituting the agency deter-*  
 7 *mined under the following paragraphs for ‘Corporation’*  
 8 *each place such term appears in such subsections:*

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

12           “(2) *The Board of Governors of the Federal Re-*  
 13       *serve System, in the case of a noninsured State mem-*  
 14       *ber bank or any State agency or noninsured State*  
 15       *branch of a foreign bank.”.*

16 **SEC. 604. AMENDMENT PERMITTING THE DESTRUCTION OF**  
 17                   **OLD RECORDS OF A DEPOSITORY INSTITU-**  
 18                   **TION BY THE FDIC AFTER THE APPOINTMENT**  
 19                   **OF THE FDIC AS RECEIVER.**

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

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

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

4                   (2) *by adding at the end the following new*  
5                   *clause:*

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

16 **SEC. 605. MODERNIZATION OF RECORDKEEPING REQUIRE-**  
17 **MENT.**

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

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

22                   “(1) *IN GENERAL.*—*A Federal banking agency*  
23                   *may cause any and all records, papers, or documents*  
24                   *kept by the agency or in the possession or custody of*  
25                   *the agency to be—*

1           “(A) *photographed or microphotographed or*  
2           *otherwise reproduced upon film; or*

3           “(B) *preserved in any electronic medium or*  
4           *format which is capable of—*

5                   “(i) *being read or scanned by com-*  
6                   *puter; and*

7                   “(ii) *being reproduced from such elec-*  
8                   *tronic medium or format by printing or*  
9                   *any other form of reproduction of electroni-*  
10                  *cally stored data.*

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

20           “(3) *AUTHORITY OF THE FEDERAL BANKING*  
21           *AGENCIES.—Any photographs, microphotographs, or*  
22           *photographic film or copies thereof described in para-*  
23           *graph (1)(A) or reproduction of electronically stored*  
24           *data described in paragraph (1)(B) shall be preserved*  
25           *in such manner as the Federal banking agency shall*

1       *prescribe and the original records, papers, or docu-*  
2       *ments may be destroyed or otherwise disposed of as*  
3       *the Federal banking agency may direct.”.*

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

9       *(a) INSURED DEPOSITORY INSTITUTION.—*

10           *(1) IN GENERAL.—Section 8(g)(1) of the Federal*  
11       *Deposit Insurance Act (12 U.S.C. 1818(g)(1)) is*  
12       *amended—*

13           *(A) in subparagraph (A), by striking “the*  
14       *depository” each place such term appears and*  
15       *inserting “any depository”;*

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

20           *(C) in subparagraph (C), by striking “the*  
21       *depository” each place such term appears and*  
22       *inserting “any depository”;*

23           *(D) in subparagraph (D)(i), by inserting*  
24       *“of which the subject of the order is an institu-*

1            *tion-affiliated party” after “upon the depository*  
2            *institution”;* and

3            *(E) by adding at the end the following new*  
4            *subparagraph:*

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

12           *“(i) whether such individual is an in-*  
13           *stitution-affiliated party at any depository*  
14           *institution at the time the order is consid-*  
15           *ered or issued by the agency; or*

16           *“(ii) whether the depository institution*  
17           *at which the individual was an institution-*  
18           *affiliated party at the time of the offense re-*  
19           *mains in existence at the time the order is*  
20           *considered or issued by the agency.”.*

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

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

4       (b) *INSURED CREDIT UNIONS.—*

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

8           (A) *in subparagraph (A), by striking “the*  
9 *credit union” each place such term appears and*  
10 *inserting “any credit union”;*

11           (B) *in subparagraph (B)(i), by inserting*  
12 *“of which the subject of the order is, or most re-*  
13 *cently was, an institution-affiliated party” be-*  
14 *fore the period at the end;*

15           (C) *in subparagraph (C), by striking “the*  
16 *credit union” each place such term appears and*  
17 *inserting “any credit union”;*

18           (D) *in subparagraph (D)(i), by striking*  
19 *“upon such credit union” and inserting “upon*  
20 *the credit union of which the subject of the order*  
21 *is, or most recently was, an institution-affiliated*  
22 *party”;* and

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



1           “(E) *CONTINUATION OF AUTHORITY.*—The  
2           Board may issue an order under this paragraph  
3           with respect to an individual who is an institu-  
4           tion-affiliated party at a credit union at the  
5           time of an offense described in subparagraph (A)  
6           without regard to—

7                   “(i) whether such individual is an in-  
8                   stitution-affiliated party at any credit  
9                   union at the time the order is considered or  
10                  issued by the Board; or

11                   “(ii) whether the credit union at which  
12                   the individual was an institution-affiliated  
13                   party at the time of the offense remains in  
14                   existence at the time the order is considered  
15                   or issued by the Board.”.

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

20                   “(i) *SUSPENSION, REMOVAL, AND PROHIBITION FROM*  
21           *PARTICIPATION ORDERS IN THE CASE OF CERTAIN CRIMI-*  
22           *NAL OFFENSES.*—”.

1 **SEC. 607. STREAMLINING DEPOSITORY INSTITUTION MERG-**  
2 **ER APPLICATION REQUIREMENTS.**

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

6 “(4) *REPORTS ON COMPETITIVE FACTORS.*—

7 “(A) *REQUEST FOR REPORT.*—In the inter-  
8 ests of uniform standards, before acting on any  
9 application for approval of a merger trans-  
10 action, the responsible agency, unless the agency  
11 finds that it must act immediately in order to  
12 prevent the probable failure of a depository insti-  
13 tution involved, shall—

14 “(i) request a report on the competitive  
15 factors involved from the Attorney General;  
16 and

17 “(ii) provide a copy of the request to  
18 the Corporation (when the Corporation is  
19 not the responsible agency).

20 “(B) *FURNISHING OF REPORT.*—The report  
21 requested under subparagraph (A) shall be fur-  
22 nished by the Attorney General to the responsible  
23 agency—

24 “(i) not more than 30 calendar days  
25 after the date on which the Attorney Gen-  
26 eral received the request; or

1                   “(i) not more than 10 calendar days  
2                   after such date, if the requesting agency ad-  
3                   vises the Attorney General that an emer-  
4                   gency exists requiring expeditious action.”.

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

14 **SEC. 608. INCLUSION OF DIRECTOR OF THE OFFICE OF**  
15 **THRIFT SUPERVISION IN LIST OF BANKING**  
16 **AGENCIES REGARDING INSURANCE CUS-**  
17 **TOMER PROTECTION REGULATIONS.**

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

1 **SEC. 609. SHORTENING OF POST-APPROVAL ANTITRUST RE-**  
 2 **VIEW PERIOD WITH THE AGREEMENT OF THE**  
 3 **ATTORNEY GENERAL.**

4 (a) *ANTITRUST REVIEWS UNDER THE BANK HOLDING*  
 5 *COMPANY ACT OF 1956.*—The 4th sentence of section 11(b)  
 6 of the Bank Holding Company Act of 1956 (12 U.S.C.  
 7 1849(b) is amended by striking “15 calendar days” and  
 8 inserting “5 calendar days”.

9 (b) *ANTITRUST REVIEWS UNDER THE FEDERAL DE-*  
 10 *POSIT INSURANCE ACT.*—The last sentence of section  
 11 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C.  
 12 1828(c)(6)) is amended by striking “15 calendar days” and  
 13 inserting “5 calendar days”.

14 **SEC. 610. PROTECTION OF CONFIDENTIAL INFORMATION**  
 15 **RECEIVED BY FEDERAL BANKING REGU-**  
 16 **LATORS FROM FOREIGN BANKING SUPER-**  
 17 **VISORS.**

18 Section 15 of the International Banking Act of 1978  
 19 (12 U.S.C. 3109) is amended by adding at the end the fol-  
 20 lowing new subsection:

21 “(c) *CONFIDENTIAL INFORMATION RECEIVED FROM*  
 22 *FOREIGN SUPERVISORS.*—

23 “(1) *IN GENERAL.*—Except as provided in para-  
 24 graph (3), a Federal banking agency may not be com-  
 25 pelled to disclose information received from a foreign  
 26 regulatory or supervisory authority if—

1           “(A) the foreign regulatory or supervisory  
2 authority has, in good faith, determined and  
3 represented to such Federal banking agency that  
4 public disclosure of the information would vio-  
5 late the laws applicable to that foreign regu-  
6 latory or supervisory authority; and

7           “(B) the relevant Federal banking agency  
8 obtained such information pursuant to—

9           “(i) such procedures as the Federal  
10 banking agency may establish for use in  
11 connection with the administration and en-  
12 forcement of Federal banking laws; or

13           “(ii) a memorandum of understanding  
14 or other similar arrangement between the  
15 Federal banking agency and the foreign reg-  
16 ulatory or supervisory authority.

17           “(2) TREATMENT UNDER TITLE 5, UNITED  
18 STATES CODE.—For purposes of section 552 of title 5,  
19 United States Code, this subsection shall be treated as  
20 a statute described in subsection (b)(3)(B) of such sec-  
21 tion.

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

24           “(A) authorizing any Federal banking  
25 agency to withhold any information from any

1           *duly authorized committee of the House of Rep-*  
2           *resentatives or the Senate; or*

3           *“(B) preventing any Federal banking agen-*  
4           *cy from complying with an order of a court of*  
5           *the United States in an action commenced by the*  
6           *United States or such agency.*

7           *“(4) FEDERAL BANKING AGENCY DEFINED.—For*  
8           *purposes of this subsection, the term ‘Federal banking*  
9           *agency’ means the Board, the Comptroller, the Fed-*  
10          *eral Deposit Insurance Corporation, and the Director*  
11          *of the Office of Thrift Supervision.”.*

12   **SEC. 611. PROHIBITION ON PARTICIPATION BY CONVICTED**  
13                           **INDIVIDUAL.**

14          *Section 19 of the Federal Deposit Insurance Act (12*  
15          *U.S.C. 1829) is amended by inserting after subsection (c)*  
16          *(as added by section 603 of this title) the following new*  
17          *subsections:*

18          *“(d) BANK HOLDING COMPANIES.—Subsections (a)*  
19          *and (b) shall apply to any bank holding company, any sub-*  
20          *sidary (other than a bank) of a bank holding company,*  
21          *and any organization organized and operated under section*  
22          *25A of the Federal Reserve Act or operating under section*  
23          *25 of the Federal Reserve Act as if such bank holding com-*  
24          *pany, subsidiary, or organization were an insured deposi-*  
25          *tory institution, except such subsections shall be applied for*

1 purposes of this subsection by substituting ‘Board of Gov-  
2 ernors of the Federal Reserve System’ for ‘Corporation’ each  
3 place such term appears in such subsections.

4 “(e) SAVINGS AND LOAN HOLDING COMPANIES.—Sub-  
5 sections (a) and (b) shall apply to any savings and loan  
6 holding company and any subsidiary (other than a savings  
7 association) of a savings and loan holding company as if  
8 such savings and loan holding company or subsidiary were  
9 an insured depository institution, except such subsections  
10 shall be applied for purposes of this subsection by sub-  
11 stituting ‘Director of the Office of Thrift Supervision’ for  
12 ‘Corporation’ each place such term appears in such sub-  
13 sections.”.

14 **SEC. 612. CLARIFICATION THAT NOTICE AFTER SEPARA-**  
15 **TION FROM SERVICE MAY BE MADE BY AN**  
16 **ORDER.**

17 (a) *IN GENERAL.*—Section 8(i)(3) of the Federal De-  
18 posit Insurance Act (12 U.S.C. 1818(i)(3)) is amended by  
19 inserting “or order” after “notice” each place such term ap-  
20 pears.

21 (b) *TECHNICAL AND CONFORMING AMENDMENT.*—The  
22 heading for section 8(i)(3) of the Federal Deposit Insurance  
23 Act (12 U.S.C. 1818(i)(3)) is amended by inserting “OR  
24 ORDER” after “NOTICE”.

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

2 (a) *OFFER OF CREDIT TO BANK EXAMINER.*—Section  
3 212 of title 18, United States Code, is amended to read as  
4 follows:

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

6 “(a) Subject to section 213(b), whoever being an officer,  
7 director or employee of a financial institution extends cred-  
8 it to any examiner which the examiner is prohibited from  
9 accepting under section 213 shall be fined under this title  
10 or imprisoned not more than one year, or both; and may  
11 be fined a further sum equal to the amount of the credit  
12 extended.

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

15 “(1) The term ‘financial institution’ does not in-  
16 clude a credit union, a Federal reserve bank, a Fed-  
17 eral home loan bank, or a depository institution hold-  
18 ing company.

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

20 “(A) appointed by a Federal financial in-  
21 stitution regulatory agency or pursuant to the  
22 laws of any State to examine a financial institu-  
23 tion; or

24 “(B) elected under the law of any State to  
25 conduct examinations of any financial institu-  
26 tion.



1           “(3) *The term ‘Federal financial institution reg-*  
2           *ulatory agency’ means—*

3                   “(A) *the Comptroller of the Currency;*

4                   “(B) *the Board of Governors of the Federal*  
5           *Reserve System;*

6                   “(C) *the Director of the Office of Thrift Su-*  
7           *pervision;*

8                   “(D) *the Federal Deposit Insurance Cor-*  
9           *poration;*

10                  “(E) *the Federal Housing Finance Board;*

11                  “(F) *the Farm Credit Administration;*

12                  “(G) *the Farm Credit System Insurance*  
13           *Corporation; and*

14                  “(H) *the Small Business Administration.”.*

15           (b) *ACCEPTANCE OF CREDIT BY A BANK EXAMINER.—*

16           *Section 213 of title 18, United States Code, is amended to*  
17           *read as follows:*

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

19                   “(a) *Whoever, being an examiner, accepts an extension*  
20           *of credit from any financial institution that the examiner*  
21           *examines or has authority to examine, or from any person*  
22           *connected with any such financial institution, shall be fined*  
23           *under this title or imprisoned not more than one year, or*  
24           *both; and may be fined a further sum equal to the amount*

1 *of the credit extended, and shall be disqualified from holding*  
2 *office as such examiner.*

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

22       “(c) *In considering any request by a financial institu-*  
23 *tion or examiner for a case-by-case exemption order under*  
24 *subsection (b), a Federal financial institution regulatory*

1 *agency shall consider such factors as the agency determines*  
2 *to be appropriate, including—*

3           “(1) *whether the terms and conditions of the*  
4 *credit being offered the examiner are generally com-*  
5 *parable to those offered by the financial institution in*  
6 *connection with similar types of credit extended to*  
7 *other customers in similar circumstances;*

8           “(2) *the nature and extent of any other relation-*  
9 *ship the examiner has with the financial institution*  
10 *or any officer, director, or employee of the financial*  
11 *institution;*

12           “(3) *the proximity in time between any exam-*  
13 *ination of the financial institution in which the ex-*  
14 *aminer participated, or is scheduled to participate,*  
15 *and the extension, or the offer of an extension, of cred-*  
16 *it;*

17           “(4) *whether there are any other circumstances*  
18 *involving the transaction, or the proposed trans-*  
19 *action, that may be perceived as providing the exam-*  
20 *iner with preferential treatment; and*

21           “(5) *any other fact or circumstance the agency*  
22 *may consider to be appropriate under the cir-*  
23 *cumstances.*

24           “(d) *Notwithstanding subsection (a) or section 212, an*  
25 *examiner employed by a Federal financial institution regu-*

1 *latory agency may apply for and receive a credit card, or*  
2 *otherwise be approved as a cardholder, under any credit*  
3 *card account under an open end consumer credit plan, to*  
4 *the extent the terms and conditions applicable with respect*  
5 *to such account, and any credit extended under such ac-*  
6 *count, are no more favorable generally to the examiner than*  
7 *the terms and conditions that are generally applicable to*  
8 *credit card accounts offered by the same financial institu-*  
9 *tion to other cardholders under open end consumer credit*  
10 *plans.*

11 *“(e) For purposes of this section, the following defini-*  
12 *tions shall apply:*

13 *“(1) The terms ‘examiner’, ‘Federal financial in-*  
14 *stitution regulatory agency’, and ‘financial institu-*  
15 *tion’ have the same meaning as in section 212.*

16 *“(2) The term ‘credit’ means the right granted*  
17 *by a creditor to a debtor to defer payment of debt or*  
18 *to incur debt and defer its payment.*

19 *“(3) The term ‘creditor’ refers only to a person*  
20 *who both (A) regularly extends, whether in connection*  
21 *with loans, sales of property or services, or otherwise,*  
22 *consumer credit which is payable by agreement in*  
23 *more than four installments or for which the payment*  
24 *of a finance charge is or may be required, and (B)*  
25 *is the person to whom the debt arising from the con-*

1        *sumer credit transaction is initially payable on the*  
2        *face of the evidence of indebtedness or, if there is no*  
3        *such evidence of indebtedness, by agreement. Notwith-*  
4        *standing the preceding sentence, in the case of an*  
5        *open-end credit plan involving a credit card, the card*  
6        *issuer and any person who honors the credit card and*  
7        *offers a discount which is a finance charge are credi-*  
8        *tors.*

9                *“(4) The term ‘consumer’, when used with ref-*  
10                *erence to an open end credit plan, means a credit*  
11                *plan under which the party to whom credit is offered*  
12                *or extended is a natural person, and the money, prop-*  
13                *erty, or services which are the subject of any trans-*  
14                *action under the plan are primarily for personal,*  
15                *family, or household purposes.*

16                *“(5) The term ‘open end credit plan’ means a*  
17                *plan under which the creditor reasonably con-*  
18                *templates repeated transactions, which prescribes the*  
19                *terms of such transactions, and which provides for a*  
20                *finance charge which may be computed from time to*  
21                *time on the outstanding unpaid balance. A credit*  
22                *plan which is an open end credit plan within the*  
23                *meaning of the preceding sentence is an open end*  
24                *credit plan even if credit information is verified from*  
25                *time to time.*



1 **SEC. 615. ENFORCEMENT AGAINST MISREPRESENTATIONS**  
2 **REGARDING FDIC DEPOSIT INSURANCE COV-**  
3 **ERAGE.**

4 (a) *IN GENERAL.*—Section 18(a) of the Federal De-  
5 posit Insurance Act (12 U.S.C. 1828(a)) is amended by  
6 adding at the end the following new paragraph:

7 “(4) *FALSE ADVERTISING, MISUSE OF FDIC*  
8 *NAMES, AND MISREPRESENTATION TO INDICATE IN-*  
9 *SURED STATUS.*—

10 “(A) *PROHIBITION ON FALSE ADVERTISING*  
11 *AND MISUSE OF FDIC NAMES.*—No person may—

12 “(i) use the terms ‘Federal Deposit’,  
13 ‘Federal Deposit Insurance’, ‘Federal De-  
14 posit Insurance Corporation’, any combina-  
15 tion of such terms, or the abbreviation  
16 ‘FDIC’ as part of the business name or firm  
17 name of any person, including any corpora-  
18 tion, partnership, business trust, associa-  
19 tion, or other business entity; or

20 “(ii) use such terms or any other sign  
21 or symbol as part of an advertisement, so-  
22 licitation, or other document,

23 to represent, suggest or imply that any deposit  
24 liability, obligation, certificate or share is in-  
25 sured or guaranteed by the Federal Deposit In-  
26 surance Corporation, if such deposit liability, ob-

1            *ligation, certificate, or share is not insured or*  
2            *guaranteed by the Corporation.*

3            “(B) *PROHIBITION ON MISREPRESENTA-*  
4            *TIONS OF INSURED STATUS.—No person may*  
5            *knowingly misrepresent—*

6                   *“(i) that any deposit liability, obliga-*  
7                   *tion, certificate, or share is federally in-*  
8                   *sured, if such deposit liability, obligation,*  
9                   *certificate, or share is not insured by the*  
10                  *Corporation; or*

11                  *“(ii) the extent to which or the manner*  
12                  *in which any deposit liability, obligation,*  
13                  *certificate, or share is insured by the Fed-*  
14                  *eral Deposit Insurance Corporation, if such*  
15                  *deposit liability, obligation, certificate, or*  
16                  *share is not insured by the Corporation to*  
17                  *the extent or in the manner represented.*

18                  “(C) *AUTHORITY OF FDIC.—The Corpora-*  
19                  *tion shall have—*

20                  *“(i) jurisdiction over any person that*  
21                  *violates this paragraph, or aids or abets the*  
22                  *violation of this paragraph; and*

23                  *“(ii) for purposes of enforcing the re-*  
24                  *quirements of this paragraph with regard to*  
25                  *any person—*



1                   “(I) the authority of the Corpora-  
2                   tion under section 10(c) to conduct in-  
3                   vestigations; and

4                   “(II) the enforcement authority of  
5                   the Corporation under subsections (b),  
6                   (c), (d) and (i) of section 8,

7                   as if such person were a state nonmember in-  
8                   sured bank.

9                   “(D) OTHER ACTIONS PRESERVED.—No  
10                  provision of this paragraph shall be construed as  
11                  barring any action otherwise available, under  
12                  the laws of the United States or any State, to  
13                  any Federal or State law enforcement agency or  
14                  individual.”.

15                  (b) ENFORCEMENT ORDERS.—Section 8(c) of the Fed-  
16                  eral Deposit Insurance Act (12 U.S.C. 1818(c)) is amended  
17                  by adding at the end the following new paragraph:

18                  “(4) FALSE ADVERTISING OR MISUSE OF NAMES  
19                  TO INDICATE INSURED STATUS.—

20                  “(A) TEMPORARY ORDER.—

21                  “(i) IN GENERAL.—If a notice of  
22                  charges served under subsection (b)(1) of  
23                  this section specifies on the basis of par-  
24                  ticular facts that any person is engaged in  
25                  conduct described in section 18(a)(4), the

1           *Corporation may issue a temporary order*  
2           *requiring—*

3                   “(I) *the immediate cessation of*  
4                   *any activity or practice described,*  
5                   *which gave rise to the notice of charges;*  
6                   *and*

7                   “(II) *affirmative action to prevent*  
8                   *any further, or to remedy any existing,*  
9                   *violation.*

10                   “(i) *EFFECT OF ORDER.—Any tem-*  
11                   *porary order issued under this subpara-*  
12                   *graph shall take effect upon service.*

13                   “(B) *EFFECTIVE PERIOD OF TEMPORARY*  
14                   *ORDER.—A temporary order issued under sub-*  
15                   *paragraph (A) shall remain effective and en-*  
16                   *forceable, pending the completion of an adminis-*  
17                   *trative proceeding pursuant to subsection (b)(1)*  
18                   *in connection with the notice of charges—*

19                   “(i) *until such time as the Corporation*  
20                   *shall dismiss the charges specified in such*  
21                   *notice; or*

22                   “(ii) *if a cease-and-desist order is*  
23                   *issued against such person, until the effec-*  
24                   *tive date of such order.*

1           “(C) *CIVIL MONEY PENALTIES.*—Violations  
 2           of section 18(a)(4) shall be subject to civil money  
 3           penalties as set forth in subsection (i) in an  
 4           amount not to exceed \$1,000,000 for each day  
 5           during which the violation occurs or continues.”.

6           (c) *TECHNICAL AND CONFORMING AMENDMENTS.*—

7           (1) Section 18(a)(3) of the *Federal Deposit In-*  
 8           *surance Act (12 U.S.C. 1828(a))* is amended—

9           (A) in the 1st sentence by striking “of this  
 10           subsection” and inserting “of paragraphs (1)  
 11           and (2)”;

12           (B) by striking the 2nd sentence; and

13           (C) in the 3rd sentence, by striking “of this  
 14           subsection” and inserting “of paragraphs (1)  
 15           and (2)”.

16           (2) The heading for subsection (a) of section 18  
 17           of the *Federal Deposit Insurance Act (12 U.S.C.*  
 18           *1828(a))* is amended by striking “*INSURANCE*  
 19           *LOGO.—*” and inserting “*REPRESENTATIONS OF DE-*  
 20           *POSIT INSURANCE.—*”.

21 **SEC. 616. COMPENSATION OF FEDERAL HOME LOAN BANK**

22 **DIRECTORS.**

23           Section 7(i) of the *Federal Home Loan Bank Act (12*  
 24           *U.S.C. 1427(i))* is amended to read as follows:

25           “(i) *DIRECTORS’ COMPENSATION.*—

1           “(1) *IN GENERAL.*—*Each Federal home loan*  
2 *bank may pay the directors on the board of directors*  
3 *of the bank reasonable compensation for the time re-*  
4 *quired of such directors, and reasonable expenses in-*  
5 *curring by the directors, in connection with service on*  
6 *the board of directors, in accordance with resolutions*  
7 *adopted by the board of directors and subject to the*  
8 *approval of the board.*

9           “(2) *ANNUAL REPORT BY THE BOARD.*—*Informa-*  
10 *tion regarding compensation and expenses paid by*  
11 *the Federal home loan banks to the directors on the*  
12 *boards of directors of the banks shall be included in*  
13 *the annual report submitted to the Congress by the*  
14 *Board pursuant to section 2B(d).”.*

15 **SEC. 617. EXTENSION OF TERMS OF FEDERAL HOME LOAN**  
16 **BANK DIRECTORS.**

17           *(a) IN GENERAL.*—*Section 7(d) of the Federal Home*  
18 *Loan Bank Act (12 U.S.C. 1427(d)) is amended—*

19           *(1) in the first sentence, by striking “3 years”*  
20 *and inserting “4 years”; and*

21           *(2) in the 2nd sentence—*

22           *(A) by striking “Federal Home Loan Bank*  
23 *System Modernization Act of 1999” and insert-*  
24 *ing “Financial Services Regulatory Relief Act of*  
25 *2003”; and*

1                   (B) by striking “1/3” and inserting “1/4”.

2           (b) *PROSPECTIVE APPLICATION.*—The amendment  
3 made by subsection (a) shall not apply to the term of office  
4 in which any director of a Federal home loan bank is serv-  
5 ing as of the date of the enactment of this Act, including  
6 any director elected or appointed to fill a vacancy in any  
7 such term of office.

8 **SEC. 618. BIENNIAL REPORTS ON THE STATUS OF AGENCY**  
9                   **EMPLOYMENT OF MINORITIES AND WOMEN.**

10           (a) *IN GENERAL.*—Before December 31, 2003, and the  
11 end of each 2-year period beginning after such date, each  
12 Federal banking agency shall submit a report to the Con-  
13 gress on the status of the employment by the agency of mi-  
14 nority individuals and women.

15           (b) *FACTORS TO BE INCLUDED.*—The report shall in-  
16 clude a detailed assessment of each of the following:

17                   (1) *The extent of hiring of minority individuals*  
18                   *and women by the agency as of the time the report*  
19                   *is prepared.*

20                   (2) *The successes achieved and challenges faced*  
21                   *by the agency in operating minority and women out-*  
22                   *reach programs.*

23                   (3) *Challenges the agency may face in finding*  
24                   *qualified minority individual and women applicants.*

1           (4) *Such other information, findings, and con-*  
 2 *clusions, and recommendations for legislative or agen-*  
 3 *cy action, as the agency may determine to be appro-*  
 4 *priate to include in the report.*

5           (c) *DEFINITIONS.—For purposes of this section, the fol-*  
 6 *lowing definitions shall apply:*

7           (1) *FEDERAL BANKING AGENCY.—The term*  
 8 *“Federal banking agency”—*

9                   (A) *has the same meaning as in section 3(z)*  
 10 *of the Federal Deposit Insurance Act; and*

11                   (B) *includes the National Credit Union Ad-*  
 12 *ministration.*

13           (2) *MINORITY.—The term “minority” has the*  
 14 *same meaning as in section 1204(c)(3) of the Finan-*  
 15 *cial Institutions Reform, Recovery, and Enforcement*  
 16 *Act of 1989.*

17 **SEC. 619. COORDINATION OF STATE EXAMINATION AU-**  
 18 **THORITY.**

19           *Section 10(h) of the Federal Deposit Insurance Act (12*  
 20 *U.S.C. 1820(h)) is amended to read as follows:*

21           “(h) *COORDINATION OF EXAMINATION AUTHORITY.—*

22                   “(1) *IN GENERAL.—The appropriate State bank*  
 23 *supervisor of the home State of an insured State bank*  
 24 *has authority to examine and supervise the bank. The*  
 25 *State bank supervisor of the home State of an insured*

1     *State bank shall exercise its authority to supervise*  
2     *and examine the branches of the bank in a host State*  
3     *in accordance with the terms of any applicable coop-*  
4     *erative agreement between the home State bank super-*  
5     *visor and the State bank supervisor of the relevant*  
6     *host State. Except as expressly provided in a coopera-*  
7     *tive agreement between the State bank supervisors of*  
8     *the home State and host State(s) of an insured State*  
9     *bank, only the State bank supervisor of the home*  
10    *State of an insured State bank may levy or charge*  
11    *State supervisory fees on the bank.*

12           “(2) *HOST STATE EXAMINATION.*—*With respect*  
13    *to a branch operated in a host State by an out-of-*  
14    *State insured State bank that resulted from an inter-*  
15    *state merger transaction approved under section 44 or*  
16    *that was established in such State pursuant to section*  
17    *5155(g) of the Revised Statutes, the third undesign-*  
18    *ated paragraph of section 9 of the Federal Reserve*  
19    *Act or section 18(d)(4) of this Act, the appropriate*  
20    *State bank supervisor of such host State may—*

21           “(A) *with written notice to the State bank*  
22    *supervisor of the bank’s home State and subject*  
23    *to the terms of any applicable cooperative agree-*  
24    *ment with the State bank supervisor of such*  
25    *home State, examine such branch for the purpose*

1       *of determining compliance with host State laws*  
2       *that are applicable pursuant to section 24(j) of*  
3       *this Act, including those that govern community*  
4       *reinvestment, fair lending, and consumer protec-*  
5       *tion; and*

6               *“(B) if expressly permitted under and sub-*  
7       *ject to the terms of a cooperative agreement with*  
8       *the State bank supervisor of the bank’s home*  
9       *State or if such out-of-State insured State bank*  
10       *has been determined to be in a troubled condi-*  
11       *tion by either the State bank supervisor of the*  
12       *bank’s home State or the bank’s appropriate*  
13       *Federal banking agency, participate in the ex-*  
14       *amination of the bank by the State bank super-*  
15       *visor of the bank’s home State to ascertain that*  
16       *the activities of the branch in such host State are*  
17       *not conducted in an unsafe or unsound manner.*  
18       *The State bank supervisor of the home State of*  
19       *an insured State bank shall notify the State*  
20       *bank supervisor of each host State of the bank if*  
21       *there has been a final determination that the*  
22       *bank is in a troubled condition. The State bank*  
23       *supervisor of the bank’s home State shall provide*  
24       *such notice as soon as reasonably possible but in*  
25       *all cases within 15 business days after the State*



1           *bank supervisor has made such final determina-*  
2           *tion or has received written notification of such*  
3           *final determination.*

4           “(3) *HOST STATE ENFORCEMENT.*—*If the State*  
5           *bank supervisor of a host State determines that a*  
6           *branch of an out-of-State State insured State bank is*  
7           *violating any law of the host State that is applicable*  
8           *to such branch pursuant to section 24(j) of this Act,*  
9           *including a law that governs community reinvest-*  
10           *ment, fair lending, or consumer protection, the State*  
11           *bank supervisor of the host State or, to the extent au-*  
12           *thorized by the law of the host State, a host State law*  
13           *enforcement officer may, with written notice to the*  
14           *State bank supervisor of the bank’s home State and*  
15           *subject to the terms of any applicable cooperative*  
16           *agreement with the State bank supervisor of the*  
17           *bank’s home State, undertake such enforcement ac-*  
18           *tions and proceedings as would be permitted under*  
19           *the law of the host State as if the branch were a bank*  
20           *chartered by that host State.*

21           “(4) *COOPERATIVE AGREEMENT.*—*The State*  
22           *bank supervisors from 2 or more States may enter*  
23           *into cooperative agreements to facilitate State regu-*  
24           *latory supervision of State banks, including coopera-*  
25           *tive agreements relating to the coordination of exami-*

1        *nations and joint participation in examinations. For*  
2        *purposes of this subsection (h), the term “cooperative*  
3        *agreement” means a written agreement that is signed*  
4        *by the home State bank supervisor and host State*  
5        *bank supervisor to facilitate State regulatory super-*  
6        *vision of State banks and includes nationwide or*  
7        *multi-state cooperative agreements and cooperative*  
8        *agreements solely between the home State and host*  
9        *State. Except for State bank supervisors, no provision*  
10       *of this subsection (h) relating to such cooperative*  
11       *agreements shall be construed as limiting in any way*  
12       *the authority of home and host State law enforcement*  
13       *officers, regulatory supervisors, or other officials that*  
14       *have not signed such cooperative agreements to enforce*  
15       *host State laws that are applicable to a branch of an*  
16       *out-of-State insured State bank located in the host*  
17       *State pursuant to section 24(j) of this Act.*

18                *“(5) FEDERAL REGULATORY AUTHORITY.—No*  
19        *provision of this subsection shall be construed as lim-*  
20        *iting in any way the authority of any Federal bank-*  
21        *ing agency.*

22                *“(6) STATE TAXATION AUTHORITY NOT AF-*  
23        *FECTED.—No provision of this subsection (h) shall be*  
24        *construed as affecting the authority of any State or*  
25        *political subdivision of any State to adopt, apply, or*

1       *administer any tax or method of taxation to any*  
2       *bank, bank holding company, or foreign bank, or any*  
3       *affiliate of any bank, bank holding company, or for-*  
4       *foreign bank, to the extent such tax or tax method is oth-*  
5       *erwise permissible by or under the Constitution of the*  
6       *United States or other Federal law.*

7               “(7) *DEFINITIONS.*—*For purpose of this section,*  
8       *the following definition shall apply:*

9               “(A) *The terms ‘host State’, ‘home State’,*  
10       *and ‘out-of-State bank’ have the same meanings*  
11       *as in section 44(g).*

12              “(B) *The term ‘State supervisory fees’*  
13       *means assessments, examination fees, branch fees,*  
14       *license fees, and all other fees that are levied or*  
15       *charged by a State bank supervisor directly upon*  
16       *an insured State bank or upon branches of an*  
17       *insured State bank.*

18              “(C) *Solely for purposes of subparagraph*  
19       *(2)(B) of this subsection (h), an insured State*  
20       *bank has been determined to be in ‘troubled con-*  
21       *dition’ if the bank—*

22                   “(i) *has a composite rating, as deter-*  
23       *mined in its most recent report of examina-*  
24       *tion, of 4 or 5 under the Uniform Financial*  
25       *Institutions Ratings System (UFIRS); or*

1           “(ii) is subject to a proceeding initi-  
2           ated by the Corporation for termination or  
3           suspension of deposit insurance; or

4           “(iii) is subject to a proceeding initi-  
5           ated by the State bank supervisor of the  
6           bank’s home State to vacate, revoke, or ter-  
7           minate the charter of the bank, or to liq-  
8           uidate the bank, or to appoint a receiver for  
9           the bank.

10           “(D) For the purposes of paragraph (2)(B),  
11           the term ‘final determination’ means the trans-  
12           mittal of a Report of Examination to the bank  
13           or transmittal of official notice of proceedings to  
14           the bank.”.

## 15           **TITLE VII—CLERICAL AND** 16           **TECHNICAL AMENDMENTS**

### 17           **SEC. 701. CLERICAL AMENDMENTS TO THE HOME OWNERS’** 18           **LOAN ACT.**

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

          “Sec. 5. Savings associations.

          “Sec. 6. [Repealed.]”.

23           (b) *CLERICAL AMENDMENTS TO HEADINGS.*—

1           (1) *The heading for section 4(a) of the Home*  
2 *Owners' Loan Act (12 U.S.C. 1463(a)) is amended by*  
3 *striking “(a) FEDERAL SAVINGS ASSOCIATIONS.—”*  
4 *and inserting “(a) GENERAL RESPONSIBILITIES OF*  
5 *THE DIRECTOR.—”.*

6           (2) *The section heading for section 5 of the Home*  
7 *Owners' Loan Act (12 U.S.C. 1464) is amended to*  
8 *read as follows:*

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

10 **SEC. 702. TECHNICAL CORRECTIONS TO THE FEDERAL**  
11 **CREDIT UNION ACT.**

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

14           (1) *In section 101(3), strike “and” after the*  
15 *semicolon.*

16           (2) *In section 101(5), strike the terms “account*  
17 *account” and “account accounts” each place any such*  
18 *term appears and insert “account”.*

19           (3) *In section 107(a)(5)(E) (as so designated by*  
20 *section 303 of this Act), strike the period at the end*  
21 *and insert a semicolon.*

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

1           (5) *In section 107(a)(7)(D) (as so designated by*  
2 *section 303 of this Act), strike “the Federal Savings*  
3 *and Loan Insurance Corporation or”.*

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

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

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

14           (9) *In section 109(c)(2)(A)(i), strike “(12 U.S.C.*  
15 *4703(16))”.*

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

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

20           (12) *In section 202(h)(3), strike “section*  
21 *207(c)(1)” and insert “section 207(k)(1)”.*

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

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

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

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

5           (17) *In section 206(t)(2)(B), insert “regulations”*  
6 *after “as defined in”.*

7           (18) *In section 206(t)(2)(C), strike “material af-*  
8 *fect” and insert “material effect”.*

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

11           (20) *In section 206A(a)(2)(A), strike “regulator*  
12 *agency” and insert “regulatory agency”.*

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

15           (22) *In section 207(c)(8)(D)(ii)(I), insert a clos-*  
16 *ing parenthesis after “Act of 1934”.*

17           (23) *In the heading for subparagraph (A) of sec-*  
18 *tion 207(d)(3), strike “TO” and insert “WITH”.*

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

21           (25) *In section 209(a)(8), strike the period at the*  
22 *end and insert a semicolon.*

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

1           (27) *In section 304(b)(3), strike “the affairs or*  
2           *such credit union” and insert “the affairs of such*  
3           *credit union”.*

4           (28) *In section 310, strike “section 102(e)” and*  
5           *insert “section 102(d)”.*

6   **SEC. 703. OTHER TECHNICAL CORRECTIONS.**

7           (a) *Section 1306 of title 18, United States Code, is*  
8           *amended by striking “5136A” and inserting “5136B”.*

9           (b) *Section 5239 of the Revised Statutes of the United*  
10          *States (12 U.S.C. 93) is amended by redesignating the sec-*  
11          *ond of the 2 subsections designated as subsection (d) (as*  
12          *added by section 331(b)(3) of the Riegle Community Devel-*  
13          *opment and Regulatory Improvement Act of 1994) as sub-*  
14          *section (e).*

15   **SEC. 704. REPEAL OF OBSOLETE PROVISIONS OF THE BANK**

16                           **HOLDING COMPANY ACT OF 1956.**

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

19                  (1) *in subsection (c)(2), by striking subpara-*  
20                  *graphs (I) and (J); and*

21                  (2) *by striking subsection (m) and inserting the*  
22                  *following new subsection:*

23                  “*(m) [Repealed]*”.

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

25          *Paragraphs (1) and (2) of section 4(h) of the Bank Holding*



1 *Company Act of 1956 (12 U.S.C. 1843(h)) are each amend-*  
2 *ed by striking “(G), (H), (I), or (J) of section 2(c)(2)” and*  
3 *inserting “(G), or (H) of section 2(c)(2)”.*

**Union Calendar No. 113**

108<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 1375**

**[Report No. 108–152, Parts I and II]**

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**A BILL**

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

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JULY 14, 2003

Reported from the Committee on the Judiciary with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed