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Read twice and referred to the Committee on Banking, Housing, and Urban
Affairs

AN ACT

To reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial 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 **TITLE I—REGULATORY REFORM**

4 **SEC. 100. SHORT TITLE; TABLE OF SECTIONS.**

5 (a) SHORT TITLE.—This title may be cited as the
6 “Regulatory Reform Act of 1993”.

7 (b) TABLE OF CONTENTS.—

TITLE I—REGULATORY REFORM

Sec. 100. Short title; table of sections.

Subtitle A—Amendments Relating to the Federal Deposit Insurance
Corporation Improvement Act of 1991

- Sec. 101. Audit costs.
- Sec. 102. 18-month examination rule for certain small institutions.
- Sec. 103. Standards for safety and soundness.
- Sec. 104. Clarifying amendment relating to data collection.

Subtitle B—General Regulatory Reform

- Sec. 111. State regulation of real estate appraisals.
- Sec. 112. Collateralization of public deposits.
- Sec. 113. Bank Deposit Financial Assistance Program.
- Sec. 114. Coordinated and unified examinations.
- Sec. 115. Coordination of Federal and State reporting requirements to reduce duplicative efforts.
- Sec. 116. Limiting potential liability on foreign accounts.
- Sec. 117. Expedited procedures for forming a bank holding company.
- Sec. 118. Flexibility in choosing boards of directors.
- Sec. 119. Repeal of obsolete requirements for national banks.
- Sec. 120. Limited exemption authority.

Subtitle C—Other Regulatory Reform

- Sec. 121. Elimination of duplicative disclosures for home equity loans.
- Sec. 122. Alternative dispute resolutions.
- Sec. 123. Clarification of RESPA disclosure requirements.
- Sec. 124. Exemption of business loans from RESPA requirements.
- Sec. 125. Expedited procedures for bank holding companies to seek approval to engage in certain activities.
- Sec. 126. Waiver of right of rescission for certain refinancing transactions.
- Sec. 127. Simplified disclosure for existing depositors.
- Sec. 128. Deposit broker registration.
- Sec. 129. Agency ombudsman.
- Sec. 130. Alternative rules for disclosures for radio advertising of credit transactions, deposit accounts, and consumer leases.

Subtitle D—Reports, Studies, Streamlined Regulatory Requirements

- Sec. 131. Study on capital standards and their impact on the economy.
- Sec. 132. Study of the consumer credit system.
- Sec. 133. Studies on the impact of the payment of interest on reserves.
- Sec. 134. Streamlining of regulatory requirements.
- Sec. 135. Call report simplification.
- Sec. 136. Administrative consideration of burden with new regulations.
- Sec. 137. Elimination of duplicative filings.
- Sec. 138. Recourse agreements.
- Sec. 139. Antitrust reports in connection with merger transactions.
- Sec. 140. Bankers' banks.
- Sec. 141. Due process protections relating to attachment of assets.
- Sec. 142. Time limit on agency consideration of completed applications.
- Sec. 143. Timely completion of CRA review.
- Sec. 144. Revisions of standards.
- Sec. 145. Feasibility study of data bank.

1 **Subtitle A—Amendments Relating**
2 **to the Federal Deposit Insur-**
3 **ance Corporation Improvement**
4 **Act of 1991**

5 **SEC. 101. AUDIT COSTS.**

6 (a) HOLDING COMPANY AUDIT REQUIREMENTS.—
7 Section 36(i) of the Federal Deposit Insurance Act (12
8 U.S.C. 1831m(i)) is amended by striking paragraph (2)
9 and inserting the following:

10 “(2) the institution is described in 1 of the fol-
11 lowing subparagraphs:

12 “(A) The institution has total assets, as of
13 the beginning of such fiscal year, of less than
14 \$5,000,000,000.

15 “(B) The institution has—

16 “(i) total assets, as of the beginning
17 of such fiscal year, of \$5,000,000,000 or
18 more and less than \$9,000,000,000; and

19 “(ii) a CAMEL composite rating of 1
20 or 2 under the Uniform Financial Institu-
21 tions Rating System (or an equivalent rat-
22 ing under a comparable rating system) as
23 of the most recent examination of such in-
24 stitution by the Corporation or the appro-
25 priate Federal banking agency.

1 “(C) The institution—

2 “(i) has—

3 “(I) total assets, as of the begin-
4 ning of such fiscal year, of
5 \$9,000,000,000 or more; and

6 “(II) a CAMEL composite rating
7 of 1 or 2 under the Uniform Financial
8 Institutions Rating System (or an
9 equivalent rating under a comparable
10 rating system) as of the most recent
11 examination of such institution by the
12 Corporation or the appropriate Fed-
13 eral banking agency; and

14 “(ii) in the case of an institution
15 which has a CAMEL composite rating of
16 2, is in compliance with the requirements
17 of subsection (b) (without regard to any
18 exemption such institution may otherwise
19 have under this subsection from the re-
20 quirements of subsection (b)).

21 Notwithstanding paragraph (2), the audit committee of
22 the holding company of an insured depository institution
23 that the Corporation determines to be a large institution
24 shall not include any large customers of the institution.”.

1 (b) WRITTEN NOTICE OF REQUIREMENT FOR AUDIT
2 OF QUARTERLY REPORTS.—Section 36(g)(2) of the Fed-
3 eral Deposit Insurance Act (12 U.S.C. 1831m(g)(2)) is
4 amended by adding at the end the following new subpara-
5 graph:

6 “(D) NOTICE TO INSTITUTION.—The Cor-
7 poration shall promptly notify an insured depos-
8 itory institution, in writing, of a determination
9 pursuant to subparagraph (A) to require a re-
10 view of such institution’s quarterly financial re-
11 ports.”.

12 **SEC. 102. 18-MONTH EXAMINATION RULE FOR CERTAIN**
13 **SMALL INSTITUTIONS.**

14 (a) IN GENERAL.—Section 10(d)(4) of the Federal
15 Deposit Insurance Act (12 U.S.C. 1820(d)(4)) is amend-
16 ed—

17 (1) in subparagraph (A), by striking
18 “\$100,000,000” and inserting “\$250,000,000”;

19 (2) in subparagraph (C), by striking “and” at
20 the end;

21 (3) by redesignating subparagraph (D) as sub-
22 paragraph (E); and

23 (4) by inserting after subparagraph (C) the fol-
24 lowing new subparagraph:

1 “(D) the insured institution is not cur-
2 rently subject to a formal enforcement proceed-
3 ing or order by the Corporation or the appro-
4 priate Federal banking agency; and”.

5 (b) GUIDELINES REQUIRED.—

6 (1) IN GENERAL.—Section 10(d) of the Federal
7 Deposit Insurance Act (12 U.S.C. 1820(d)) is
8 amended by adding at the end the following new
9 paragraph:

10 “(6) STANDARDS FOR DETERMINING ADEQUACY
11 OF STATE EXAMINATIONS.—The Financial Institu-
12 tions Examination Council shall prescribe guidelines
13 establishing standards for determining whether a
14 State examination carries out the purposes of this
15 subsection for purposes of paragraph (3).”.

16 (2) EFFECTIVE DATE OF INITIAL GUIDE-
17 LINES.—The initial guidelines required to be issued
18 pursuant to the amendment made by subsection (a)
19 shall be issued and shall take effect before the end
20 of the 1-year period beginning on the date of the en-
21 actment of this Act.

22 **SEC. 103. STANDARDS FOR SAFETY AND SOUNDNESS.**

23 (a) ELIMINATION OF STOCK VALUATION PROVI-
24 SION.—Section 39(b)(1) of the Federal Deposit Insurance
25 Act (12 U.S.C. 1831p-1(b)(1)) is amended—

1 (1) in subparagraph (A), by adding “and” at
2 the end; and

3 (2) by striking subparagraph (C).

4 (b) HOLDING COMPANIES EXCLUDED FROM SCOPE
5 OF STANDARDS.—Section 39 of the Federal Deposit In-
6 surance Act (12 U.S.C. 1831p-1) is amended—

7 (1) in subsections (a) and (b), by striking “and
8 depository institution holding companies”;

9 (2) in paragraphs (1)(A) and (2) of subsection
10 (e), by striking “or depository institution holding
11 company”; and

12 (3) in subsection (e), by striking “or company”
13 each place such term appears.

14 (c) ESTABLISHING STANDARDS IN GUIDELINES.—

15 (1) IN GENERAL.—Section 39(d)(1) of the Fed-
16 eral Deposit Insurance Act (12 U.S.C. 1831p-
17 1(d)(1)) is amended—

18 (A) in the 1st sentence, by inserting “or
19 guideline” before the period; and

20 (B) in the 2d sentence, by inserting “or
21 guidelines” after “Such regulations”.

22 (2) CLERICAL AMENDMENT.—The heading for
23 section 39(d) of the Federal Deposit Insurance Act
24 (12 U.S.C. 1831p-1(d)) is amended by striking “**BY**
25 **REGULATION**”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 subsection (a) to section 39 of the Federal Deposit Insur-
3 ance Act shall take effect as if such amendments had been
4 included in such section as of the effective date of the sec-
5 tion.

6 **SEC. 104. CLARIFYING AMENDMENT RELATING TO DATA**
7 **COLLECTION.**

8 Section 7(a)(9) of the Federal Deposit Insurance Act
9 (12 U.S.C. 1817(a)(9)) is amended by adding at the end
10 the following new sentence: “In prescribing reporting and
11 other requirements for the collection of actual and accu-
12 rate information pursuant to this paragraph, the Corpora-
13 tion shall minimize the regulatory burden imposed upon
14 insured depository institutions while taking into account
15 the benefit of the information to the Corporation, includ-
16 ing the use of the information to enable the Corporation
17 to more accurately determine the total amount of insured
18 deposits in each insured depository institution.”.

19 **Subtitle B—General Regulatory**
20 **Reform**

21 **SEC. 111. STATE REGULATION OF REAL ESTATE APPRAIS-**

22 **ALS.**

23 Section 1122 of the Financial Institutions Reform,
24 Recovery, and Enforcement Act of 1989 (12 U.S.C. 3351)
25 is amended—

1 (1) by redesignating subsections (b) through (e)
2 as subsections (c) through (f), respectively;

3 (2) by inserting after subsection (a) the follow-
4 ing new subsection:

5 “(b) RECIPROCITY.—The Appraisal Subcommittee
6 shall encourage the States to develop reciprocity agree-
7 ments that readily authorize an appraiser who—

8 “(1) is licensed or certified in 1 State; and

9 “(2) is in good standing with the State ap-
10 praiser certifying or licensing agency in such State,
11 to perform appraisals in other States.”; and

12 (3) in subsection (a)—

13 (A) by redesignating paragraphs (1)
14 through (3) as subparagraphs (A) through (C),
15 respectively, and moving the left margin of such
16 subparagraphs (as so redesignated) 2 ems to
17 the right;

18 (B) by striking “PRACTICE.—A State” and
19 inserting “PRACTICE.—

20 “(1) IN GENERAL.—A State”; and

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

23 “(2) FEES FOR TEMPORARY PRACTICE.—A
24 State appraiser certifying or licensing agency shall
25 not impose excessive fees or burdensome require-

1 ments, as determined by the Appraisal Subcommit-
2 tee, for temporary practice under this subsection.”.

3 **SEC. 112. COLLATERALIZATION OF PUBLIC DEPOSITS.**

4 Section 13(e) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1823(e)) is amended—

6 (1) by redesignating paragraphs (1) through
7 (4) as subparagraphs (A) through (D), respectively,
8 and moving the left margin of such subparagraphs
9 (as so redesignated) 2 ems to the right;

10 (2) by striking “CORPORATION.—No agree-
11 ment” and inserting “CORPORATION.—

12 “(1) IN GENERAL.—No agreement”; and

13 (3) by adding at the end the following new
14 paragraph:

15 “(2) PUBLIC DEPOSITS.—An agreement to pro-
16 vide for the lawful collateralization of—

17 “(A) deposits of a Federal, State, or local
18 governmental entity or any depositor referred to
19 in section 11(a)(2), including an agreement to
20 provide collateral in lieu of a surety bond;

21 “(B) bankruptcy estate funds pursuant to
22 section 345 of title 11, United States Code; or

23 “(C) extensions of credit from any Federal
24 reserve bank or Federal home loan bank,

1 shall not be deemed to be invalid pursuant to para-
2 graph (1)(B) solely because such agreement was not
3 executed contemporaneously with changes in the col-
4 lateral made in accordance with such agreement.”.

5 **SEC. 113. BANK DEPOSIT FINANCIAL ASSISTANCE PRO-**
6 **GRAM.**

7 (a) IN GENERAL.—Effective December 19, 1993, sec-
8 tion 7(i) of the Federal Deposit Insurance Act (12 U.S.C.
9 1817(i)) is amended—

10 (1) by redesignating paragraph (3) as para-
11 graph (4); and

12 (2) by inserting after paragraph (2), the follow-
13 ing new paragraph:

14 “(3) BANK DEPOSIT FINANCIAL ASSISTANCE
15 PROGRAM.—Notwithstanding paragraph (1), funds
16 deposited by an insured depository institution pursu-
17 ant to the Bank Deposit Financial Assistance Pro-
18 gram of the Department of Energy shall be sepa-
19 rately insured in an amount not to exceed \$100,000
20 for each insured depository institution depositing
21 such funds.”.

22 (b) TECHNICAL AND CONFORMING AMENDMENT.—
23 Section 11(a)(1)(C) of the Federal Deposit Insurance Act
24 (12 U.S.C. 1821(a)(1)(C)) is amended by striking “sec-

1 tion 7(i)(1)” and inserting “paragraph (1) or (2) of sec-
2 tion 7(i) or any funds described in section 7(i)(3)”.

3 **SEC. 114. COORDINATED AND UNIFIED EXAMINATIONS.**

4 Section 10(d) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1820(d)) is amended by inserting after para-
6 graph (6) (as added by section 102(b) of this Act) the
7 following new paragraphs:

8 “(7) COORDINATED EXAMINATIONS.—To mini-
9 mize the disruptive effects of examinations on the
10 operations of insured depository institutions, each
11 Federal banking agency shall, to the extent prac-
12 ticable and consistent with safety and soundness
13 principles and the public interest—

14 “(A) coordinate examinations to be con-
15 ducted by that agency at an insured depository
16 institution and any affiliate of such institution;

17 “(B) coordinate with the other Federal
18 banking agencies in the conduct of such exami-
19 nations;

20 “(C) work to coordinate the conduct of all
21 examinations made pursuant to this subsection
22 with the appropriate State bank supervisor; and

23 “(D) use copies of reports of examinations
24 of insured depository institutions made by any

1 other Federal banking agency or appropriate
2 State bank supervisor.

3 “(8) SAFETY AND SOUNDNESS EXAMS.—Not-
4 withstanding any provision of paragraph (7) or any
5 system established pursuant to such paragraph, any
6 appropriate Federal banking agency may conduct a
7 separate examination of an insured depository insti-
8 tution at any time for safety and soundness pur-
9 poses.”.

10 **SEC. 115. COORDINATION OF FEDERAL AND STATE RE-**
11 **PORTING REQUIREMENTS TO REDUCE DU-**
12 **PLICATIVE EFFORTS.**

13 (a) STATE ACCESS TO FEDERAL AGENCY RE-
14 PORTS.—The 1st sentence of section 7(a)(2)(A) of the
15 Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)(A))
16 is amended by inserting “and, with respect to any State
17 depository institution, any appropriate State bank super-
18 visor for such institution” after “The Corporation”.

19 (b) STATE COORDINATION WITH FEDERAL REPORT-
20 ING REQUIREMENTS.—The Federal banking agencies and
21 State bank supervisors shall, to the greatest extent prac-
22 ticable—

23 (1) coordinate the number, types, and frequency
24 of reports required to be submitted to such agencies
25 and supervisors by insured depository institutions

1 and the type and amount of information required to
2 be included in such reports; and

3 (2) use copies of reports of condition and other
4 reports submitted by such institutions to any such
5 agency or supervisor.

6 **SEC. 116. LIMITING POTENTIAL LIABILITY ON FOREIGN AC-**
7 **COUNTS.**

8 (a) AMENDMENT TO THE FEDERAL RESERVE ACT.—
9 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
10 amended by inserting after section 25B the following new
11 section:

12 **“SEC. 25C. POTENTIAL LIABILITY ON FOREIGN ACCOUNTS.**

13 “(a) IN GENERAL.—A member bank shall not be re-
14 quired to repay any deposit made at a foreign branch of
15 the bank if the branch cannot repay the deposit due to—

16 “(1) an act of war, insurrection or civil strife;
17 or

18 “(2) an action by a foreign government or in-
19 strumentality (whether de jure or de facto) in the
20 country in which the branch is located,

21 unless the member bank has expressly agreed in writing
22 to repay the deposit under those circumstances.

23 “(b) REGULATIONS.—The Board may prescribe such
24 regulations as the Board may determine to be necessary
25 to carry out this section.”.

1 (b) CONFORMING AMENDMENTS TO THE FEDERAL
2 DEPOSIT INSURANCE ACT.—

3 (1) IN GENERAL.—Section 18 of the Federal
4 Deposit Insurance Act (12 U.S.C. 1828) is amended
5 by adding at the end the following new subsection:

6 “(q) SOVEREIGN RISK.—Section 25C of the Federal
7 Reserve Act shall apply to every nonmember insured bank
8 in the same manner and to the same extent as if the
9 nonmember insured bank were a member bank.”.

10 (2) CONFORMING AMENDMENT.—Subparagraph
11 (A) of section 3(l)(5) of the Federal Deposit Insur-
12 ance Act (12 U.S.C. 1813(l)(5)) is amended to read
13 as follows:

14 “(A) any obligation of a depository institu-
15 tion which is carried on the books and records
16 of an office of such bank or savings association
17 located outside of any State, unless—

18 “(i) such obligation would be a deposit
19 if it were carried on the books and records
20 of the depository institution, and would
21 have been payable at, an office located in
22 any State; and

23 “(ii) the contract evidencing the obli-
24 gation provides by express terms, and not
25 by implication, for payment at an office of

1 the depository institution located in any
2 State; and”.

3 (c) EXISTING CLAIMS NOT AFFECTED.—Section 25C
4 of the Federal Reserve Act (as added by subsection (a))
5 shall not be applied retroactively and shall not be con-
6 strued to affect or apply to any claim or cause of action
7 (to which such section would otherwise apply) which arises
8 from events or circumstances that occurred before the date
9 of enactment of this Act.

10 **SEC. 117. EXPEDITED PROCEDURES FOR FORMING A BANK**
11 **HOLDING COMPANY.**

12 The 2d sentence of section 3(a) of the Bank Holding
13 Company Act of 1956 (12 U.S.C. 1842(a)) is amended—

14 (1) by striking “or (B)” and inserting “(B)”;
15 and

16 (2) by inserting before the period the following:
17 “; or (C) the acquisition, by a company, of control
18 of a bank in a reorganization in which a person or
19 group of persons exchange their shares of the bank
20 for shares of a newly formed bank holding company
21 and receive after the reorganization substantially the
22 same proportional share interest in the holding com-
23 pany as they held in the bank except for changes in
24 shareholders’ interests resulting from the exercise of

1 dissenting shareholders' rights under State or Fed-
2 eral law if—

3 “(i) immediately following the acquisi-
4 tion—

5 “(I) the bank holding company
6 meets the capital and other financial
7 standards prescribed by the Board by
8 regulation for such a bank holding
9 company; and

10 “(II) the bank is adequately cap-
11 italized (as defined in section 38 of
12 the Federal Deposit Insurance Act);

13 “(ii) the holding company does not en-
14 gage in any activities other than those of
15 managing and controlling banks as a result
16 of the reorganization;

17 “(iii) the company provides 30 days
18 prior notice to the Board and the Board
19 does not object to such transaction during
20 such 30-day period; and

21 “(iv) the holding company will not ac-
22 quire control of any additional bank as a
23 result of the reorganization.”.

1 **SEC. 118. FLEXIBILITY IN CHOOSING BOARDS OF DIREC-**
2 **TORS.**

3 Section 5146 of the Revised Statutes (12 U.S.C. 72)
4 is amended in the 1st sentence, by striking “two thirds”
5 and inserting “a majority”.

6 **SEC. 119. REPEAL OF OBSOLETE REQUIREMENTS FOR NA-**
7 **TIONAL BANKS.**

8 (a) REPEAL OF PROVISIONS IN THE REVISED STAT-
9 UTES.—The following sections of the Revised Statutes are
10 hereby repealed:

- 11 (1) Section 5170 (12 U.S.C. 28).
- 12 (2) Section 5203 (12 U.S.C. 87).
- 13 (3) Section 5206 (12 U.S.C. 88).
- 14 (4) Section 5196 (12 U.S.C. 89).
- 15 (5) Section 5158 (12 U.S.C. 102).
- 16 (6) Section 5159 (12 U.S.C. 101a).
- 17 (7) Section 5172 (12 U.S.C. 104).
- 18 (8) Section 5173 (12 U.S.C. 107).
- 19 (9) Section 5174 (12 U.S.C. 108).
- 20 (10) Section 5182 (12 U.S.C. 109).
- 21 (11) Section 5183 (12 U.S.C. 110).
- 22 (12) Section 5195 (12 U.S.C. 123).
- 23 (13) Section 5184 (12 U.S.C. 124).
- 24 (14) Section 5226 (12 U.S.C. 131).
- 25 (15) Section 5227 (12 U.S.C. 132).
- 26 (16) Section 5228 (12 U.S.C. 133).

- 1 (17) Section 5229 (12 U.S.C. 134).
- 2 (18) Section 5230 (12 U.S.C. 137).
- 3 (19) Section 5231 (12 U.S.C. 138).
- 4 (20) Section 5232 (12 U.S.C. 135).
- 5 (21) Section 5233 (12 U.S.C. 136).
- 6 (22) Section 5185 (12 U.S.C. 151).
- 7 (23) Section 5186 (12 U.S.C. 152).
- 8 (24) Section 5160 (12 U.S.C. 168).
- 9 (25) Section 5161 (12 U.S.C. 169).
- 10 (26) Section 5162 (12 U.S.C. 170).
- 11 (27) Section 5163 (12 U.S.C. 171).
- 12 (28) Section 5164 (12 U.S.C. 172).
- 13 (29) Section 5165 (12 U.S.C. 173).
- 14 (30) Section 5166 (12 U.S.C. 174).
- 15 (31) Section 5167 (12 U.S.C. 175).
- 16 (32) Section 5222 (12 U.S.C. 183).
- 17 (33) Section 5223 (12 U.S.C. 184).
- 18 (34) Section 5224 (12 U.S.C. 185).
- 19 (35) Section 5225 (12 U.S.C. 186).
- 20 (36) Section 5237 (12 U.S.C. 195).

21 (b) REPEAL OF OTHER OBSOLETE PROVISIONS IN
22 BANKING LAWS.—The following provisions of law are
23 hereby repealed:

- 24 (1) Section 26 of the Federal Deposit Insurance
25 Act (12 U.S.C. 1831c).

1 (2) Section 12 of the Act entitled “An Act To
2 define and fix the standard of value, to maintain the
3 parity of all forms of money issued or coined by the
4 United States, to refund the public debt, and for
5 other purposes.” and approved March 14, 1900 (12
6 U.S.C. 101).

7 (3) Section 3 of the Act entitled “An Act To
8 amend the laws relating to the denominations of cir-
9 culating notes by national banks and to permit the
10 issuance of notes of small denominations, and for
11 other purposes.” and approved October 5, 1917 (12
12 U.S.C. 103).

13 (4) The following sections of the Act entitled
14 “An Act fixing the amount of United States notes,
15 providing for a redistribution of the national-bank
16 currency, and for other purposes.” and approved
17 June 20, 1874:

18 (A) Section 5 (12 U.S.C. 105).

19 (B) Section 3 (12 U.S.C. 121).

20 (C) Section 8 (12 U.S.C. 126).

21 (D) Section 4 (12 U.S.C. 176).

22 (5) The following sections of the Act entitled
23 “An Act to enable national-banking associations to
24 extend their corporate existence, and for other pur-
25 poses.” and approved July 12, 1882:

1 (A) Section 8 (12 U.S.C. 177).

2 (B) Section 9 (12 U.S.C. 178).

3 (6) The Act entitled “An Act to amend the na-
4 tional bank act in providing for the redemption of
5 national bank notes stolen from or lost by banks of
6 issue.” and approved July 28, 1892 (12 U.S.C.
7 125).

8 (7) The Act entitled “An Act authorizing the
9 conversion of national gold banks.” and approved
10 February 14, 1880 (12 U.S.C. 153).

11 (8) The 1st sentence of the 8th undesignated
12 paragraph of section 16 of the Federal Reserve Act
13 (12 U.S.C. 418) is amended by striking “the Comp-
14 troller of the Currency shall under the direction of
15 the Secretary of the Treasury,” and inserting “the
16 Secretary of the Treasury shall”.

17 (9) The 9th undesignated paragraph of section
18 16 of the Federal Reserve Act (12 U.S.C. 419) is
19 amended to read as follows:

20 “When such notes have been prepared, the
21 notes shall be delivered to the Board of Governors
22 of the Federal Reserve System subject to the order
23 of the Secretary of the Treasury for the delivery of
24 such notes in accordance with this Act.”.

1 (10) The 10th undesignated paragraph of sec-
2 tion 16 of the Federal Reserve Act (12 U.S.C. 420)
3 is amended—

4 (A) by striking “Comptroller of the Cur-
5 rency” and inserting “Secretary of the Treas-
6 ury”; and

7 (B) by striking “Federal Reserve Board”
8 and inserting “Board of Governors of the Fed-
9 eral Reserve System”.

10 (11) The 11th undesignated paragraph of sec-
11 tion 16 of the Federal Reserve Act (12 U.S.C. 421)
12 is amended to read as follows:

13 “The Secretary of the Treasury may examine
14 the plates, dies, bed pieces, and other material used
15 in the printing of Federal Reserve notes and issue
16 regulations relating to such examinations.”.

17 (c) AMENDMENTS TO OTHER LAWS.—

18 (1) The Act entitled “An Act to provide for the
19 redemption of national-bank notes, Federal Reserve
20 bank notes, and Federal Reserve notes which cannot
21 be identified as to the bank of issue.” and approved
22 June 13, 1933, is amended—

23 (A) in the 1st section (12 U.S.C. 121a)—

24 (i) by striking “whenever any na-
25 tional-bank notes, Federal Reserve bank

1 notes,” and inserting “whenever any Fed-
2 eral Reserve bank notes”; and

3 (ii) by striking “, and the notes, other
4 than Federal Reserve notes, so redeemed
5 shall be forwarded to the Comptroller of
6 the Currency for cancellation and destruc-
7 tion”; and

8 (B) in section 2 (12 U.S.C. 122a)—

9 (i) by striking “National-bank notes
10 and”; and

11 (ii) by striking “national-bank notes
12 and”.

13 (2) The 1st section of the Act entitled “An Act
14 making appropriations for sundry civil expenses of
15 the Government for the fiscal year ending June thir-
16 tieth, eighteen hundred and seventy-six, and for
17 other purposes.” and approved March 3, 1875, is
18 amended in the 1st paragraph which appears under
19 the heading “NATIONAL CURRENCY” by striking
20 “Secretary of the Treasury: *Provided, That*” and all
21 that follows through the period and inserting “Sec-
22 retary of the Treasury.”.

23 (3) The Act entitled “An Act to simplify the ac-
24 counts of the Treasurer of the United States, and
25 for other purposes.” and approved October 10, 1940

1 (12 U.S.C. 177a) is amended by striking all after
2 the enacting clause and inserting the following:
3 “That the cost of transporting and redeeming out-
4 standing national bank notes and Federal Reserve
5 bank notes as may be presented to the Treasurer of
6 the United States for redemption shall be paid from
7 the regular annual appropriation for the Department
8 of the Treasury.”.

9 (4) Section 5234 of the Revised Statutes (12
10 U.S.C. 192) is amended by striking “has refused to
11 pay its circulating notes as therein mentioned, and”.

12 (5) Section 5236 of the Revised Statutes (12
13 U.S.C. 194) is amended by striking “, after full pro-
14 vision has been first made for refunding to the Unit-
15 ed States any deficiency in redeeming the notes of
16 such association”.

17 (6) Section 5238 of the Revised Statutes (12
18 U.S.C. 196) is amended by striking the 1st sentence.

19 (d) AMENDMENTS TO OUTDATED DIVIDEND PROVI-
20 SIONS.—

21 (1) WITHDRAWAL OF CAPITAL.—Section 5204
22 of the Revised Statutes (12 U.S.C. 56) is amend-
23 ed—

24 (A) in the 2d sentence, by striking “net
25 profits then on hand, deducting therefrom its

1 losses and bad debts” and inserting “undivided
2 profits, subject to other applicable provisions of
3 law”; and

4 (B) by striking the 3d sentence.

5 (2) DECLARATION OF DIVIDENDS.—Section
6 5199 of the Revised Statutes (12 U.S.C. 60) is
7 amended—

8 (A) in the 1st sentence, by striking “net
9 profits of the association” and inserting “undi-
10 vided profits of the association, subject to the
11 limitations in subsection (b),”;

12 (B) by striking “net profits” each subse-
13 quent place such term appears and inserting
14 “net income”; and

15 (C) by striking subsection (c).

16 (e) CLERICAL AMENDMENTS.—

17 (1) The table of sections for chapter 1 of title
18 LXII of the Revised Statutes of the United States
19 is amended—

20 (A) by inserting after the item relating to
21 section 5156 the following new item:

“5156A. Mergers, consolidations, and other acquisitions authorized.”;

22 and

23 (B) by striking the items relating to sec-
24 tions 5141 and 5151.

1 (2) The table of sections for chapter 2 of title
2 LXII of the Revised Statutes of the United States
3 is amended by striking the item relating to each of
4 the following sections:

- 5 (A) Section 5158.
- 6 (B) Section 5159.
- 7 (C) Section 5160.
- 8 (D) Section 5161.
- 9 (E) Section 5162.
- 10 (F) Section 5163.
- 11 (G) Section 5164.
- 12 (H) Section 5165.
- 13 (I) Section 5166.
- 14 (J) Section 5167.
- 15 (K) Section 5170.
- 16 (L) Section 5171.
- 17 (M) Section 5172.
- 18 (N) Section 5173.
- 19 (O) Section 5174.
- 20 (P) Section 5175.
- 21 (Q) Section 5176.
- 22 (R) Section 5177.
- 23 (S) Section 5178.
- 24 (T) Section 5179.
- 25 (U) Section 5180.

1 (V) Section 5181.

2 (W) Section 5182.

3 (X) Section 5183.

4 (Y) Section 5184.

5 (Z) Section 5185.

6 (AA) Section 5186.

7 (BB) Section 5187.

8 (CC) Section 5188.

9 (DD) Section 5189.

10 (3) The table of sections for chapter 3 of title
11 LXII of the Revised Statutes of the United States
12 is amended by striking the item relating to each of
13 the following sections:

14 (A) Section 5193.

15 (B) Section 5194.

16 (C) Section 5195.

17 (D) Section 5196.

18 (E) Section 5202.

19 (F) Section 5203.

20 (G) Section 5206.

21 (H) Section 5209.

22 (I) Section 5212.

23 (3) The table of sections for chapter 4 of title
24 LXII of the Revised Statutes of the United States
25 is amended—

1 (A) by inserting after the item relating to
2 section 5239 the following new item:

“5239A. Regulatory authority.”;

3 and

4 (B) by striking the items relating to the
5 following sections:

6 (i) Section 5222.

7 (ii) Section 5223.

8 (iii) Section 5224.

9 (iv) Section 5225.

10 (v) Section 5226.

11 (vi) Section 5227.

12 (vii) Section 5228.

13 (viii) Section 5229.

14 (ix) Section 5230.

15 (x) Section 5231.

16 (xi) Section 5232.

17 (xii) Section 5233.

18 (xiii) Section 5237.

19 (xiv) Section 5243.

20 **SEC. 120. LIMITED EXEMPTION AUTHORITY.**

21 Section 22(h)(5)(C) of the Federal Reserve Act (12
22 U.S.C. 375b(5)(C)) is amended by striking “subparagraph
23 (A) for member banks with less than \$100,000,000 in de-
24 posits if the Board” and inserting “subparagraph (A)
25 for—

1 “(i) member banks with less than
2 \$100,000,000 in deposits; and

3 “(ii) member banks which have—

4 “(I) total deposits of
5 \$100,000,000 or more and less than
6 \$250,000,000; and

7 “(II) a CAMEL composite rating
8 of 1 or 2 under the Uniform Financial
9 Institutions Rating System (or an
10 equivalent rating under a comparable
11 rating system) as of the most recent
12 examination of such institution by the
13 Federal Deposit Insurance Corpora-
14 tion or the appropriate Federal bank-
15 ing agency,

16 if the Board”.

17 **Subtitle C—Other Regulatory**
18 **Reform**

19 **SEC. 121. ELIMINATION OF DUPLICATIVE DISCLOSURES**
20 **FOR HOME EQUITY LOANS.**

21 Section 4(a) of the Real Estate Settlement Proce-
22 dures Act (12 U.S.C. 2603(a)) is amended by adding at
23 the end the following: “In the case of a federally related
24 mortgage loan extended under an open end credit plan (as
25 defined in section 103(i) of the Truth in Lending Act),

1 disclosures made under section 127A(a) of the Truth in
2 Lending Act may be used in lieu of the disclosures re-
3 quired under this section if—

4 “(1) the disclosures made pursuant to such sec-
5 tion 127A(a) contain all of the information that is
6 required under this section; and

7 “(2) the information is disclosed in a manner
8 that is no less conspicuous than is required under
9 this section.”.

10 **SEC. 122. ALTERNATIVE DISPUTE RESOLUTIONS.**

11 (a) IN GENERAL.—Each Federal banking agency
12 shall develop and implement a program for using alter-
13 native means of dispute resolution of issues in controversy
14 (hereafter in this section referred to as the “alternative
15 dispute resolution program”) if the parties to the dispute,
16 including the agency, agree to such proceeding.

17 (b) STANDARDS.—Alternative dispute resolution pro-
18 grams shall—

19 (1) be fair to all interested parties to a dispute;

20 (2) resolve disputes expeditiously; and

21 (3) be less costly than traditional means of dis-
22 pute resolution, including litigation.

23 (c) IMPLEMENTATION OF PROGRAM.—Each Federal
24 banking agency shall—

1 (1) within 18 months of the date of the enact-
2 ment of this Act, establish a pilot alternative dispute
3 resolution program which is consistent with the re-
4 quirements of subchapter IV of chapter 5 of title 5,
5 United States Code;

6 (2) within 24 months of such date, make a
7 written evaluation of the pilot program on the basis
8 of subsection (b); and

9 (3) within 30 months of such date, implement
10 an alternative dispute resolution program through-
11 out the agency, taking into account the results of
12 the evaluation made pursuant to paragraph (2).

13 (d) INDEPENDENT EVALUATION.—Before the end of
14 the 30-month period beginning on the date of the enact-
15 ment of this Act, the Administrative Conference of the
16 United States shall submit to the Congress a report con-
17 taining—

18 (1) an evaluation of the pilot programs estab-
19 lished under subsection (c)(1);

20 (2) the extent to which the pilot programs meet
21 the standards established under subsection (b);

22 (3) the extent to which parties to disputes were
23 offered alternative means of dispute resolution and
24 the frequency with which the parties, including the

1 agencies, accepted or declined to use such means;
2 and

3 (4) any recommendations of the Conference to
4 improve the alternative dispute resolution procedures
5 of the Federal banking agencies.

6 (e) COORDINATION WITH EXISTING AGENCY ADR
7 PROGRAMS.—

8 (1) EVALUATION REQUIRED.—Any Federal
9 banking agency which, as of the date of the enact-
10 ment of this Act, maintains an alternative dispute
11 resolution program under any other provision of law
12 shall include such program in the evaluation con-
13 ducted under subsection (c)(2).

14 (2) MULTIPLE ADR PROGRAMS.—No provision
15 of this section shall be construed as precluding any
16 Federal banking agency from establishing more than
17 1 alternative means of dispute resolution.

18 (f) DEFINITIONS.—For purposes of this section—

19 (1) ALTERNATIVE MEANS OF DISPUTE RESOLU-
20 TION.—The term “alternative means of dispute reso-
21 lution” has the meaning given to such term in sec-
22 tion 571 of title 5, United States Code.

23 (2) FEDERAL BANKING AGENCY.—The term
24 “Federal banking agency”—

1 (A) has the meaning given to such term in
2 section 3 of the Federal Deposit Insurance Act;
3 and

4 (B) includes the National Credit Union
5 Administration.

6 (3) ISSUES IN CONTROVERSY.—The term “is-
7 sues in controversy” means—

8 (A) any final agency decision involving any
9 claim against an insured depository institution
10 or insured credit union for which the agency
11 has been appointed conservator or receiver;

12 (B) any final action taken by an agency in
13 the agency’s capacity as conservator or receiver
14 for an insured depository institution or insured
15 credit union; and

16 (C) any other issue for which the appro-
17 priate Federal banking agency determines that
18 alternative means of dispute resolution would be
19 appropriate.

20 **SEC. 123. CLARIFICATION OF RESPA DISCLOSURE RE-**
21 **QUIREMENTS.**

22 Section 6(a)(1)(B) of the Real Estate Settlement
23 Procedures Act of 1974 (12 U.S.C. 2605(a)(1)(B)) is
24 amended—

1 (1) by striking “(B) for each of the most re-
2 cent” and inserting “(B) at the choice of the person
3 making a federally related mortgage loan—

4 “(i) for each of the most recent”;

5 (2) by redesignating clauses (i) and (ii) as
6 subclauses (I) and (II), respectively, and moving the
7 left margin of such subclauses (as so redesignated)
8 2 ems to the right;

9 (3) by striking “and” at the end of subclause
10 (II) (as so redesignated by paragraph (2) of this sec-
11 tion) and inserting “or”; and

12 (4) by inserting after clause (i) (as so des-
13 igned by paragraph (1) of this section) the follow-
14 ing new clause:

15 “(ii) a statement that the person mak-
16 ing the loan has previously assigned, sold,
17 or transferred the servicing of federally re-
18 lated mortgage loans; and”.

19 **SEC. 124. EXEMPTION OF BUSINESS LOANS FROM RESPA**
20 **REQUIREMENTS.**

21 The Real Estate Settlement Procedures Act of 1974
22 (12 U.S.C. 2601 et seq.) is amended by inserting after
23 section 6 the following new section:

1 **“SEC. 7. EXEMPTED TRANSACTIONS.**

2 “This Act shall not apply to credit transactions in-
3 volving extensions of credit—

4 “(1) primarily for business, commercial, or ag-
5 ricultural purposes; or

6 “(2) to government or governmental agencies or
7 instrumentalities.”.

8 **SEC. 125. EXPEDITED PROCEDURES FOR BANK HOLDING**
9 **COMPANIES TO SEEK APPROVAL TO ENGAGE**
10 **IN CERTAIN ACTIVITIES.**

11 Section 4 of the Bank Holding Company Act of 1956
12 (12 U.S.C. 1843) is amended by adding at the end the
13 following new subsection:

14 “(j) NOTICE PROCEDURES FOR NONBANKING AC-
15 TIVITIES.—

16 “(1) GENERAL NOTICE PROCEDURE.—

17 “(A) NOTICE REQUIREMENT.—No bank
18 holding company may engage in any non-
19 banking activity or acquire or retain ownership
20 or control of the shares of a company engaged
21 in activities described in subsection (c)(8) with-
22 out providing the Board with written notice of
23 the proposed transaction or activity at least 60
24 days before the transaction or activity is pro-
25 posed to occur or commence.

1 “(B) CONTENTS OF NOTICE.—The notice
2 submitted to the Board shall contain such in-
3 formation as the Board shall prescribe by regu-
4 lation or by specific request in connection with
5 a particular notice.

6 “(C) PROCEDURE FOR AGENCY ACTION.—

7 “(i) NOTICE OF DISAPPROVAL.—Any
8 notice filed under this subsection shall be
9 deemed to be approved by the Board un-
10 less, before the end of the 60-day period
11 beginning on the date the Board receives a
12 complete notice under subparagraph (A),
13 the Board issues an order disapproving the
14 transaction or activity and setting forth
15 the reasons for disapproval.

16 “(ii) EXTENSION OF PERIOD.—The
17 Board may extend the 60-day period re-
18 ferred to in clause (i) for an additional 30
19 days.

20 “(D) APPROVAL BEFORE END OF
21 PERIOD.—

22 “(i) IN GENERAL.—Any transaction
23 or activity may commence before the expi-
24 ration of any period for disapproval estab-

1 lished under this paragraph if the Board
2 issues a written notice of approval.

3 “(ii) SHORTER PERIODS BY REGULA-
4 TION.—The Board may prescribe regula-
5 tions which provide for no notice under
6 this paragraph or for a shorter notice pe-
7 riod with respect to particular activities or
8 transactions.

9 “(E) EXTENSION OF PERIOD.—In the case
10 of any notice to engage in, or to acquire or re-
11 tain ownership or control of shares of any com-
12 pany engaged in, any activity pursuant to sub-
13 section (c)(8) that has not been previously ap-
14 proved by order or regulation, the Board may
15 extend the notice period under this subsection
16 for an additional 90 days.

17 “(2) GENERAL STANDARDS FOR REVIEW.—

18 “(A) CRITERIA.—In connection with a no-
19 tice under this subsection, the Board may con-
20 sider the following criteria:

21 “(i) The managerial resources of the
22 companies involved.

23 “(ii) The adequacy of the companies
24 financial resources, including capital, giv-
25 ing consideration to the financial resources

1 and capital of others engaged in similar ac-
2 tivities.

3 “(iii) Any material adverse effect on
4 the safety and soundness or financial con-
5 dition of any insured depository institution
6 affiliate.

7 “(iv) Whether, performance of the ac-
8 tivity by a bank holding company or a sub-
9 sidiary of such company can reasonably be
10 expected to produce benefits to the public,
11 such as greater convenience, increased
12 competition, or gains in efficiency, that
13 outweigh possible adverse effects, such as
14 undue concentration of resources, de-
15 creased or unfair competition, conflicts of
16 interests, or unsound banking practices.

17 “(B) REQUIREMENTS FOR DIS-
18 APPROVAL.—The Board shall not approve any
19 proposed transaction under this subsection if
20 the Board determines that any insured deposi-
21 tory institution subsidiary of the bank holding
22 company is engaging in any unsafe and un-
23 sound practice or is in an unsafe and unsound
24 condition.

1 “(3) PUBLIC NOTICE RELATING TO NEW AC-
2 TIVITIES.—

3 “(A) PUBLICATION AND OPPORTUNITY
4 FOR COMMENT.—The Board shall—

5 “(i) publish in the Federal Register a
6 notice of the receipt by the Board of a no-
7 tice under paragraph (1) involving insur-
8 ance or any other nonbanking activity
9 which has not previously been determined
10 by the Board (by regulation or order) to be
11 closely related to banking as to be a proper
12 incident thereto; and

13 “(ii) provide a reasonable period for
14 public comment.

15 “(B) NOTICE OF APPROVAL BEFORE COM-
16 MENCEMENT OF ACTIVITY.—The Board shall
17 issue an order with respect to any such notice
18 before the commencement of the proposed in-
19 surance activity or the other new activity.”.

20 **SEC. 126. WAIVER OF RIGHT OF RESCISSION FOR CERTAIN**
21 **REFINANCING TRANSACTIONS.**

22 The Board of Governors of the Federal Reserve Sys-
23 tem, in consultation with the consumer advisory council
24 to such Board, shall, within 6 months of the date of the
25 enactment of this Act, submit recommendations to the

1 Congress regarding whether a waiver or modification, at
2 the option of a consumer, of the right of rescission under
3 section 125 of the Truth in Lending Act with respect to
4 transactions which constitute a refinancing or consolida-
5 tion (with no new advances) of the principal balance then
6 due and any accrued and unpaid finance charges of an
7 existing extension of credit by a different creditor secured
8 by an interest in the same property would benefit consum-
9 ers more than existing law.

10 **SEC. 127. SIMPLIFIED DISCLOSURE FOR EXISTING DEPOSI-**
11 **TORS.**

12 (a) IN GENERAL.—Section 43(b)(3) of the Federal
13 Deposit Insurance Act (12 U.S.C. 1831t(b)(3)) is amend-
14 ed to read as follows:

15 “(3) ACKNOWLEDGEMENT OF DISCLOSURE.—

16 “(A) NEW DEPOSITORS.—With respect to
17 any depositor who was not a depositor at the
18 depository institution before June 19, 1994, re-
19 ceive any deposit for the account of such de-
20 positor only if the depositor has signed a writ-
21 ten acknowledgement that—

22 “(i) the institution is not federally in-
23 sured; and

24 “(ii) if the institution fails, the Fed-
25 eral Government does not guarantee that

1 the depositor will get back the depositor's
2 money.

3 “(B) CURRENT DEPOSITORS.—Receive any
4 deposit after the effective date of this para-
5 graph for the account of any depositor who was
6 a depositor before June 19, 1994, only if—

7 “(i) the depositor has signed a written
8 acknowledgement described in subpara-
9 graph (A); or

10 “(ii) the institution has complied with
11 the provisions of subparagraph (C) which
12 are applicable as of the date of the deposit.

13 “(C) ALTERNATIVE PROVISION OF NOTICE
14 TO CURRENT DEPOSITORS.—

15 “(i) IN GENERAL.—Transmit to each
16 depositor who was a depositor before June
17 19, 1994, and has not signed a written ac-
18 knowledgement described in subparagraph
19 (A)—

20 “(I) a card containing the infor-
21 mation described in clauses (i) and
22 (ii) of subparagraph (A), and a line
23 for the signature of the depositor; and

24 “(II) accompanying materials re-
25 questing the depositor to sign the

1 card, and return the signed card to
2 the institution.

3 “(ii) MANNER AND TIMING OF NO-
4 TICE.—

5 “(I) FIRST NOTICE.—Make the
6 transmission described in clause (i)
7 via first class mail within 90 days
8 after June 19, 1994.

9 “(II) SECOND NOTICE.—Make a
10 2d transmission described in clause (i)
11 via first class mail not less than 30
12 days and not more than 45 days after
13 a transmission to the depositor in ac-
14 cordance with subclause (I), if the in-
15 stitution has not, by the date of such
16 mailing, received from the depositor a
17 card referred to in clause (i)(I) which
18 has been signed by the depositor.

19 “(III) THIRD NOTICE.—Make a
20 3d transmission described in clause (i)
21 via first class mail not less than 30
22 days and not more than 45 days after
23 a transmission to the depositor in ac-
24 cordance with subclause (II), if the in-
25 stitution has not, by the date of such

1 mailing, received from the depositor a
2 card referred to in clause (i)(I) which
3 has been signed by the depositor.”.

4 (b) EFFECTIVE DATE.—Section 43(b)(3) of the Fed-
5 eral Deposit Insurance Act, as amended by subsection (a),
6 shall take effect in accordance with section 151(a)(2)(D)
7 of the Federal Deposit Insurance Corporation Improve-
8 ment Act of 1991.

9 **SEC. 128. DEPOSIT BROKER REGISTRATION.**

10 Section 29(g)(3) of the Federal Deposit Insurance
11 Act (12 U.S.C. 1831f(g)(3)) is amended—

12 (1) by inserting “that is not well capitalized”
13 after “includes any insured depository institution”;

14 (2) by inserting “such” after “any employee of
15 any”; and

16 (3) by striking “having the same type of char-
17 ter”.

18 **SEC. 129. AGENCY OMBUDSMAN.**

19 (a) ESTABLISHMENT REQUIRED.—Not later than
20 180-days after the date of the enactment of this Act, each
21 Federal banking agency and the National Credit Union
22 Administration shall appoint an ombudsman.

23 (b) DUTIES OF OMBUDSMAN.—The ombudsman for
24 any agency shall—

1 (1) act as a liaison between the agency and any
2 party with respect to the accuracy, consistency, or
3 quality of any examination or regulatory activity of
4 the agency that results in a material supervisory or
5 agency determination rendered by the agency, or
6 may result in an enforcement action by the agency,
7 with respect to such party;

8 (2) act as a liaison between the agency and any
9 party with respect to any problem such party may
10 have in dealing with the agency; and

11 (3) assure that safeguards exist to encourage
12 complainants to come forward and preserve con-
13 fidentiality.

14 (c) DEFINITIONS.—For purposes of this section—

15 (1) AGENCY.—The term “agency” means a
16 Federal banking agency or the National Credit
17 Union Administration.

18 (2) FEDERAL BANKING AGENCY.—The term
19 “Federal banking agency” has the meaning given to
20 such term in section 3(z) of the Federal Deposit In-
21 surance Act.

22 (3) MATERIAL SUPERVISORY DETERMINA-
23 TION.—The term “material supervisory determina-
24 tion”—

1 (A) means a supervisory determination re-
2 relating to an insured depository institution that
3 the Federal banking agency has determined to
4 be material under guidelines which the agency
5 shall issue; and

6 (B) does not include a determination by a
7 Federal banking agency to appoint a conserva-
8 tor or receiver for an insured depository institu-
9 tion or a decision to take action pursuant to
10 section 38 of the Federal Deposit Insurance
11 Act.

12 **SEC. 130. ALTERNATIVE RULES FOR DISCLOSURES FOR**
13 **RADIO ADVERTISING OF CREDIT TRANS-**
14 **ACTIONS, DEPOSIT ACCOUNTS, AND**
15 **CONSUMER LEASES.**

16 (a) OPEN END CREDIT PLANS.—Section 143 of the
17 Truth in Lending Act (15 U.S.C. 1663) is amended—

18 (1) by striking “No advertisement” and insert-
19 ing “(a) IN GENERAL.—No advertisement”; and

20 (2) by adding at the end the following new sub-
21 sections:

22 “(b) RADIO ADVERTISEMENTS.—In order to provide
23 a practical alternative for complying with the disclosure
24 requirements of subsection (a) at the option of a creditor,
25 an advertisement by radio broadcast to aid, promote, or

1 assist, directly or indirectly, the extension of consumer
2 credit under an open end credit plan shall be deemed to
3 meet the requirements of subsection (a) if the advertise-
4 ment, clearly and conspicuously—

5 “(1) states any periodic rate that may be ap-
6 plied under the plan, expressed as an annual per-
7 centage rate;

8 “(2) states that a variable periodic rate applies
9 under the plan, if such a rate applies; and

10 “(3) includes—

11 “(A) a referral to—

12 “(i) a toll-free telephone number that
13 may be used by consumers to obtain the
14 information required under subsection (a)
15 in accordance with subsection (c); or

16 “(ii) an advertisement that—

17 “(I) appears in a publication in
18 general circulation in the community
19 served by the radio station (on which
20 such advertisement is broadcast) dur-
21 ing the period beginning 7 days before
22 the broadcast and ending 7 days after
23 the broadcast; and

1 “(II) includes the information re-
2 quired to be disclosed under sub-
3 section (a); and

4 “(B) in any case to which subparagraph
5 (A)(ii) applies, the name and date of the publi-
6 cation.

7 “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE
8 NUMBER.—

9 “(1) IN GENERAL.—In the case of an advertise-
10 ment described in subsection (b) or section 144(e) or
11 147(b) which includes a referral to a toll-free tele-
12 phone number in accordance with such subsection or
13 section, a creditor that offers the credit which such
14 advertisement aids, supports, or assists shall—

15 “(A) establish the telephone number by not
16 later than the date on which any advertisement
17 is broadcast which includes a referral to the
18 number; and

19 “(B) maintain the telephone number at
20 least until the end of the 7-day period begin-
21 ning on the date of any such broadcast.

22 “(2) AVAILABILITY OF INFORMATION.—

23 “(A) IN GENERAL.—The creditor referred
24 to in paragraph (1) shall provide the informa-
25 tion required under subsection (a) with respect

1 to the open end credit plan for which the toll-
2 free telephone line is established to any person
3 who calls such number in response to an adver-
4 tisement by radio broadcast.

5 “(B) FORM OF INFORMATION.—The infor-
6 mation required to be provided under subpara-
7 graph (A) may be provided orally or by offering
8 to mail a written copy of such information to
9 such person.”.

10 (b) CREDIT OTHER THAN UNDER OPEN END CRED-
11 IT PLANS.—Section 144 of the Truth in Lending Act (15
12 U.S.C. 1664) is amended—

13 (1) in subsection (a) by inserting “APPLICA-
14 TION GENERALLY.—” before “Except as provided”;

15 (2) in subsection (b) by inserting “LIMITATION
16 ON APPLICATION.—” before “The provisions”;

17 (3) in subsection (c) by inserting “DISCLO-
18 SURES REGARDING FINANCE CHARGES.—” before
19 “If any”;

20 (4) in subsection (d) by inserting “OTHER RE-
21 QUIRED DISCLOSURES.—” before “If any advertise-
22 ment”; and

23 (5) by adding at the end the following new sub-
24 section:

1 “(e) RADIO ADVERTISEMENTS.—In order to provide
2 a practical alternative for complying with the disclosure
3 requirements of subsection (d) at the option of the credi-
4 tor, an advertisement by radio broadcast to aid, promote,
5 or assist, directly or indirectly, any consumer credit sale,
6 loan, or other extension of credit subject to this title, other
7 than an open end consumer credit plan, shall be deemed
8 to meet the requirements of subsection (d) if the advertise-
9 ment, clearly and conspicuously—

10 “(1) states the rate of the finance charge, ex-
11 pressed as an annual percentage rate;

12 “(2) states that the rate of finance charge may
13 be increased after the date on which credit is ex-
14 tended, if such an increase is authorized under the
15 terms of the extension of credit to which the adver-
16 tisement relates; and

17 “(3) includes—

18 “(A) a referral to—

19 “(i) a toll-free telephone number that
20 may be used by consumers to obtain, in ac-
21 cordance with section 143(c), the informa-
22 tion required under subsection (d); or

23 “(ii) an advertisement that—

24 “(I) appears in a publication in
25 general circulation in the community

1 served by the radio station (on which
2 such advertisement is broadcast) dur-
3 ing the period beginning 7 days before
4 the broadcast and ending 7 days after
5 the broadcast; and

6 “(II) includes the information re-
7 quired to be disclosed under sub-
8 section (d); and

9 “(B) in any case to which subparagraph
10 (A)(ii) applies, the name and date of the publi-
11 cation.”.

12 (c) CREDIT PLANS SECURED BY CONSUMER’S PRIN-
13 CIPAL DWELLING.—Section 147 of the Truth in Lending
14 Act (15 U.S.C. 1665b) is amended—

15 (1) by redesignating subsections (b), (c), (d),
16 (e), and (f) as subsections (c), (d), (e), (f), and (g),
17 respectively; and

18 (2) by inserting after subsection (a) the follow-
19 ing:

20 “(b) RADIO ADVERTISEMENTS.—In order to provide
21 a practical alternative for complying with the disclosure
22 requirements of subsection (a) at the option of a creditor,
23 an advertisement by radio broadcast to aid, promote, or
24 assist, directly or indirectly, the extension of consumer
25 credit under an open end consumer credit plan under

1 which extensions of credit are secured by a consumer's
2 principal dwelling shall be deemed to meet the require-
3 ments of subsection (a) if the advertisement, clearly and
4 conspicuously—

5 “(1) contains the information described in para-
6 graphs (2) and (3) of subsection (a); and

7 “(2) includes—

8 “(A) a referral to—

9 “(i) a toll-free telephone number that
10 may be used by consumers to obtain the
11 information required under subsection (a)
12 in accordance with section 143(c); or

13 “(ii) an advertisement that—

14 “(I) appears in a publication in
15 general circulation in the community
16 served by the radio station (on which
17 such advertisement is broadcast) dur-
18 ing the period beginning 7 days before
19 the broadcast and ending 7 days after
20 the broadcast; and

21 “(II) includes the information re-
22 quired to be disclosed under sub-
23 section (a); and

1 “(B) in any case to which subparagraph
2 (A)(ii) applies, the name and date of the publi-
3 cation.”.

4 (d) DEPOSITS SUBJECT TO TRUTH IN SAVINGS.—
5 Section 263(b) of the Truth in Savings Act (12 U.S.C.
6 4302(b)) is amended—

7 (1) by striking “EXCEPTION.—The Board
8 may—” and inserting “EXCEPTION.—

9 “(1) IN GENERAL.—The Board may”; and

10 (2) by adding at the end the following new
11 paragraph:

12 “(2) RADIO ADVERTISEMENTS.—Paragraphs
13 (4), (5), and (6) of subsection (a) shall not apply
14 with respect to an advertisement, announcement, or
15 solicitation (which is otherwise subject to such sub-
16 section) by radio broadcast.”.

17 (e) CONSUMER LEASES.—Section 184 of the Truth
18 in Leasing Act is amended—

19 (1) by redesignating subsection (b) as sub-
20 section (d); and

21 (2) by inserting after subsection (a) the follow-
22 ing new subsections:

23 “(b) RADIO ADVERTISEMENTS.—In order to provide
24 a practical alternative for complying with the disclosure
25 requirements of subsection (a) at the option of a lessor,

1 an advertisement by radio broadcast to aid, promote, or
2 assist, directly or indirectly, any consumer lease shall be
3 deemed to meet the requirements of subsection (a) if the
4 advertisement, clearly and conspicuously—

5 “(1) states the information described in para-
6 graphs (1) and (2) of subsection (a);

7 “(2) states the total amount of all payments re-
8 quired under the lease; and

9 “(3) includes—

10 “(A) a referral to—

11 “(i) a toll-free telephone number that
12 may be used by consumers to obtain the
13 information required under subsection (a)
14 in accordance with subsection (c); or

15 “(ii) an advertisement that—

16 “(I) appears in a publication in
17 general circulation in the community
18 served by the radio station (on which
19 such advertisement is broadcast) dur-
20 ing the period beginning 7 days before
21 the broadcast and ending 7 days after
22 the broadcast; and

23 “(II) includes the information re-
24 quired to be disclosed under sub-
25 section (a); and

1 “(B) in any case to which subparagraph
2 (A)(ii) applies, the name and date of the publi-
3 cation.

4 “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE
5 NUMBER.—

6 “(1) IN GENERAL.—In the case of an advertise-
7 ment described in subsection (b) which includes a re-
8 ferral to a toll-free telephone number in accordance
9 with such subsection, a lessor who offers the
10 consumer lease which such advertisement aids, sup-
11 ports, or assists shall—

12 “(A) establish the telephone number by not
13 later than the date on which an advertisement
14 is broadcast which includes a referral to the
15 number; and

16 “(B) maintain the telephone number at
17 least until the end of the 7-day period begin-
18 ning on the date of any such broadcast.

19 “(2) AVAILABILITY OF INFORMATION.—

20 “(A) IN GENERAL.—The lessor referred to
21 in paragraph (1) shall provide the information
22 required under subsection (a) with respect to
23 the consumer lease for which the toll-free tele-
24 phone line is established to any person who

1 calls such number in response to an advertise-
2 ment by radio broadcast.

3 “(B) FORM OF INFORMATION.—The infor-
4 mation required to be provided under subpara-
5 graph (A) may be provided orally or by offering
6 to mail a written copy of such information to
7 such person.”.

8 **Subtitle D—Reports, Studies,**
9 **Streamlined Regulatory Re-**
10 **quirements**

11 **SEC. 131. STUDY ON CAPITAL STANDARDS AND THEIR IM-**
12 **PACT ON THE ECONOMY.**

13 (a) IN GENERAL.—The Secretary of the Treasury, in
14 consultation with the Federal banking agencies, shall con-
15 duct a study of the effect that the implementation of risk-
16 based capital standards, including the Basle international
17 capital standards, is having on—

18 (1) the safety and soundness of insured depository
19 institutions;

20 (2) the availability of credit, particularly to in-
21 dividuals and small businesses; and

22 (3) economic growth.

23 (b) REPORT.—

24 (1) IN GENERAL.—Before the end of the 1-year
25 period beginning on the date of the enactment of

1 this Act, the Secretary of the Treasury shall submit
2 a report to the Congress on the findings and conclu-
3 sions of the Secretary with respect to the study con-
4 ducted under subsection (a).

5 (2) RECOMMENDATIONS.—The report shall con-
6 tain any recommendations with respect to capital
7 standards that the Secretary of the Treasury may
8 determine to be appropriate.

9 (c) DEFINITIONS.—For purposes of this section, the
10 terms “Federal banking agency” and “insured depository
11 institution” have the meanings given to such terms in sec-
12 tion 3 of the Federal Deposit Insurance Act.

13 **SEC. 132. STUDY OF THE CONSUMER CREDIT SYSTEM.**

14 (a) IN GENERAL.—The Secretary of the Treasury, in
15 consultation with the Board of Governors of the Federal
16 Reserve System, the Administrator of the Small Business
17 Administration, the Secretary of Housing and Urban De-
18 velopment, and the other Federal banking agencies, shall
19 conduct a study of the manner in which and the extent
20 to which credit is made available for consumers and small
21 businesses in order to identify procedures which have the
22 effect of—

23 (1) reducing the amount of credit available for
24 such purposes or the number of persons eligible for
25 such credit; and

1 (2) increasing the level of consumer inconven-
2 ience, cost, and time delays in connection with the
3 extension of consumer and small business credit
4 without any corresponding benefit with respect to
5 the protection of consumers or small businesses or
6 the safety and soundness of insured depository insti-
7 tutions.

8 (b) REPORT.—

9 (1) IN GENERAL.—Before the end of the 1-year
10 period beginning on the date of the enactment of
11 this Act, the Secretary of the Treasury shall submit
12 report to the Congress on the findings and conclu-
13 sions of the Secretary with respect to the study con-
14 ducted under subsection (a).

15 (2) RECOMMENDATIONS.—The report shall con-
16 tain any recommendations for administrative action
17 that the Secretary of the Treasury may determine to
18 be appropriate.

19 (c) DEFINITIONS.—For purposes of this section, the
20 terms “Federal banking agency” and “insured depository
21 institution” have the meanings given to such terms in sec-
22 tion 3 of the Federal Deposit Insurance Act.

1 **SEC. 133. STUDIES ON THE IMPACT OF THE PAYMENT OF**
2 **INTEREST ON RESERVES.**

3 (a) FEDERAL RESERVE STUDY.—Not later than 180
4 days after the date of enactment of this Act, the Board
5 of Governors of the Federal Reserve System, in consulta-
6 tion with the Federal Deposit Insurance Corporation and
7 the National Credit Union Administration, shall conduct
8 a study and report to Congress on—

9 (1) the necessity, for monetary policy purposes,
10 of continuing to require insured depository institu-
11 tions to maintain sterile reserves;

12 (2) the appropriateness of paying a market rate
13 of interest to insured depository institutions on ster-
14 ile reserves or, in the alternative, providing for pay-
15 ment of such interest into the appropriate deposit
16 insurance fund;

17 (3) the monetary impact that the failure to pay
18 interest on sterile reserves has had on insured depos-
19 itory institutions, including an estimate of the total
20 dollar amount of interest and the potential income
21 lost by insured depository institutions; and

22 (4) the impact that the failure to pay interest
23 on sterile reserves has had on the ability of the
24 banking industry to compete with nonbanking pro-
25 viders of financial services and with foreign banks.

1 (b) BUDGETARY IMPACT STUDY.—Not later than
2 180 days after the date of enactment of this Act, the Di-
3 rector of the Office of Management and Budget and the
4 Director of the Congressional Budget Office, in consulta-
5 tion with the Committees on the Budget of the Senate and
6 the House of Representatives, shall each conduct a study
7 and report to the Congress on the budgetary impact of—

8 (1) paying a market rate of interest to insured
9 depository institutions on sterile reserves; and

10 (2) paying such interest into the respective
11 deposit insurance funds.

12 (c) INSURED DEPOSITORY INSTITUTION DEFINED.—
13 For purposes of this section, the term “insured depository
14 institution”—

15 (1) has the meaning given to such term in sec-
16 tion 3(c) of the Federal Deposit Insurance Act; and

17 (2) includes an insured credit union (as defined
18 in section 101 of the Federal Credit Union Act).

19 **SEC. 134. STREAMLINING OF REGULATORY REQUIRE-**
20 **MENTS.**

21 (a) REVIEW OF REGULATIONS; REGULATORY UNI-
22 FORMITY.—During the 2-year period beginning on the
23 date of the enactment of this Act, each Federal banking
24 agency shall, consistent with principles of safety and
25 soundness and the public interest—

1 (1) conduct a review of the regulations and
2 written policies of that agency to—

3 (A) streamline those regulations and poli-
4 cies in order to improve efficiency, reduce un-
5 necessary costs, and eliminate unwarranted con-
6 straints on credit availability;

7 (B) remove inconsistencies and outmoded
8 and duplicative requirements; and

9 (C) with respect to regulations prescribed
10 pursuant to section 18(o) of the Federal De-
11 posit Insurance Act, consider the impact that
12 such standards have on the availability of credit
13 for small business, residential, and agricultural
14 purposes, and on low- and moderate-income
15 communities;

16 (2) work jointly with the other Federal banking
17 agencies to make uniform all regulations and guide-
18 lines implementing common statutory or supervisory
19 policies; and

20 (3) review what information is collected under
21 the fair housing data system, from which institu-
22 tions the information is collected, how the informa-
23 tion collected is used, and how that information
24 compares with information collected under the Home
25 Mortgage Disclosure Act of 1975.

1 (b) REVIEW OF DISCLOSURES.—The Board of Gov-
2 ernors of the Federal Reserve System, in consultation with
3 the consumer advisory council to such Board, shall—

4 (1) review the regulations and written policies
5 of the Board with respect to disclosures pursuant to
6 the Truth in Lending Act with regard to variable-
7 rate mortgages in order to simplify the disclosures
8 and make the disclosures more meaningful for con-
9 sumers; and

10 (2) implement any regulatory changes, if appro-
11 priate, consistent with applicable law.

12 (c) REPORT TO CONGRESS.—The Federal banking
13 agencies shall submit a joint report to the Congress annu-
14 ally for 3 years following the date of the enactment of this
15 Act detailing the progress of the agencies in carrying out
16 the requirements of subsection (a).

17 **SEC. 135. CALL REPORT SIMPLIFICATION.**

18 (a) MODERNIZATION OF CALL REPORT FILING AND
19 DISCLOSURE SYSTEM.—In order to reduce the adminis-
20 trative requirements pertaining to bank reports of condi-
21 tion, savings association financial reports, and bank hold-
22 ing company consolidated financial statements, and to im-
23 prove the timeliness of such reports and statements, the
24 Federal banking agencies shall—

1 (1) work jointly to develop a system under
2 which—

3 (A) insured depository institutions and
4 their affiliates may file such reports and state-
5 ments electronically; and

6 (B) the Federal banking agencies may
7 make such reports and statements available to
8 the public electronically; and

9 (2) not later than 1 year after the date of the
10 enactment of this Act, submit a report to the Con-
11 gress containing recommendations for legislation
12 that would enhance efficiency for filers and users of
13 such reports and statements.

14 (b) UNIFORM REPORTS AND SIMPLIFICATION OF IN-
15 STRUCTIONS.—The Federal banking agencies shall, con-
16 sistent with the principles of safety and soundness, work
17 jointly to—

18 (1) adopt a single form for the filing of core in-
19 formation required to be submitted under Federal
20 law to all such agencies in the reports and state-
21 ments referred to in subsection (a);

22 (2) simplify instructions accompanying such re-
23 ports and statements; and

24 (3) provide an index to the instructions that is
25 adequate to meet the needs of both filers and users.

1 (c) REVIEW OF CALL REPORT SCHEDULE.—Each
2 Federal banking agency shall—

3 (1) review the information required by sched-
4 ules supplementing the core information referred to
5 in subsection (b); and

6 (2) eliminate requirements that are not war-
7 ranted for reasons of safety and soundness or other
8 public purposes.

9 **SEC. 136. ADMINISTRATIVE CONSIDERATION OF BURDEN**
10 **WITH NEW REGULATIONS.**

11 (a) IN GENERAL.—In determining the effective date
12 and administrative compliance requirements for new regu-
13 lations that impose additional reporting, disclosure, or
14 other requirements on insured depository institutions,
15 each Federal banking agency (as defined in section 3 of
16 the Federal Deposit Insurance Act) shall consider, consist-
17 ent with the principles of safety and soundness and the
18 public interest—

19 (1) any administrative burdens that such regu-
20 lations would place on depository institutions, in-
21 cluding small depository institutions, and customers
22 of depository institutions; and

23 (2) the benefits of such regulations.

24 (b) ADEQUATE TRANSITION PERIOD FOR NEW REG-
25 ULATIONS.—

1 (1) IN GENERAL.—New regulations and amend-
2 ments to regulations prescribed by a Federal bank-
3 ing agency which impose additional reporting, disclo-
4 sures, or other new requirements on insured deposit-
5 tory institutions shall take effect on the 1st day of
6 the calendar quarter which begins at or after the
7 end of the 90-day period beginning on the date the
8 regulations are published in final form unless—

9 (A) the agency makes a finding that—

10 (i) an emergency exists which requires
11 the regulation to take effect before the 1st
12 day of such calendar quarter; or

13 (ii) a delay would have a substantial
14 impact upon the safety and soundness of
15 insured depository institutions;

16 (B) the regulation is issued by the Board
17 of Governors of the Federal Reserve System in
18 connection with the implementation of monetary
19 policy; or

20 (C) the regulation is required to take effect
21 on a date other than the date determined under
22 this paragraph pursuant to any other Act of
23 Congress.

24 (2) EARLY COMPLIANCE.—Any person who is
25 subject to a regulation described in paragraph (1)

1 may comply with the regulation before the effective
2 date of the regulation.

3 **SEC. 137. ELIMINATION OF DUPLICATIVE FILINGS.**

4 The Federal banking agencies (as defined in section
5 3(z) of the Federal Deposit Insurance Act) shall work
6 jointly—

7 (1) to eliminate, to the extent practicable, du-
8 plicative or otherwise unnecessary requests for infor-
9 mation in connection with applications or notices to
10 the agencies; and

11 (2) to harmonize, to the extent practicable, any
12 inconsistent publication and public notice require-
13 ments.

14 **SEC. 138. RECOURSE AGREEMENTS.**

15 The Federal banking agencies (as defined in section
16 3(z) of the Federal Deposit Insurance Act) shall jointly—

17 (1) review the manner in which loans sold with
18 recourse by insured depository institutions are treat-
19 ed under capital standards and other accounting
20 principles applicable with respect to such insured de-
21 pository institutions; and

22 (2) revise any such standard or principle in ac-
23 cordance with the findings and conclusions of the
24 agencies pursuant to such review before the end of
25 the 1-year period beginning on the date of the enact-

1 effects described in paragraph (5) is likely to occur as a
2 result of the transaction”.

3 **SEC. 140. BANKERS' BANKS.**

4 (a) OWNERSHIP BY DEPOSITORY INSTITUTION
5 HOLDING COMPANIES.—

6 (1) PROVISION RELATING TO NATIONAL BANK
7 INVESTMENTS.—The 5th proviso of the 7th undesig-
8 nated paragraph of section 5136 of the Revised
9 Statutes of the United States (12 U.S.C. 24) is
10 amended by inserting “or by depository institution
11 holding companies (as defined in section 3(w) of the
12 Federal Deposit Insurance Act)” after “is owned ex-
13 clusively (except to the extent directors’ qualifying
14 shares are required by law) by depository institu-
15 tions”.

16 (2) PROVISION RELATING TO NATIONAL BANK
17 CHARTERS.—Section 5169(b)(1) of the Revised
18 Statutes of the United States (12 U.S.C. 27(b)(1))
19 is amended by inserting “or by depository institution
20 holding companies (as defined in section 3(w) of the
21 Federal Deposit Insurance Act)” after “is owned ex-
22 clusively (except to the extent directors’ qualifying
23 shares are required by law) by other depository insti-
24 tutions”.

1 (b) OWNERSHIP BY SAVINGS ASSOCIATIONS.—Sec-
2 tion 5(c)(4) of the Home Owners’ Loan Act (12 U.S.C.
3 1464(c)(4)) is amended by adding at the end the following
4 new subparagraph:

5 “(E) BANKERS’ BANKS.—A Federal sav-
6 ings association may purchase, for the associa-
7 tion’s own account, shares of stock of a bank-
8 ers’ bank or holding company described in the
9 5th proviso of the 7th undesignated paragraph
10 of section 5136 of the Revised Statutes of the
11 United States or section 5169(b) of such Re-
12 vised Statutes on the same terms and condi-
13 tions a national bank may purchase such
14 shares.”.

15 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

16 (1) BANK HOLDING COMPANY ACT.—Section
17 3(e) of the Bank Holding Company Act of 1956 (12
18 U.S.C. 1842(e)) is amended by striking the second
19 sentence.

20 (2) DEPOSITORY INSTITUTION MANAGEMENT
21 INTERLOCKS ACT AMENDMENT.—Section 202(3)(D)
22 of the Depository Institution Management Interlocks
23 Act (12 U.S.C. 3201(3)(D)) is amended by striking
24 “the voting securities” the 1st place such term ap-
25 pears and all that follows through “the surplus of

1 such other bank; or” and inserting “which is a
2 bankers’ bank described in the 5th proviso of the
3 7th undesignated paragraph of section 5136 of the
4 Revised Statutes of the United States; or”.

5 (d) SERVICES.—

6 (1) PROVISION RELATING TO NATIONAL BANK
7 INVESTMENTS.—The 5th proviso of the 7th undesignated
8 paragraph of section 5136 of the Revised
9 Statutes of the United States (12 U.S.C. 24) is
10 amended by striking “engaged exclusively in provid-
11 ing services for other depository institutions and
12 their officers, directors and employees” and inserting
13 “engaged exclusively in providing services to or for
14 other depository institutions and their officers, direc-
15 tors and employees and providing correspondent
16 banking services at the request of other depository
17 institutions (any such bank or company is commonly
18 referred to as a ‘bankers’ bank’)”.

19 (2) PROVISION RELATING TO NATIONAL BANK
20 CHARTERS.—Section 5169(b)(1) of the Revised
21 Statutes of the United States (12 U.S.C. 27(b)(1))
22 is amended by striking “engage exclusively in pro-
23 viding services for other depository institutions and
24 their officers, directors and employees” and inserting
25 “engage exclusively in providing services to or for

1 other depository institutions and their officers, direc-
2 tors and employees and providing correspondent
3 banking services at the request of other depository
4 institutions (any such association is commonly re-
5 ferred to as a ‘bankers’ bank’).’’

6 **SEC. 141. DUE PROCESS PROTECTIONS RELATING TO AT-**
7 **TACHMENT OF ASSETS.**

8 Section 8 of the Federal Deposit Insurance Act (12
9 U.S.C. 1818) is amended—

10 (1) by striking subsection (i)(4)(B) and insert-
11 ing the following new subparagraph:

12 “(B) STANDARD.—

13 “(i) SHOWING.—Rule 65 of the Fed-
14 eral Rules of Civil Procedure shall apply
15 with respect to any proceeding under sub-
16 paragraph (A) without regard to the re-
17 quirement of such rule that the applicant
18 show that the injury, loss, or damage is ir-
19 reparable and immediate.

20 “(ii) STATE PROCEEDING.—If, in the
21 case of any proceeding in a State court,
22 the court determines that rules of civil pro-
23 cedure available under the laws of such
24 State provide substantially similar protec-
25 tions to such party’s right to due process

1 as Rule 65 (as modified with respect to
2 such proceeding by clause (i)), the relief
3 sought under subparagraph (A) may be re-
4 quested under the laws of such State.”;
5 and

6 (2) in subsection (b), by adding the following
7 new paragraph:

8 “(9) STANDARD FOR CERTAIN ORDERS.—No
9 authority under this subsection or subsection (c) to
10 prohibit any institution-affiliated party from with-
11 drawing, transferring, removing, dissipating, or dis-
12 posing of any funds, assets, or other property may
13 be exercised unless the agency meets the standards
14 of Rule 65 of the Federal Rules of Civil Procedure
15 without regard to the requirement of such rule that
16 the applicant show that the injury, loss, or damage
17 is irreparable and immediate.”.

18 **SEC. 142. TIME LIMIT ON AGENCY CONSIDERATION OF**
19 **COMPLETED APPLICATIONS.**

20 (a) IN GENERAL.—Each Federal banking agency (as
21 defined in section 3(z) of the Federal Deposit Insurance
22 Act) shall take final action on any application to the agen-
23 cy before the end of the 1-year period beginning on the
24 date a completed application is received by the agency.

1 (b) WAIVER BY APPLICANT AUTHORIZED.—Any per-
2 son submitting an application to a Federal banking agency
3 may waive the applicability of subsection (a) with respect
4 to such application at any time.

5 **SEC. 143. TIMELY COMPLETION OF CRA REVIEW.**

6 The comprehensive regulatory review of the Commu-
7 nity Reinvestment Act of 1977 that, as of the date of the
8 enactment of this Act, is being conducted by the Federal
9 banking agencies, shall be completed before the end of the
10 6-month period beginning on such date of enactment.

11 **SEC. 144. REVISIONS OF STANDARDS.**

12 Section 305(b)(1) of the Federal Deposit Insurance
13 Corporation Improvement Act of 1991 (12 U.S.C. 1828
14 note) is amended—

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

17 (2) by striking the period at the end of sub-
18 paragraph (B) and inserting “; and”; and

19 (3) by adding at the end the following new sub-
20 paragraph:

21 “(C) ensure that such revisions take into
22 account the size and activities of the institu-
23 tions and do not cause undue reporting bur-
24 dens.”.

1 **SEC. 145. FEASIBILITY STUDY OF DATA BANK.**

2 (a) IN GENERAL.—Not later than 18 months after
3 the date of the enactment of this Act, the Financial Insti-
4 tutions Examination Council shall study the feasibility, in-
5 cluding the costs and benefits to insured depository insti-
6 tutions, of establishing and maintaining a data bank for
7 reports submitted by any depository institution to a Fed-
8 eral banking agency and report the results of such study
9 to the Congress.

10 (b) ADDITIONAL FACTORS.—The study under sub-
11 section (a) shall consider the feasibility of—

12 (1) permitting depository institutions to file re-
13 ports directly with the data bank; and

14 (2) permitting Federal banking agencies, State
15 bank supervisors, and the public to obtain access to
16 any appropriate report on file with the data bank
17 which such agency or supervisor or the public is oth-
18 erwise authorized to receive.

19 **TITLE II—COMMUNITY DEVELOP-**
20 **MENT FINANCIAL INSTITU-**
21 **TIONS**

22 **SEC. 201. SHORT TITLE; TABLE OF CONTENTS.**

23 (a) SHORT TITLE.—This title may be cited as the
24 “Community Development Banking and Financial Institu-
25 tions Act of 1993”.

26 (b) TABLE OF CONTENTS.—

TITLE II—COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

- Sec. 201. Short title; table of contents.
- Sec. 202. Findings and purpose.
- Sec. 203. Definitions.
- Sec. 204. Establishment of National Fund for Community Development Banking.
- Sec. 205. Applications for assistance.
- Sec. 206. Community development partnerships.
- Sec. 207. Selection of institutions.
- Sec. 208. Assistance provided by the Fund.
- Sec. 209. Capitalization assistance to enhance liquidity.
- Sec. 210. Encouragement of private entities.
- Sec. 211. Clearinghouse function.
- Sec. 212. Training assistance for organizing and operating community development financial institutions.
- Sec. 213. Recordkeeping, reports, and audits.
- Sec. 214. Investment of receipts and proceeds.
- Sec. 215. Enforcement provisions.
- Sec. 216. Authorization of appropriations.
- Sec. 217. Conforming amendment.
- Sec. 218. Appointment of Community Enterprise Assessment Credit Board.
- Sec. 219. Community development credit union assistance.
- Sec. 220. Insured community development financial institution access to Federal home loan bank advances.
- Sec. 221. Community investment program incentives.
- Sec. 222. 30 percent lending cap increased.

1 SEC. 202. FINDINGS AND PURPOSE.

2 (a) FINDINGS.—The Congress finds that—

3 (1) many of the Nation’s urban and rural com-
 4 munities and Indian reservations face critical social
 5 and economic problems arising in part from the lack
 6 of economic growth, people living in poverty, and the
 7 lack of employment and other opportunities;

8 (2) the restoration and maintenance of the
 9 economies of these communities will require coordi-
 10 nated development strategies, intensive supportive
 11 services, and increased access to capital and credit
 12 for development activities, including investment in
 13 businesses, housing, commercial real estate, human

1 development, and other activities that promote the
2 long-term economic and social viability of the com-
3 munity;

4 (3) in many urban and rural communities, low-
5 and moderate-income neighborhoods, and Indian res-
6 ervations, there is a shortage of capital and credit
7 for business and affordable housing;

8 (4) access to capital and credit is essential to
9 unleash the untapped entrepreneurial energy of
10 America's poorest communities and to empower indi-
11 viduals and communities to become self-sufficient;
12 and

13 (5) community development financial institu-
14 tions have proven their ability to identify and re-
15 spond to community needs for capital, credit, and
16 development services in the absence of, or as a com-
17 plement to, services provided by other lenders.

18 (b) PURPOSES.—The purposes of this title are as fol-
19 lows:

20 (1) To create a Community Development Bank-
21 ing and Financial Institutions Fund that will sup-
22 port a program for making investments in and pro-
23 viding assistance to community development finan-
24 cial institutions, including enhancing the liquidity of
25 community development financial institutions.

1 (2) To enable the Community Development
2 Banking and Financial Institutions Fund to—

3 (A) provide financial and technical assist-
4 ance, including training, to community develop-
5 ment financial institutions;

6 (B) serve as a national information clear-
7 inghouse; and

8 (C) be an institutional voice for community
9 development.

10 (3) To provide for the establishment of, or qual-
11 ification of existing financial institutions as, commu-
12 nity development financial institutions that, with the
13 support of the Community Development Banking
14 and Financial Institutions Fund, will provide capital,
15 credit, and development services to targeted invest-
16 ment areas or populations, and will promote eco-
17 nomic revitalization and community development.

18 **SEC. 203. DEFINITIONS.**

19 For purposes of this title—

20 (1) **AFFILIATE.**—The term ‘affiliate’ has the
21 meaning given to such term in section 2(k) of the
22 Bank Holding Company Act of 1956.

23 (2) **APPROPRIATE FEDERAL BANKING AGEN-**
24 **CY.**—The term “appropriate Federal banking agen-

1 cy” has the meaning given to such term in section
2 3(q) of the Federal Deposit Insurance Act.

3 (3) COMMUNITY DEVELOPMENT FINANCIAL IN-
4 STITUTION.—

5 (A) IN GENERAL.—The term “community
6 development financial institution” means any
7 bank, savings association, depository institution
8 holding company (subject to section 205(d)),
9 credit union, microenterprise loan fund, com-
10 munity development corporation, community de-
11 velopment revolving loan fund, minority-owned
12 or other insured depository institution, or
13 nondepository organization that—

14 (i) has as the institution’s primary
15 mission the promotion of community devel-
16 opment through the provision of capital,
17 credit, or development services, directly,
18 through an affiliate, or through a commu-
19 nity development partner, in the institu-
20 tion’s investment areas or to targeted pop-
21 ulations; and

22 (ii) encourages, through representa-
23 tion on the institution’s governing board or
24 otherwise, the input of residents in the in-
25 vestment areas or the targeted populations.

1 (B) GOVERNMENT AGENCIES EX-
2 CLUDED.—The term “community development
3 financial institution” does not include any agen-
4 cy or instrumentality of the United States or
5 any agency or instrumentality of any State or
6 of any political subdivision of any State.

7 (4) COMMUNITY DEVELOPMENT PARTNER.—
8 The term “community development partner” means
9 a person (other than an individual) that provides
10 loans, equity investments, or development services,
11 including a depository institution holding company,
12 an insured depository institution, an insured credit
13 union, a nonprofit organization, a State or local gov-
14 ernment agency, and an investment company au-
15 thorized to operate pursuant to the Small Business
16 Investment Act of 1958.

17 (5) COMMUNITY DEVELOPMENT PARTNER-
18 SHIP.—The term “community development partner-
19 ship” means an agreement between a community de-
20 velopment financial institution and a community de-
21 velopment partner to provide development services
22 and loans or equity investments to an investment
23 area or targeted population.

24 (6) DEPOSITORY INSTITUTION HOLDING COM-
25 PANY.—The term “depository institution holding

1 company” has the meaning given to such term in
2 section 3(w) of the Federal Deposit Insurance Act.

3 (7) DEVELOPMENT SERVICES.—The term “de-
4 velopment services” means activities conducted by a
5 community development financial institution or com-
6 munity development partner that promote commu-
7 nity development by developing, supporting, and
8 strengthening the lending, investment, and capacity-
9 building activities undertaken by institutions, includ-
10 ing—

11 (A) business planning services;

12 (B) financial and credit counseling serv-
13 ices;

14 (C) marketing and management assistance;
15 and

16 (D) administrative activities associated
17 with lending or investment.

18 (8) INDIAN RESERVATION.—The term “Indian
19 reservation” includes public domain Indian allot-
20 ments, former Indian reservations in the State of
21 Oklahoma, land held by incorporated Native groups,
22 regional corporations and village corporations (as de-
23 fined in or established pursuant to the Alaska Na-
24 tive Claims Settlement Act), and dependent Indian
25 communities within the borders of the United

1 States, whether within the original or subsequently
2 acquired territory of the United States and whether
3 within or without the borders of a State.

4 (9) INDIAN TRIBE.—The term “Indian tribe”
5 means any Indian tribe, band, pueblo, nation, or
6 other organized group or community, including any
7 Alaska Native village or regional or village corpora-
8 tion as defined in or established pursuant to the
9 Alaska Native Claims Settlement Act, which is rec-
10 ognized as eligible for the special programs and serv-
11 ices provided by the United States to Indians be-
12 cause of their status as Indians.

13 (10) INSURED COMMUNITY DEVELOPMENT FI-
14 NANCIAL INSTITUTION.—The term “insured commu-
15 nity development financial institution” means any
16 community development financial institution that is
17 an insured depository institution or an insured credit
18 union.

19 (11) INSURED CREDIT UNION.—The term “in-
20 sured credit union” has the meaning given to such
21 term in section 101(7) of the Federal Credit Union
22 Act.

23 (12) INSURED DEPOSITORY INSTITUTION.—The
24 term “insured depository institution” has the mean-

1 ing given to such term in section 3(c) of the Federal
2 Deposit Insurance Act.

3 (13) INVESTMENT AREA.—The term “invest-
4 ment area” means an identifiable community, in-
5 cluding an Indian reservation, or identifiable com-
6 munities that—

7 (A) meet objective criteria of distress, in-
8 cluding the number of low-income families, the
9 extent of poverty, the extent of unemployment,
10 the extend of unmet credit needs, the degree of
11 availability of basic financial services, the de-
12 gree of limited access to capital and credit pro-
13 vided by existing financial institutions, and
14 other factors that the Fund determines to be
15 appropriate; or

16 (B) are located in an empowerment zone
17 or enterprise community designated under sec-
18 tion 1391 of the Internal Revenue Code of
19 1986.

20 (14) QUALIFIED COMMUNITY DEVELOPMENT
21 FINANCIAL INSTITUTION.—The term “qualified com-
22 munity development financial institution” means a
23 community development financial institution that
24 meets the requirements of paragraphs (2) through
25 (8) of section 205(b).

1 (15) STATE.—The term “State” has the mean-
2 ing given to such term in section 3 of the Federal
3 Deposit Insurance Act.

4 (16) SUBSIDIARY.—The term “subsidiary” has
5 the meaning given to such term in section 3 of the
6 Federal Deposit Insurance Act, except that a com-
7 munity development institution that is a corporation
8 shall not be considered to be a subsidiary of any in-
9 sured depository institution or bank holding com-
10 pany that controls less than 25 percent of the voting
11 shares of the corporation.

12 (17) TARGETED POPULATION.—The term “tar-
13 geted population” means an identifiable group or
14 identifiable groups of low-income or disadvantaged
15 persons that are underserved by existing financial
16 institutions, including an Indian tribe.

17 **SEC. 204. ESTABLISHMENT OF NATIONAL FUND FOR COM-**
18 **MUNITY DEVELOPMENT BANKING.**

19 (a) ESTABLISHMENT.—

20 (1) IN GENERAL.—There is hereby established
21 a corporation to be known as the Community Devel-
22 opment Banking and Financial Institutions Fund
23 (hereafter in this title referred to as the “Fund”)
24 that shall have the powers and responsibilities speci-
25 fied by this Act.

1 (2) SUCCESSION.—The Fund shall have succes-
2 sion until dissolved.

3 (3) RESERVATION OF POWER OF THE CON-
4 GRESS.—The charter of the Fund may be revised,
5 amended, or modified by Congress at any time.

6 (4) OFFICES.—The offices of the Fund shall be
7 in Washington, D.C.

8 (b) BOARD OF DIRECTORS.—

9 (1) IN GENERAL.—The powers and manage-
10 ment of the Fund shall be vested in a Board of Di-
11 rectors (hereafter referred to in this title as the
12 “Board”), which shall have 15 members.

13 (2) MEMBERS.—The members of the Board
14 shall consist of the following:

15 (A) The Secretary of Agriculture.

16 (B) The Secretary of Commerce.

17 (C) The Secretary of Housing and Urban
18 Development.

19 (D) The Secretary of the Interior.

20 (E) The Secretary of the Treasury.

21 (F) The Administrator of the Small Busi-
22 ness Administration.

23 (G) 9 private citizens, appointed by the
24 President, who shall be selected, to the maxi-
25 mum extent practicable, to provide for national

1 geographic representation and racial, ethnic,
2 and gender diversity, and shall consist of the
3 following individuals:

4 (i) 2 individuals who are officers of
5 existing community development financial
6 institutions.

7 (ii) 2 individuals who are officers of
8 insured depository institutions (as such
9 term is defined in section 3 of the Federal
10 Deposit Insurance Act).

11 (iii) 2 individuals who are officers of
12 national consumer or public interest orga-
13 nizations.

14 (iv) 2 individuals who have expertise
15 in community development.

16 (v) 1 individual who has personal ex-
17 perience and specialized expertise in the
18 unique lending and community develop-
19 ment issues confronted by Indian tribes on
20 Indian reservations.

21 (3) CHAIRPERSON.—The President shall ap-
22 point from among the members of the Board speci-
23 fied in paragraph (2)(G) a chairperson of the Board,
24 who shall serve at the pleasure of the President for
25 a term of 2 years.

1 (4) VICE-CHAIRPERSON.—The President shall
2 appoint from among the members specified in para-
3 graph (2) a vice-chairperson who will serve as chair-
4 person in the absence, disability, or recusal of the
5 chairperson. The vice-chairperson shall serve at the
6 pleasure of the President for a term of 2 years.

7 (5) TERMS OF APPOINTED MEMBERS.—

8 (A) IN GENERAL.—Each member ap-
9 pointed pursuant to paragraph (2)(G) shall
10 serve at the pleasure of the President for a
11 term of 4 years, except as provided in subpara-
12 graph (C).

13 (B) VACANCIES.—Any member appointed
14 to fill a vacancy occurring before the expiration
15 of the term for which the previous member was
16 appointed shall be appointed for the remainder
17 of such term. Appointed members may continue
18 to serve following the expiration of their terms
19 until a successor is appointed and qualified.

20 (C) TERMS.—The terms of the initial ap-
21 pointed members shall be for 4 years and shall
22 begin on the date each member is appointed,
23 except that 2 of the members initially appointed
24 pursuant to paragraph (2)(G) shall be des-

1 ignated to serve at the pleasure of the President
2 for 5 years.

3 (6) ACTING OFFICIALS.—In the event of a va-
4 cancy or absence of the individual in any of the of-
5 fices described in subparagraphs (A) through (F) of
6 paragraph (2), the official acting in that office shall
7 be a member of the Board.

8 (7) AUTHORITY TO DELEGATE.—Each member
9 of the Board specified in subparagraphs (A) through
10 (F) of paragraph (2) may designate another official
11 who has been appointed by the President with the
12 advice and consent of the Senate within the same
13 agency to serve as a member in his or her stead.

14 (8) COMPENSATION.—

15 (A) GOVERNMENT OFFICERS OR EMPLOY-
16 EES.—Members of the Board who are otherwise
17 officers or employees of the United States shall
18 serve without additional compensation for their
19 duties as members, but shall be reimbursed by
20 the Fund for travel, per diem, and other nec-
21 essary expenses incurred in the performance of
22 their duties, in accordance with sections 5702
23 and 5703 of title 5, United States Code.

24 (B) APPOINTED MEMBERS.—The ap-
25 pointed members of the Board shall be entitled

1 to receive compensation at the daily equivalent
2 of the rate for a position under Level IV of the
3 Executive Schedule under section 5315 of title
4 5, United States Code, and shall be reimbursed
5 by the Fund for travel, per diem, and other
6 necessary expenses incurred in the performance
7 of their duties, in accordance with sections
8 5702 and 5703 of title 5, United States Code.

9 (9) MEETINGS.—The Board shall hold meetings
10 at least quarterly. Special meetings of the Board
11 may be called by the Chairperson or on the written
12 request of 3 members of the Board. A majority of
13 the members of the Board in office shall constitute
14 a quorum.

15 (c) OFFICERS AND EMPLOYEES.—

16 (1) CHIEF EXECUTIVE OFFICER.—The Board
17 shall appoint a chief executive officer who shall be
18 responsible for the management of the Fund and
19 such other duties deemed appropriate by the Board.

20 (2) CHIEF FINANCIAL OFFICER.—The Board
21 shall appoint a chief financial officer who shall over-
22 see all of the financial management activities of the
23 Fund.

24 (3) INSPECTOR GENERAL.—The Board shall
25 also appoint an inspector general.

1 (4) OTHER OFFICERS AND EMPLOYEES.—The
2 Board may appoint such other officers and employ-
3 ees of the Fund as the Board determines to be nec-
4 essary or appropriate.

5 (5) APPOINTMENT PROVISION AND RATES OF
6 PAY.—The chief executive officer, chief financial of-
7 ficer, and up to 3 other officers of the Fund may
8 be—

9 (A) appointed without regard to the provi-
10 sions of title 5 of the United States Code, gov-
11 erning appointments in the Federal service; and

12 (B) subject to paragraph (6), compensated
13 without regard to chapter 51 and subchapter
14 III of chapter 53 of title 5 of the United States
15 Code,

16 (6) MAXIMUM RATES OF PAY.—The rate of pay
17 for the chief executive officer shall not exceed the
18 rate for a position under Level II of the Executive
19 Schedule under section 5313 of title 5 of the United
20 States Code and the rate of pay for the remaining
21 4 officers shall not exceed the rate for a position
22 under Level IV of the Executive Schedule under sec-
23 tion 5315 of title 5 of the United States Code.

24 (d) GENERAL POWERS.—In carrying out the Fund’s
25 powers and duties, the Fund—

1 (1) shall have all necessary and proper powers
2 to carry out the Fund's authority under this title;

3 (2) may adopt, alter, and use a corporate seal,
4 which shall be judicially noticed;

5 (3) may sue and be sued in the Fund's cor-
6 porate name and complain and defend in any court
7 of competent jurisdiction;

8 (4) may adopt, amend, and repeal bylaws and
9 regulations governing the manner in which the
10 Fund's business may be conducted and shall have
11 power to make such rules and regulations as may be
12 necessary or appropriate to implement the provisions
13 of this title;

14 (5) may enter into and perform such agree-
15 ments, contracts, and transactions as may be
16 deemed necessary or appropriate to the conduct of
17 activities authorized under this title;

18 (6) may determine the character of and neces-
19 sity for its expenditures and the manner in which
20 they shall be incurred, allowed, and paid;

21 (7) may utilize or employ the services of person-
22 nel of any agency or instrumentality of the United
23 States with the consent of the agency or instrumen-
24 tality concerned on a reimbursable or
25 nonreimbursable basis; and

1 (8) may execute all instruments necessary or
2 appropriate in the exercise of any of the Fund's
3 functions under this title and may delegate to the
4 members of the Board, to the chief executive officer,
5 or the officers of the Fund such of the Fund's pow-
6 ers and responsibilities as it deems necessary or ap-
7 propriate for the administration of the Fund.

8 (e) WHOLLY-OWNED GOVERNMENT CORPORA-
9 TION.—

10 (1) IN GENERAL.—The Fund shall be a wholly-
11 owned Government corporation in the executive
12 branch and shall be treated in all respects as an
13 agency of the United States, except to the extent
14 this title provides otherwise.

15 (2) TECHNICAL AND CONFORMING AMEND-
16 MENT.—Section 9101(3) of title 31, United States
17 Code, is amended—

18 (A) by redesignating paragraphs (B)
19 through (M) as paragraphs (C) through (N),
20 respectively; and

21 (B) by inserting after paragraph (A) the
22 following:

23 “(B) the Community Development Bank-
24 ing and Financial Institutions Fund.”.

1 (3) Section 9107(b) of title 31, United States
2 Code, shall not apply to deposits of the Fund made
3 pursuant to section 207.

4 (f) LIMITATION OF FUND AND FEDERAL LIABIL-
5 ITY.—The liability of the Fund and of the United States
6 Government arising out of any investment in a community
7 development financial institution in accordance with this
8 title shall be limited to the amount of the investment and
9 the Fund shall be exempt from any assessments and other
10 liabilities that may be imposed on controlling or principal
11 shareholders by any Federal law or the law of any State.
12 A community development financial institution that re-
13 ceives assistance pursuant to this title shall not be deemed
14 to be an agency, department, or instrumentality of the
15 United States.

16 (g) PROHIBITION OF ISSUANCE OF SECURITIES.—
17 The Fund may not issue stock, bonds, debentures, notes,
18 or other securities.

19 **SEC. 205. APPLICATIONS FOR ASSISTANCE.**

20 (a) FORM AND PROCEDURES.—

21 (1) IN GENERAL.—An application for assistance
22 under this title shall be submitted by an applicant
23 in such form and in accordance with such proce-
24 dures as the Board shall establish.

1 (2) REGULATIONS.—The Board shall publish
2 regulations with respect to application requirements
3 and procedures not later than 210 days after enact-
4 ment of this title.

5 (b) MINIMUM REQUIREMENTS.—Except as provided
6 in section 209, the Board shall require that the applica-
7 tion—

8 (1) demonstrate to the satisfaction of the Board
9 that the applicant is, or upon the receipt of a char-
10 ter will be, a community development financial insti-
11 tution;

12 (2) demonstrate that the applicant will serve—

13 (A) a targeted population; or

14 (B) an area which is an investment area;

15 (3) in the case of an applicant that has pre-
16 viously received assistance under this title, dem-
17 onstrate that the applicant—

18 (A) has successfully carried out its respon-
19 sibilities under this title;

20 (B) has become or is about to become an
21 entity that will not be dependent upon assist-
22 ance from the Fund for continued viability; and

23 (C) will expand its operations into a new
24 investment area, offer new services, or will in-
25 crease the volume of its current business;

1 (4) in the case of a community development fi-
2 nancial institution with existing operations, dem-
3 onstrate a record of success of serving investment
4 areas or targeted populations;

5 (5) include a detailed and comprehensive strate-
6 gic plan for the organization that contains—

7 (A) a business plan of at least 5 years that
8 demonstrates the applicant is properly managed
9 and has the capacity to form and operate a
10 community development financial institution
11 that is, or will become, an entity that will not
12 be dependent upon assistance from the Fund
13 for continued viability;

14 (B) a statement that the applicant has, or
15 will have, in its charter or other governing doc-
16 uments a primary commitment to community
17 development, or other evidence of a prior his-
18 tory and a continuing affirmation of a primary
19 commitment to community development;

20 (C) an analysis of the needs of the invest-
21 ment areas or targeted populations and a strat-
22 egy for how the applicant will attempt to meet
23 those needs;

24 (D) a plan to coordinate use of assistance
25 from the Fund with existing assistance pro-

1 grams of the Federal Government, State and
2 local governments, Indian tribes, and govern-
3 ment-sponsored enterprises and with private
4 sector financial services;

5 (E) a statement that the proposed activi-
6 ties of the applicant are consistent with existing
7 economic, community, and housing development
8 plans adopted by or applicable to the invest-
9 ment areas;

10 (F) a description of how the applicant will
11 affiliate, network, or otherwise coordinate with
12 a full range of community organizations and fi-
13 nancial institutions which provide, or will pro-
14 vide, capital, credit, or secondary markets in
15 order to assure that banking, economic develop-
16 ment, investment, affordable housing, and other
17 related services will be available within the in-
18 vestment areas or to targeted populations; and

19 (G) such other information as the Board
20 deems appropriate for inclusion in the strategic
21 plan;

22 (6) demonstrate that the applicant will carry on
23 its activities consistent with the purposes of this title
24 within an investment area or with respect to a tar-
25 geted population;

1 (7) include a detailed and specific statement of
2 applicant's plans and likely sources of funds to
3 match the amount of assistance from the Fund with
4 funds from private sources in accordance with the
5 requirements of section 208(e); and

6 (8) include such other information as the Board
7 may require.

8 (c) PRE-APPLICATION OUTREACH PROGRAM.—The
9 Fund shall provide for an outreach program to identify
10 and provide information to potential applicants and to in-
11 crease the capacity of potential applicants to meet the ap-
12 plication and other requirements of this title.

13 (d) CONDITIONS FOR QUALIFICATION OF HOLDING
14 COMPANIES.—

15 (1) CONSOLIDATED TREATMENT.—A depository
16 institution holding company may qualify as a com-
17 munity development financial institution only if the
18 holding company and the holding company's subsidi-
19 aries collectively satisfy the requirements of clauses
20 (i) and (ii) of subparagraph (A) of section
21 203(3)(A).

22 (2) EXCLUSION OF SUBSIDIARY FOR FAILURE
23 TO MEET CONSOLIDATED TREATMENT RULE.—No
24 subsidiary of a depository institution holding com-
25 pany may qualify as a community development fi-

1 nancial institution if the holding company and the
2 company's subsidiaries collectively do not meet the
3 requirements of clauses (i) and (ii) of subparagraph
4 (A) of section 203(3)(A).

5 **SEC. 206. COMMUNITY DEVELOPMENT PARTNERSHIPS.**

6 (a) APPLICATION.—An application for assistance
7 may be filed jointly by a community development financial
8 institution and a community development partner to carry
9 out a community development partnership.

10 (b) APPLICATION REQUIREMENTS.—The Fund shall
11 require a community development partnership application
12 to—

13 (1) meet the minimum requirements established
14 for community development financial institutions
15 under section 205(b), except that the criteria speci-
16 fied in paragraph (1) and subparagraphs (A) and
17 (B) of paragraph (5) of such section shall not apply
18 to the community development partner;

19 (2) describe how each coapplicant will partici-
20 pate in carrying out the community development
21 partnership and how the partnership will enhance
22 activities serving the investment area or targeted
23 population; and

24 (3) demonstrate that the community develop-
25 ment partnership activities are consistent with the

1 strategic plan submitted by the community develop-
2 ment financial institution coapplicant.

3 (c) SELECTION CRITERIA.—The Fund shall consider
4 a community development partnership application based
5 on the selection criteria set out in section 207, except that
6 the criterion specified in subparagraphs (A) and (L) of
7 subsection (a)(2) of such section shall not apply to the
8 community development partner.

9 (d) LIMITATION ON DISTRIBUTION OF ASSIST-
10 ANCE.—Assistance provided upon approval of an applica-
11 tion under this section shall be distributed only to the
12 community development financial institution coapplicant,
13 and shall not be used to fund any activities carried out
14 directly by the community development partner or an affil-
15 iate of the partner.

16 (e) PERFORMANCE GOALS.—The Fund shall nego-
17 tiate performance goals for each community development
18 partnership in the manner provided in section
19 208(f)(3)(B). Such performance goals shall be incor-
20 porated into the performance goals of the community de-
21 velopment financial institution coapplicant.

22 (f) OTHER REQUIREMENTS AND LIMITATIONS.—All
23 other requirements and limitations imposed by this sub-
24 title on a community development financial institution as-
25 sisted under this subtitle shall apply (in the manner that

1 the Fund determines to be appropriate) to assistance pro-
2 vided to carry out community development partnerships.
3 The Fund may establish additional guidelines and restric-
4 tions on the use of Federal funds to carry out community
5 development partnerships.

6 **SEC. 207. SELECTION OF INSTITUTIONS.**

7 (a) SELECTION CRITERIA.—

8 (1) IN GENERAL.—Except as provided in sec-
9 tion 209, the Board shall, in the Board's discretion,
10 select applications that meet the requirements of
11 section 205 and award assistance from the Fund in
12 accordance with section 208.

13 (2) FACTORS TO BE CONSIDERED.—In selecting
14 applications, the Board shall consider applications
15 based on the following factors and such other factors
16 as the Board may determine to be appropriate:

17 (A) The likelihood of success of the appli-
18 cant in forming and operating a community de-
19 velopment financial institution.

20 (B) The range and comprehensiveness of
21 the capital, credit, and development services to
22 be provided by the applicant.

23 (C) The extent of the need, as measured
24 by objective criteria of distress, within the in-

1 investment areas or targeted populations for the
2 types of activities proposed by the applicant.

3 (D) The likelihood that the proposed ac-
4 tivities will benefit a significant portion of the
5 investment areas or targeted populations or, in
6 the case of a community development financial
7 institution with existing operations, evidence of
8 a record of success in serving investment areas
9 or targeted populations.

10 (E) The extent to which the applicant will
11 concentrate its activities on serving low and
12 very low-income families.

13 (F) The evidence of the extent of a broad
14 cross-section of support from the investment
15 areas or targeted populations.

16 (G) The experience and background of the
17 proposed management team.

18 (H) The amount of legally enforceable
19 commitments available at the time of applica-
20 tion to meet or exceed the matching require-
21 ments under section 208(e) and the strength of
22 the plan for raising the balance of the match.

23 (I) In the case of applicants that have pre-
24 viously received assistance pursuant to this
25 title, the extent to which they have met or ex-

1 ceeded the performance goals established in
2 connection with such assistance.

3 (J) The extent to which the proposed ac-
4 tivities will expand the employment base within
5 the investment areas or the targeted popu-
6 lations.

7 (K) The extent to which the applicant is,
8 or will be, community-owned or community-gov-
9 erned.

10 (L) Whether the applicant is, or will be-
11 come, an insured community development fi-
12 nancial institution.

13 (M) Whether the applicant is, or will be lo-
14 cated, in an empowerment zone or enterprise
15 community designated under section 1391 of
16 the Internal Revenue Code of 1986 or a rural
17 or urban area which is not an empowerment
18 zone or enterprise community and which has a
19 median income of 80 percent or less of the na-
20 tional median income.

21 (N) In the case of an institution that is
22 not an insured community development finan-
23 cial institution, the extent to which the institu-
24 tion has or will have the ability to increase its
25 resources through affiliation with a secondary

1 market, insured depository institution, or other
2 financial intermediary in order to multiply the
3 amount of capital or credit available for com-
4 munity development.

5 (O) In the case of an insured depository
6 institution or insured credit union applicant,
7 whether the institution—

8 (i) has or will have a substantial affili-
9 ation with an entity or network of entities
10 that are community development financial
11 institutions; and

12 (ii) has a comprehensive plan for pro-
13 viding meaningful financial assistance to
14 such an entity or network of entities.

15 (b) GEOGRAPHIC DIVERSITY.—

16 (1) IN GENERAL.—In addition to the above, in
17 making its selections the Board shall seek to fund
18 a geographically diverse group of applicants, which
19 shall include applicants from nonmetropolitan and
20 rural areas and small cities.

21 (2) GOAL FOR FUNDING.—The Board should
22 seek to provide funding for applicants which are
23 serving nonmetropolitan and rural areas and small
24 cities with no less than one quarter of the funds
25 available to the Board in any year.

1 (c) PUBLICATION REQUIREMENT.—The Board shall
2 publish regulations with respect to its selection criteria not
3 later than 210 days after the date of the enactment of
4 this title.

5 **SEC. 208. ASSISTANCE PROVIDED BY THE FUND.**

6 (a) PURPOSE OF ASSISTANCE.—

7 (1) GENERAL PURPOSES.—The Fund shall
8 work to promote an environment hospitable to busi-
9 ness formation, economic growth, community devel-
10 opment, and affordable housing in distressed com-
11 munities.

12 (2) COORDINATION WITH OTHER AGENCIES
13 AND PROGRAMS.—The Fund shall coordinate the
14 Fund’s activities with existing Federal and other
15 community and economic development programs.

16 (3) ASSISTANCE TO INSTITUTIONS AND PART-
17 NERSHIPS.—Assistance may be provided to an exist-
18 ing qualified community development financial insti-
19 tution or community development partnership to—

20 (A) expand the institution’s or partner-
21 ship’s activities in order to serve investment
22 areas or targeted populations not currently
23 served by another qualified community develop-
24 ment financial institution or community devel-

1 opment partnership receiving assistance under
2 this section;

3 (B) expand the volume of the institution's
4 or partnership's activities consistent with the
5 purposes of this title;

6 (C) form a new entity to undertake activi-
7 ties consistent with the purposes of this title; or

8 (D) assist an existing entity to modify the
9 institution's or partnership's structure or activi-
10 ties in order to undertake activities consistent
11 with the purposes of this title.

12 (b) TYPES OF ASSISTANCE.—

13 (1) FINANCIAL ASSISTANCE.—The Fund may
14 provide financial assistance, and make commitments
15 to provide financial assistance, to qualified commu-
16 nity development financial institutions or community
17 development partnerships through equity invest-
18 ments, loans, deposits, membership shares, and
19 grants.

20 (2) TECHNICAL ASSISTANCE.—The Fund may
21 also provide technical assistance, including training,
22 and grants for technical assistance to qualified com-
23 munity development financial institutions or commu-
24 nity development partnerships.

1 (3) ALLOCATION.—The allocation of awards of
2 assistance between insured and uninsured commu-
3 nity development financial institutions shall be in the
4 discretion of the Board.

5 (4) RULES RELATING TO EQUITY INVEST-
6 MENTS.—

7 (A) LIMITATION ON EQUITY INVEST-
8 MENT.—The Fund shall structure financial as-
9 sistance to a qualified community development
10 financial institution in such a manner that the
11 provision of such assistance does not result in
12 the Fund's—

13 (i) ownership of more than 50 percent
14 of the equity of such institution; or

15 (ii) control of the operations of such
16 institution.

17 (B) FUND DEEMED NOT TO CONTROL.—
18 Notwithstanding any other provision of law, the
19 Fund shall not be deemed to control a qualified
20 community development financial institution by
21 reason of any assistance provided under this
22 title for the purpose of any other applicable law
23 to the extent the Fund complies with paragraph
24 (1).

1 (C) FORM OF INVESTMENT.—With respect
2 to equity investments, the Fund shall hold only
3 transferable, nonvoting investments, except that
4 such equity investments may provide for con-
5 vertibility to voting stock upon transfer by the
6 Fund.

7 (5) DEPOSITS NOT SUBJECT TO COLLATERAL
8 OR SECURITY REQUIREMENTS.—Notwithstanding
9 any other provision of law, deposits made pursuant
10 to this section in qualified insured community devel-
11 opment financial institutions shall not be subject to
12 any requirement for collateral or security.

13 (6) LIMITATIONS ON OBLIGATIONS.—Direct
14 loan obligations may be incurred only to the extent
15 that appropriations of budget authority to cover
16 their costs, as defined in section 502 of the Congres-
17 sional Budget Act of 1974, are made in advance.

18 (c) PURPOSE OF FINANCIAL ASSISTANCE.—Financial
19 assistance made available under this title may be used by
20 assisted institutions to develop or support—

21 (1) commercial facilities that enhance revitaliza-
22 tion, community stability, or job creation and reten-
23 tion efforts;

24 (2) business creation and expansion efforts
25 that—

1 (A) create or retain jobs for low-income
2 people;

3 (B) enhance the availability of products
4 and services to low-income people; or

5 (C) create or facilitate the retention of
6 businesses owned by low-income people or resi-
7 dents of a targeted area;

8 (3) community facilities that provide benefits to
9 low-income people or enhance community stability;

10 (4) the provision of basic financial services to
11 low-income people or residents of a targeted area;

12 (5) the provision of development services;

13 (6) home ownership opportunities that are af-
14 fordable to low-income households;

15 (7) rental housing that is principally affordable
16 to low-income households; and

17 (8) other activities determined to be appropriate
18 by the Fund.

19 (d) AMOUNT OF ASSISTANCE.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), the Fund may provide—

22 (A) not to exceed \$5,000,000 of assistance
23 per application to any 1 qualified insured com-
24 munity development financial institution, in-

1 cluding such institution's affiliate or community
2 development partnership; and

3 (B) not to exceed \$2,000,000 per applica-
4 tion to any other qualified community develop-
5 ment financial institution, including such insti-
6 tution's affiliate or community development
7 partnership.

8 (2) EXCEPTION.—In the case of an existing
9 community development financial institution that
10 proposes to serve an investment area or targeted
11 population outside of any State or metropolitan area
12 presently served by the institution, the Fund shall
13 have the discretion to provide assistance in an
14 amount exceeding the maximum amount established
15 in paragraph (1) if—

16 (A) the additional amount is used to estab-
17 lish affiliates to serve such investment area or
18 targeted population;

19 (B) the existing community development fi-
20 nancial institution is located in a State other
21 than that of the new affiliate; and

22 (C) no other application for assistance has
23 been submitted to the Board under which the
24 needs of the target community could be met.

1 (3) AUTHORITY TO SET MINIMUM AMOUNTS OF
2 ASSISTANCE.—The Fund shall have the authority to
3 set minimum amounts of assistance per institution.

4 (e) MATCHING REQUIREMENTS.—

5 (1) INSURED COMMUNITY DEVELOPMENT FI-
6 NANCIAL INSTITUTIONS OR PARTNERSHIPS.—Sub-
7 ject to paragraph (3), the Fund may provide no as-
8 sistance to qualified insured community development
9 financial institutions or community development
10 partnerships unless each dollar provided by the
11 Fund is matched by no less than 1 dollar of equity,
12 deposits or membership shares.

13 (2) OTHER MATCHING REQUIREMENTS.—Sub-
14 ject to paragraph (3), the Fund shall require a
15 match for all other assistance, the amount and form
16 of which shall be in the discretion of the Fund.

17 (3) NO MATCHING REQUIREMENTS FOR CER-
18 TAIN TYPES OF ASSISTANCE.—The Fund may not
19 establish matching requirements with respect to as-
20 sistance provided in the form of deposits or member-
21 ship shares of \$100,000 or less, technical assistance,
22 or grants for technical assistance.

23 (4) LEGALLY ENFORCIBLE COMMITMENTS RE-
24 QUIRED.—

1 (A) IN GENERAL.—The Fund shall provide
2 no assistance except technical assistance or
3 grants for technical assistance until a qualified
4 community development financial institution or
5 community development partnership has se-
6 cured legally enforceable commitments for the
7 entire match required.

8 (B) COORDINATION WITH FUND AUTHOR-
9 ITY TO MAKE COMMITMENTS.—Subparagraph
10 (A) shall not restrict the authority of the Fund
11 under subsection (b)(1) to make a commitment
12 to provide financial assistance to a qualified
13 community development financial institution or
14 community development partnership to the ex-
15 tent such commitment is contingent on the in-
16 stitution or partnership meeting the require-
17 ments of this subsection.

18 (5) FORM OF PAYMENTS.—Assistance may be
19 provided in 1 lump sum, or over a period of time,
20 as determined by the Fund.

21 (6) OTHER FEDERAL ASSISTANCE MAY NOT BE
22 TREATED AS MATCHING FUNDS.—No funds or as-
23 sistance provided to any qualified community devel-
24 opment financial institution or community develop-
25 ment partnership by any agency or instrumentality

1 of the Federal Government may be taken into ac-
2 count or otherwise treated as matching funds for
3 purposes of this subsection.

4 (f) TERMS AND CONDITIONS.—

5 (1) IN GENERAL.—The Fund shall provide as-
6 sistance authorized under this title in such form and
7 subject to such restrictions as are necessary to en-
8 sure that, to the maximum extent practicable—

9 (A) all assistance granted is used by the
10 qualified community development financial in-
11 stitution or community development partnership
12 in a manner consistent with the purposes of
13 this title;

14 (B) qualified community development fi-
15 nancial institutions or community development
16 partnerships receiving assistance that are not
17 otherwise regulated by the Federal Government
18 or by a State government are financially and
19 managerially sound;

20 (C) assistance results in a net increase in
21 capital, credit, and development services, both
22 nationally and in the local communities in
23 which assistance is provided; and

24 (D) assistance is provided in a manner
25 that encourages affiliations and partnerships

1 between insured depository institutions, second-
2 ary markets or other sources of credit or lever-
3 age and local organizations dedicated to com-
4 munity development.

5 (2) CONSULTATION WITH BANKING REGU-
6 LATORS.—Before providing assistance to a qualified
7 insured community development financial institution,
8 the Board shall consult with the appropriate Federal
9 banking agency or, in the case of an insured credit
10 union, the National Credit Union Administration.

11 (3) ASSISTANCE AGREEMENT.—

12 (A) IN GENERAL.—The Board shall impose
13 restrictions on the use of assistance through a
14 stock purchase agreement, share purchase
15 agreement, or through a contract entered into
16 in consideration for the provision of assistance.

17 (B) PERFORMANCE GOALS.—

18 (i) REQUIRED.—Any agreement or
19 contract referred to in subparagraph (A)
20 shall require institutions assisted under
21 this title to comply with performance goals.

22 (ii) NEGOTIATION OF GOALS.—The
23 performance goals shall be negotiated be-
24 tween the Board and each qualified com-
25 munity development financial institution

1 receiving assistance based upon the strate-
2 gic plan submitted pursuant to section
3 205(b)(5).

4 (iii) RENEGOTIATION.—The perform-
5 ance goals may be renegotiated jointly as
6 necessary or appropriate, subject to sub-
7 paragraph (C) of this section.

8 (iv) CONSULTATION WITH BANKING
9 AGENCIES.—Activity levels for insured
10 community development financial institu-
11 tions shall be determined by the Board in
12 consultation with the appropriate Federal
13 banking agency or, in the case of an in-
14 sured credit union, with the National Cred-
15 it Union Administration.

16 (C) CONTRACT SANCTIONS.—

17 (i) IN GENERAL.—Any agreement or
18 contract referred to in subparagraph (A)
19 shall specify sanctions available to the
20 Board, in the Board's discretion, in the
21 event of noncompliance with the purposes
22 of this title or the terms of the agreement
23 or contract.

24 (ii) CERTAIN SANCTIONS AVAIL-
25 ABLE.—The sanctions may include revoca-

1 tion of approval of the application, termi-
2 nating or reducing future assistance, re-
3 quiring repayment of assistance, and re-
4 quiring changes to the performance goals
5 imposed pursuant to subparagraph (B) or
6 to the strategic plan submitted pursuant to
7 section 205(b)(5).

8 (iii) CONSULTATION WITH BANKING
9 AGENCIES.—In the case of an insured com-
10 munity development financial institution,
11 the Board shall consult with the appro-
12 priate Federal banking agency or, in the
13 case of an insured credit union, the Na-
14 tional Credit Union Administration, before
15 imposing sanctions pursuant to this para-
16 graph.

17 (4) REVIEW.—

18 (A) IN GENERAL.—At least annually, the
19 Fund shall review the performance of each as-
20 sisted qualified community development finan-
21 cial institution or community development part-
22 nership in carrying out the institution’s or part-
23 nership’s strategic plan and performance goals.

24 (B) CONSULTATION WITH TRIBAL GOV-
25 ERNMENTS.—In reviewing the performance of

1 any assisted qualified community development
2 financial institution whose investment area in-
3 cludes an Indian reservation, the Board shall
4 consult with, and seek input from, any appro-
5 priate tribal government.

6 (5) REPORTING.—The Board shall require each
7 qualified community development financial institu-
8 tion receiving assistance to submit an annual report
9 to the Fund on the institution’s activities and finan-
10 cial condition, the institution’s success in meeting
11 performance goals, and the institution’s compliance
12 with the other requirements of this title.

13 (g) AUTHORITY TO SELL EQUITY INVESTMENTS AND
14 LOANS.—The Board shall have the authority at any time
15 to sell its investments and loans and may, in its discretion,
16 retain the power to enforce limitations on assistance en-
17 tered into in accordance with the requirements of this title.

18 (h) NO AUTHORITY TO LIMIT SUPERVISION AND
19 REGULATION.—No provision of this title shall affect any
20 authority of the appropriate Federal banking agency or,
21 in the case of an insured credit union, the National Credit
22 Union Administration, to supervise and regulate an in-
23 sured community development financial institution.

1 **SEC. 209. CAPITALIZATION ASSISTANCE TO ENHANCE LI-**
2 **QUIDITY.**

3 (a) ASSISTANCE.—

4 (1) IN GENERAL.—Notwithstanding the provi-
5 sions of section 208, the Fund may provide assist-
6 ance for the purpose of providing capital to organi-
7 zations that will purchase loans or otherwise en-
8 hance the liquidity of community development finan-
9 cial institutions if—

10 (A) the primary purpose of such organiza-
11 tions is to promote community development;
12 and

13 (B) any assistance received is matched
14 with funds—

15 (i) from sources other than the Fed-
16 eral Government;

17 (ii) on the basis of not less than \$1
18 for each dollar provided by the Fund; and

19 (iii) that are comparable in form and
20 value to the assistance provided by the
21 Fund.

22 (2) LIMITATION ON OTHER ASSISTANCE.—An
23 organization which receives assistance under this
24 section may not receive other financial or technical
25 assistance under this subtitle.

1 (b) SELECTION.—The selection of organizations to
2 receive assistance under this section shall be at the discre-
3 tion of the Fund and in accordance with criteria estab-
4 lished by the Fund. In establishing such criteria, the Fund
5 shall take into account the criteria contained in sections
6 205(b) and 207, as appropriate.

7 (c) AMOUNT OF ASSISTANCE.—

8 (1) MAXIMUM AMOUNT LIMITATION.—The
9 Fund may provide a total of not more than
10 \$5,000,000 of assistance to an organization under
11 this section during any 3-year period.

12 (2) FORM OF PAYMENT.—Assistance may be
13 provided in a lump sum or over a period of time, as
14 determined by the Fund.

15 (d) AUDIT AND REPORT REQUIREMENTS.—

16 (1) IN GENERAL.—Organizations that receive
17 assistance from the Fund in accordance with this
18 section shall—

19 (A) submit to the Fund not less than once
20 in every 18-month period, financial statements
21 audited by an independent certified public ac-
22 countant;

23 (B) submit an annual report on its activi-
24 ties; and

1 (C) keep such records as may be necessary
2 to disclose the manner in which any assistance
3 under this section is used.

4 (2) ACCESS.—The Fund shall have access, on
5 demand and for the purposes of determining compli-
6 ance with this section, to any records of such organi-
7 zations.

8 (e) LIMITATIONS ON LIABILITY.—

9 (1) LIABILITY OF FUND.—The liability of the
10 Fund and the United States Government arising out
11 of the provision of assistance to any organization in
12 accordance with this section shall be limited to the
13 amount of such assistance. The Fund shall be ex-
14 empt from any assessments and any other liability
15 that may be imposed on controlling or principal
16 shareholders by any Federal law or the law of any
17 State.

18 (2) LIABILITY OF GOVERNMENT.—

19 (A) NO OBLIGATION TO PROVIDE
20 FUNDS.—This section shall not be construed as
21 obliging the Federal Government, either directly
22 or indirectly, to provide any funds to any orga-
23 nization assisted pursuant to this section, or to
24 honor, reimburse, or otherwise guarantee any
25 obligation or liability of such an organization.

1 (B) NO FULL FAITH AND CREDIT.—This
2 section shall not be construed to imply that any
3 such organization or any obligation or security
4 of any such organization is backed by the full
5 faith and credit of the United States.

6 (f) USE OF PROCEEDS.—Any proceeds from the sale
7 of loans to an organization assisted under this section
8 shall be used by the seller for community development pur-
9 poses.

10 **SEC. 210. ENCOURAGEMENT OF PRIVATE ENTITIES.**

11 The Board may cause to be incorporated, or encour-
12 age the incorporation of, private nonprofit and for-profit
13 entities that will complement the activities of the Fund
14 in carrying out the purposes of this title. The purposes
15 of any such entities shall be limited to investing in and
16 assisting community development financial institutions in
17 a manner similar to the activities of the Fund under this
18 title. Any such entities shall be managed exclusively by
19 private individuals who are selected in accordance with the
20 laws of the jurisdiction of incorporation.

21 **SEC. 211. CLEARINGHOUSE FUNCTION.**

22 The Fund shall establish and maintain an informa-
23 tion clearinghouse in coordination with the Departments
24 of Agriculture, Commerce, and Housing and Urban Devel-
25 opment, the Small Business Administration, other Federal

1 agencies, and community development financial institu-
2 tions—

3 (1) to cause to be collected, compiled, and ana-
4 lyzed information pertinent to community develop-
5 ment financial institutions that will assist in creat-
6 ing, developing, expanding, and preserving these in-
7 stitutions; and

8 (2) to cause to be established a service center
9 for comprehensive information on financial, tech-
10 nical, and management assistance, case studies of
11 the activities of community development financial in-
12 stitutions, regulations, and other information that
13 may promote the purposes of this title.

14 **SEC. 212. TRAINING ASSISTANCE FOR ORGANIZING AND OP-**
15 **ERATING COMMUNITY DEVELOPMENT FINAN-**
16 **CIAL INSTITUTIONS.**

17 (a) ASSISTANCE TO ESTABLISH AND OPERATE COM-
18 MUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—The
19 Fund shall carry out a program under this subsection to
20 provide training assistance in establishing and operating
21 community development financial institutions, which shall
22 include the following activities:

23 (1) Educating organizations, financial institu-
24 tions, and other entities and persons in low-income
25 neighborhoods and elsewhere regarding the need for,

1 and the capabilities, functions, and organization of,
2 community development financial institutions.

3 (2) Educating and training organizations, de-
4 pository and other financial institutions, and other
5 entities and persons in organizing community devel-
6 opment financial institutions.

7 (3) Recruiting, and assisting organizations, and
8 other entities and persons to recruit existing organi-
9 zations, depository and other financial institutions,
10 and other entities and persons to establish commu-
11 nity development financial institutions.

12 (4) Assisting entities and persons interested in
13 establishing qualified community development finan-
14 cial institutions in identifying community lending
15 needs.

16 (5) Educating and training regarding manage-
17 ment and operation of community development fi-
18 nancial institutions, including—

19 (A) designing and utilizing lending prac-
20 tices to target credit to low-income families and
21 neighborhoods;

22 (B) complying with requirements regarding
23 financial and managerial soundness pursuant to
24 section 208(f)(1)(B) and any recordkeeping re-
25 quirements pursuant to section 213(a)(1); and

1 (C) implementing effective asset manage-
2 ment and fund development techniques.

3 (6) Collecting and disseminating information
4 from various qualified community development fi-
5 nancial institutions regarding successful manage-
6 ment and operation techniques, lending practices,
7 and lending activities.

8 (b) PROVISION OF ASSISTANCE.—The Fund may pro-
9 vide training assistance under this section directly or
10 through public or private organizations pursuant to con-
11 tracts with such organizations.

12 (c) ADMINISTRATION.—The Fund may require—

13 (1) that training assistance provided under this
14 section to qualified community development lenders
15 and other applicants that receive assistance under
16 section 208 be made available pursuant to a request
17 for such assistance in an application under section
18 205;

19 (2) the selection of the application for the
20 award of assistance; and

21 (3) the inclusion of terms in the agreement or
22 contract for assistance under section 208(f)(3).

23 **SEC. 213. RECORDKEEPING, REPORTS, AND AUDITS.**

24 (a) RECORDKEEPING.—

1 (1) MAINTENANCE BY INSTITUTION.—A quali-
2 fied community development financial institution re-
3 ceiving assistance from the Fund shall keep such
4 records as may be reasonably necessary to disclose
5 the disposition of any assistance under this title and
6 to ensure compliance with the requirements of this
7 title.

8 (2) FUND ACCESS TO RECORDS.—The Fund
9 shall have access, for the purpose of determining
10 compliance with this title, to any books, documents,
11 papers, and records of a qualified community devel-
12 opment financial institution receiving assistance
13 from the Fund that are pertinent to assistance re-
14 ceived under this title.

15 (b) REPORTS.—

16 (1) ANNUAL REPORT.—The Fund shall conduct
17 an annual evaluation of the activities carried out
18 pursuant to this title and shall submit a report on
19 the Fund's findings to the President within 120
20 days of the end of each fiscal year of the Fund. The
21 report shall include financial statements audited in
22 accordance with subsection (c).

23 (2) INSTITUTIONAL VOICE FOR COMMUNITY DE-
24 VELOPMENT.—

1 (A) ONGOING STUDY.—The Fund shall
2 conduct, or cause to be conducted, an ongoing
3 study to identify and evaluate the most effective
4 and financially sound policies and practices for
5 encouraging investment in distressed commu-
6 nities, including small business and commercial
7 lending, business formation and expansion,
8 community and economic development, commer-
9 cial real estate and multi-family housing, and
10 home mortgages.

11 (B) ADDITIONAL FACTORS.—In addition to
12 the factors described in subparagraph (A), the
13 Fund may study, or cause to be studied, (in
14 connection with the study conducted pursuant
15 to such subparagraph) related matters, such as
16 identification of sources of and access to capital
17 and loans for community investment, develop-
18 ment of secondary markets for economic and
19 community development, small business and
20 commercial loans, and home mortgage loans
21 and investments, and methods to involve all
22 segments of the financial services industry in
23 community development.

24 (C) STUDY OF BANKING PRACTICES ON IN-
25 DIAN RESERVATIONS.—In addition to the study

1 required under subparagraph (A), the Fund
2 shall conduct a separate and thorough study of
3 banking practices on Indian reservations that
4 specifically addresses the unique lending issues
5 with respect to Indian reservations such as
6 lending with respect to trust lands, Indian
7 headrights, or other trust property, availability
8 of collateral, and related issues.

9 (D) CONSULTATION.—In the conduct of
10 the studies required under subparagraphs (A)
11 and (C), the Fund shall consult, or cause con-
12 sultation with, the Comptroller of the Currency,
13 the Federal Deposit Insurance Corporation, the
14 Board of Governors of the Federal Reserve Sys-
15 tem, the Federal Housing Finance Board, the
16 Farm Credit Administration, the Director of
17 the Office of Thrift Supervision, the National
18 Credit Union Administration, Indian tribal gov-
19 ernments, community reinvestment, civil rights,
20 consumer and financial organizations, and such
21 representatives of agencies or other persons as
22 the Fund may determine.

23 (E) REPORTS.—

24 (i) PRELIMINARY REPORT.—Within
25 270 days after the date of the enactment

1 of this title, the Fund shall submit a re-
2 port to the President containing the
3 Fund's initial findings and recommenda-
4 tions regarding the matters set forth in
5 subparagraphs (A) and (C).

6 (ii) SUBSEQUENT REPORTS.—The
7 Fund shall submit an annual report to the
8 President containing the Fund's findings
9 and recommendations regarding the mat-
10 ters set forth in subparagraph (A) with the
11 annual report required by subsection
12 (b)(1).

13 (3) INVESTMENT, GOVERNANCE, AND ROLE OF
14 FUND.—

15 (A) STUDY REQUIRED.—Before the end of
16 the 6-year period beginning on the date of the
17 enactment of this title, the Fund, in accordance
18 with the procedures described in subparagraphs
19 (A) and (B) of paragraph (2), shall conduct a
20 study evaluating the structure, governance, and
21 performance of the Fund.

22 (B) REPORT.—A report on the study con-
23 ducted pursuant to subparagraph (A) shall be
24 submitted to the President.

1 (C) EVALUATION AND RECOMMENDA-
2 TIONS.—The report submitted pursuant to sub-
3 paragraph (B) shall include—

4 (i) an evaluation of the overall per-
5 formance of the Fund in meeting the pur-
6 poses of this title;

7 (ii) any recommendation of the Fund
8 for—

9 (I) restructuring the Board:

10 (II) altering procedures under
11 which the Fund is governed; or

12 (III) the future role of the Fund
13 in addressing community development;

14 and

15 (iii) an assessment of the ability of
16 the Fund to become a private, self-sustain-
17 ing entity capable of fulfilling the purposes
18 of this title.

19 (c) EXAMINATION AND AUDIT.—The financial state-
20 ments of the Fund shall be audited in accordance with
21 section 9105 of title 31, United States Code, except that
22 audits required by section 9105(a) of such title shall be
23 performed annually.

1 **SEC. 214. INVESTMENT OF RECEIPTS AND PROCEEDS.**

2 Any dividends on equity investments and proceeds
3 from the disposition of investments, deposits, or member-
4 ship shares that are received by the Fund as a result of
5 assistance provided pursuant to section 208 or 209 shall
6 be deposited and accredited, subject to amounts approved
7 in appropriation Acts, to an account of the Fund estab-
8 lished to carry out the authorized purposes of this title.
9 Upon request of the chief executive officer, the Secretary
10 of the Treasury shall invest amounts deposited in such ac-
11 count in public debt securities with maturities suitable to
12 the needs of the Fund, as determined by the chief execu-
13 tive officer, and bearing interest at rates determined by
14 the Secretary of the Treasury, taking into consideration
15 current market yields on outstanding marketable obliga-
16 tions of the United States of comparable maturities.
17 Amounts deposited into the account and interest earned
18 on such amounts pursuant to this section shall be available
19 to the Fund until expended.

20 **SEC. 215. ENFORCEMENT PROVISIONS.**

21 (a) REGULATIONS.—

22 (1) IN GENERAL.—The Board shall prescribe
23 such regulations as may be necessary to carry out
24 the requirements of this Act.

1 (2) REGULATIONS REQUIRED.—The regulations
2 prescribed under paragraph (1) shall include regula-
3 tions to—

4 (A) prevent conflicts of interest on the part
5 of directors, officers, and employees of qualified
6 community development financial institutions as
7 the Board determines to be appropriate; and

8 (B) establish such standards with respect
9 to loans by a qualified community development
10 institution to any director, officer, or employee
11 of such institution as the Board determines to
12 be appropriate, including loan amount limita-
13 tions.

14 (b) ADMINISTRATIVE ENFORCEMENT.—

15 (1) IN GENERAL.—The provisions of this Act,
16 and regulations prescribed under and agreements
17 entered into under this Act, shall be enforced under
18 section 8 of the Federal Deposit Insurance Act by—

19 (A) the appropriate Federal banking agen-
20 cy, in the case of an insured community devel-
21 opment financial institution; and

22 (B) the Board, in the case of a community
23 development financial institution which is not
24 an insured community development financial in-
25 stitution.

1 (2) APPLICABILITY OF SECTION 8 TO BOARD.—
2 For purposes of applying section 8 of the Federal
3 Deposit Insurance Act to the provisions of this Act
4 in accordance with paragraph (1)—

5 (A) a violation of this Act, or any regula-
6 tion prescribed under or any agreement entered
7 into under this Act, shall be treated as a viola-
8 tion of the Federal Deposit Insurance Act; and

9 (B) the Board shall be treated as an ap-
10 propriate Federal banking agency.

11 (c) CRIMINAL PROVISION.—Section 657 of title 18,
12 United States Code, is amended by inserting “or any
13 qualified community development financial institution re-
14 ceiving financial assistance under the Community Devel-
15 opment Banking and Financial Institutions Act of 1993,”
16 after “small business investment company,”.

17 **SEC. 216. AUTHORIZATION OF APPROPRIATIONS.**

18 (a) IN GENERAL.—There are authorized to be appro-
19 priated to the Fund, to remain available until expended,
20 \$60,000,000 for fiscal year 1994, \$104,000,000 for fiscal
21 year 1995, \$107,000,000 for fiscal year 1996, and
22 \$111,000,000 for fiscal year 1997, or such greater sums
23 as may be appropriated, to carry out the purposes of the
24 title.

1 (b) AVAILABILITY FOR FUNDING BEA.—Not less
2 than 33¹/₃ percent of the amounts appropriated to the
3 Fund for any fiscal year pursuant to the authorization in
4 subsection (a) shall be available for use in carrying out
5 sections 232 and 233 of the Bank Enterprise Act and the
6 amendments made by such sections to other provisions of
7 law.

8 (c) ADMINISTRATIVE EXPENSES.—The Fund may set
9 aside up to \$10,000,000 each fiscal year to pay adminis-
10 trative costs and expenses.

11 (d) CAPITALIZATION ASSISTANCE.—Not more than 5
12 percent of the amounts authorized to be appropriated
13 under subsection (a) may be used as provided in section
14 209.

15 **SEC. 217. CONFORMING AMENDMENT.**

16 Section 8F(a)(2) of the Inspector General Act of
17 1978 (5 U.S.C. App. 8F(a)(2)) is amended by inserting
18 “the Community Development Banking and Financial In-
19 stitutions Fund,” immediately following “the Commodity
20 Futures Trading Commission,”.

21 **SEC. 218. APPOINTMENT OF COMMUNITY ENTERPRISE AS-**
22 **SESSMENT CREDIT BOARD.**

23 The President shall appoint the members of the Com-
24 munity Enterprise Assessment Credit Board described in
25 section 233(d)(2)(D) of the Bank Enterprise Act before

1 the end of the 90-day period beginning on the date of the
2 enactment of this Act.

3 **SEC. 219. COMMUNITY DEVELOPMENT CREDIT UNION AS-**
4 **SISTANCE.**

5 (a) AUTHORIZATION OF ADDITIONAL APPROPRIA-
6 TIONS.—In addition to the amounts appropriated to the
7 Community Development Credit Union Revolving Loan
8 Fund pursuant to section 101(j) of the joint resolution
9 entitled ‘Joint Resolution making continuing appropria-
10 tions for the fiscal year 1980, and for other purposes’
11 and approved October 12, 1979, there is authorized to be
12 appropriated to the National Credit Union Administration
13 Board for purposes of the Community Development Credit
14 Union Revolving Loan Fund—

- 15 (1) \$3,000,000 for fiscal year 1994;
16 (2) \$4,000,000 for fiscal year 1995;
17 (3) \$4,000,000 for fiscal year 1996; and
18 (4) \$4,000,000 for fiscal year 1997.

19 (b) INVESTMENT OF FUNDS.—The National Credit
20 Union Administration Board may invest any moneys in
21 the Community Development Credit Union Revolving
22 Loan Fund which are not needed for current expenditures
23 in United States Treasury securities. Any interest accrued
24 on such securities shall, subject to amounts approved in

1 appropriation Acts, be deposited into and accredited to the
2 Fund.

3 (c) AUTHORITY.—Notwithstanding any other provi-
4 sion of law, the National Credit Union Administration
5 Board may exercise the authority granted to the Board
6 by the Community Development Credit Union Revolving
7 Fund Transfer Act, including any additional appropria-
8 tions made and earnings accrued, subject only to this sec-
9 tion and to regulations prescribed by the Board.

10 **SEC. 220. INSURED COMMUNITY DEVELOPMENT FINANCIAL**
11 **INSTITUTION ACCESS TO FEDERAL HOME**
12 **LOAN BANK ADVANCES.**

13 Section 10 of the Federal Home Loan Bank Act (12
14 U.S.C. 1430) is amended by adding at the end the follow-
15 ing new subsection:

16 “(k) COMMUNITY DEVELOPMENT FINANCIAL INSTI-
17 TUTION ACCESS TO ADVANCES.—Any insured community
18 development financial institution (as defined in section
19 3(e) of the Community Development Banking and Finan-
20 cial Institutions Act of 1993) which meets the require-
21 ments of subparagraphs (A) and (B) of section 4(a)(1)
22 may obtain advances from the appropriate Federal home
23 loan bank in accordance with this section in the same
24 manner and to the same extent as members of such bank

1 without regard to any stock purchase requirement imposed
2 on members under this Act.”.

3 **SEC. 221. COMMUNITY INVESTMENT PROGRAM INCEN-**
4 **TIVES.**

5 (a) ASSETS DERIVED FROM CIP ADVANCES INCLUD-
6 IBLE WITHOUT LIMITATION FOR PURPOSES OF QTL
7 TEST.—Section 10(m)(4)(C)(ii) of the Home Owners’
8 Loan Act (12 U.S.C. 1467a(m)(4)(C)(ii)) is amended by
9 adding at the end the following new subclause:

10 “(VII) Loan assets derived from
11 the proceeds of an advance made to
12 the savings association from a Federal
13 home loan bank under the community
14 investment program of such bank.”.

15 (b) AUTHORITY TO WAIVE FHLB STOCK PURCHASE
16 REQUIREMENT IN CONNECTION WITH A CIP ADVANCE.—
17 Section 6(b) of the Federal Home Loan Bank Act (12
18 U.S.C. 1426(b)) is amended by adding at the end the fol-
19 lowing new paragraph:

20 “(6) TREATMENT OF CIP ADVANCES.—A Fed-
21 eral home loan bank may waive the requirement that
22 advances to such member from the bank’s commu-
23 nity investment program be taken into account in
24 determining the amount of aggregate outstanding

1 advances to the member from the bank for purposes
2 of this subsection.”.

3 (c) TREATMENT OF ECONOMIC DEVELOPMENT
4 LOANS AND ASSETS DERIVED FROM CIP ADVANCES AS
5 COLLATERAL FOR ADDITIONAL FHLB ADVANCES.—Sec-
6 tion 10(a) of the Federal Home Loan Bank Act (12
7 U.S.C. 1430(a)) is amended—

8 (1) by redesignating paragraph (5) as para-
9 graph (6);

10 (2) in paragraph (6) (as so redesignated), by
11 striking “(1) through (4)” and inserting “(1)
12 through (5)”;

13 (3) by inserting after paragraph (4) the follow-
14 ing new paragraph:

15 “(5) Economic development loans derived from
16 the proceeds of an advance made to a member from
17 a Federal home loan bank under the community in-
18 vestment program of such bank.”.

19 **SEC. 222. 30 PERCENT LENDING CAP INCREASED.**

20 Paragraph (2) of the 1st subsection (e) of section 10
21 of the Federal Home Loan Bank Act (12 U.S.C.

1 1430(e)(2)) is amended by striking “30 percent” and in-
2 serting “40 percent”.

Passed the House of Representatives November 21,
1993.

Attest: DONNALD K. ANDERSON,
Clerk.

HR 3474 RFS—2

HR 3474 RFS—3

HR 3474 RFS—4

HR 3474 RFS—5

HR 3474 RFS—6

HR 3474 RFS—7

HR 3474 RFS—8

HR 3474 RFS—9