

103^D CONGRESS
1ST SESSION

H. R. 962

To increase the amount of credit available to fuel local, regional, and national economic growth by reducing the regulatory burden imposed upon safe, sound, and properly managed financial institutions.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

Mr. BEREUTER (for himself and Mr. BACCHUS of Florida) introduced the following bill; which was referred to the Committee on Banking and Finance

A BILL

To increase the amount of credit available to fuel local, regional, and national economic growth by reducing the regulatory burden imposed upon safe, sound, and properly managed financial institutions.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Economic Growth and Financial Institutions Regulatory
6 Paperwork Reduction Act of 1993”.

7 (b) TABLE OF CONTENTS.—

TITLE I—REGULATORY IMPACT ON CREDIT AVAILABILITY

Subtitle A—General Provisions

- Sec. 101. Regulation of real estate lending
- Sec. 102. Real estate appraisal amendment.
- Sec. 103. Public deposits.

Subtitle B—Impact of Accounting and Capital Issues on Credit Availability

- Sec. 111. Audit costs.
- Sec. 112. Recourse agreements.
- Sec. 113. Market value accounting.
- Sec. 114. Report on capital standards and their impact on the economy.
- Sec. 115. Minimize potential impact of capital standards on credit availability.

Subtitle C—Disincentives to Risk-Taking

- Sec. 121. Due process protections.
- Sec. 122. Culpability standards for outside directors.

Subtitle D—Miscellaneous Credit Availability Provisions

- Sec. 131. Regulatory appeals process.
- Sec. 132. Aggregate limits on insider lending.
- Sec. 133. Sterile reserves studies.
- Sec. 134. Credit card accounts receivable sales.
- Sec. 135. Changes to The Federal Home Loan Bank Act to promote credit availability.

TITLE II—REGULATORY MICROMANAGEMENT

- Sec. 201. Regulatory standards.
- Sec. 202. Paperwork reduction review.
- Sec. 203. Rules on deposit taking.
- Sec. 204. Adequate transition period for new regulations.

TITLE III—UNNECESSARY COST, PAPERWORK, AND REGULATION

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- Sec. 301. Annual examinations.
- Sec. 302. Coordinated examinations.
- Sec. 303. Differences in accounting principles.
- Sec. 304. Reduction of call report burdens.
- Sec. 305. Regulatory review of capital compliance burden.
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- Sec. 307. Bank Secrecy Act amendments.
- Sec. 308. Clarifying amendments.
- Sec. 309. Limiting potential liability on foreign accounts.
- Sec. 310. Repeal out-dated statutory provision.

Subtitle B—Holding Company Efficiencies

- Sec. 321. Expedited procedures for forming a bank holding company.
- Sec. 322. Exemption of certain holding company formations from registration under the Securities Act of 1933.
- Sec. 323. Expedited procedures for bank holding companies to seek approval to engage in nonbanking activities.
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TITLE IV—CONSUMER INCONVENIENCE, PAPERWORK, AND COST;
OTHER NONSUPERVISORY REFORMS

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- Sec. 401. Streamlined lending process for consumer benefit.
- Sec. 402. Exemption for certain borrowers.
- Sec. 403. Modification of waiver of right of rescission.
- Sec. 404. Alternative disclosures for adjustable rate mortgages.
- Sec. 405. Exemption for business accounts.
- Sec. 406. Elimination of duplicate disclosures for home equity loans.

Subtitle B—Other Nonsupervisory Reforms

Part 1—Expedited Funds Availability and Electronic Transfers

- Sec. 411. Availability schedules.
- Sec. 412. Definition of a new account.
- Sec. 413. Jurisdiction.
- Sec. 414. Unauthorized electronic fund transfers.

PART 2—AMENDMENTS TO THE TRUTH IN LENDING ACT

- Sec. 421. Liability for unauthorized use of credit cards.

PART 3—HOMEOWNERSHIP AMENDMENTS

- Sec. 431. Home mortgage disclosure act exemption.
- Sec. 432. Homeownership debt counseling notification.
- Sec. 433. Elimination of duplicative data collection.

PART 4—AMENDMENTS TO THE REAL ESTATE SETTLEMENTS PROCEDURES
ACT

- Sec. 441. Clarify disclosure requirements.
- Sec. 442. Exemption of business loans.

TITLE V—COMMUNITY INVESTMENT

- Sec. 501. Community Reinvestment Act amendments.

1 **TITLE I—REGULATORY IMPACT ON**
 2 **CREDIT AVAILABILITY**

3 **Subtitle A—General Provisions**

4 **SEC. 101. REGULATION OF REAL ESTATE LENDING.**

5 Subsection (o) of section 18 of the Federal Deposit
 6 Insurance Act (12 U.S.C. 1828(o)) (as added by section
 7 304 of the Federal Insurance Corporation Improvement
 8 Act of 1991) is amended—

1 (a) by redesignating paragraph (4) as para-
2 graph (5); and

3 (b) by inserting new paragraph (4) as follows:

4 “(4) CONSIDERATION OF PARTICULAR IMPACT.—In
5 prescribing standards under paragraph (1), the appro-
6 priate Federal banking agencies shall, consistent with
7 safety and soundness,—

8 “(A) consider the impact that such standards
9 have on the availability of credit for small business,
10 residential, and agricultural purposes, and on low-
11 and moderate-income communities; and

12 “(B) minimize the negative impact that these
13 standards have on the availability of credit for such
14 purposes and in such areas.”

15 **SEC. 102. REAL ESTATE APPRAISAL AMENDMENT.**

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

19 (a) by redesignating subsections (b), (c), (d)
20 and (e) as subsections (c), (d), (e) and (f), respec-
21 tively;

22 (b) by adding the following new subsection (b):

23 “(b) RECIPROCITY.—The Appraisal Subcommittee
24 shall encourage the States to develop reciprocity agree-
25 ments among themselves so as to readily authorize ap-

1 praisers licensed or certified in one State and in good
2 standing with their State appraiser certifying or licensing
3 agency to perform appraisals in another State or States
4 as though they were licensed or certified in that State or
5 States.”; and

6 (c) by adding at the end of subsection (a)(3) the fol-
7 lowing new sentence: “A State appraiser certifying or li-
8 censing agency shall not impose excessive fees or burden-
9 some requirements for temporary practice under this sub-
10 section, as determined by the Appraisal Subcommittee.”.

11 **SEC. 103. PUBLIC DEPOSITS.**

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

14 (a) by inserting “(1) IN GENERAL.—” before
15 “No agreement which tends”;

16 (b) by redesignating paragraphs (1), (2), (3)
17 and (4) as subparagraphs (A), (B), (C) and (D) re-
18 spectively; and

19 (c) by inserting the following new paragraph
20 (2):

21 “(2) EXCEPTION.—This subsection shall not apply to
22 any agreement permitting or affecting the deposit custody
23 or collateralization of funds of any public entity.”.

1 **Subtitle B—Impact of Accounting and Capital**
2 **Issues on Credit Availability**

3 **SEC. 111. AUDIT COSTS.**

4 (a) IN GENERAL.—Section 36 of the Federal Deposit
5 Insurance Act (12 U.S.C. 1831m) (as added by section
6 112 of the Federal Deposit Insurance Corporation Im-
7 provement Act of 1991) is amended—

8 (1) AUDITOR ATTESTATIONS.—

9 (A) in subsection (a)(2)(A)(ii), by striking
10 “subsections (c) and (d)” and inserting “sub-
11 section (c)”;

12 (B) by striking subsection (c);

13 (C) in subsection (d), by deleting “(d)”
14 and inserting “(c)”; and

15 (D) by striking subsection (e);

16 (2) DUPLICATIVE REPORTING.—in subsection
17 (i), by striking “if—(1) services and functions” and
18 all that follows through “or the appropriate Federal
19 banking agency.” and inserting “if services and
20 functions comparable to those required under this
21 section are provided at the holding company level.”;

22 (3) INDEPENDENT AUDIT COMMITTEES.—

23 (A) in subsection (g)(1)(A), by striking
24 “entirely” and inserting “the majority of which
25 is”;

1 (B) in subsection (g)(1)(C),

2 (i) by inserting “and” after the semi-
3 colon in clause (i), and by striking “; and”
4 in clause (ii) and inserting “.”; and

5 (ii) by striking clause (iii);

6 (C) in subsection (g)(1), by inserting the
7 following new subparagraph:

8 “(D) EXEMPTIVE AUTHORITY.—Each ap-
9 propriate Federal banking agency shall, by reg-
10 ulation, exempt from the requirements of this
11 subsection all insured depository institutions
12 which face hardships in retaining competent di-
13 rectors on their internal audit committees as a
14 result of this subsection. In determining what
15 types of institutions will be exempted, the agen-
16 cy shall consider such factors as the size of the
17 institution and the availability of competent
18 outside directors in the community.”; and

19 (4) PUBLIC AVAILABILITY.—In subsection
20 (a)(3), by inserting at the end the following new sen-
21 tence—“Notwithstanding the previous sentence, the
22 Corporation and the appropriate Federal banking
23 agencies may designate certain information as privi-
24 leged and confidential and not available to the pub-
25 lic.”.

1 (5) QUARTERLY REPORTS.—In subsection
2 (g)(2), by inserting the following new subparagraph
3 (D)—

4 “(D) NOTICE TO INSTITUTION.—Upon de-
5 termining that an institution’s quarterly reports
6 shall be subject to the requirements of subpara-
7 graph (A), the Corporation shall promptly pro-
8 vide the institution with written notice of such
9 determination.”.

10 (6) by redesignating subsections (f) through (j)
11 as subsections (d) through (h), respectively.

12 (b) EFFECTIVE DATE.—Section 112(b) of the Fed-
13 eral Deposit Insurance Corporation Improvement Act of
14 1991 is amended by striking “December 31, 1992” and
15 inserting “December 31, 1993”.

16 **SEC. 112. RECOURSE AGREEMENTS.**

17 Section 37(b) of the Federal Deposit Insurance Act
18 (12 U.S.C. 1831n(b)) (as added by section 121 of the Fed-
19 eral Deposit Insurance Corporation Improvement Act of
20 1991) is amended by adding at the end the following new
21 paragraph (3):

22 “(3) RECOURSE AGREEMENTS.—Each appro-
23 priate Federal banking agency shall require insured
24 depository institutions to use accounting principles
25 consistent with generally accepted accounting prin-

1 ciples in determining, for purposes of compliance
2 with statutory or regulatory requirements, the cap-
3 ital required to be held against loans sold with re-
4 course.”.

5 **SEC. 113. MARKET VALUE ACCOUNTING.**

6 Section 37(a)(3) of the Federal Deposit Insurance
7 Act (12 U.S.C. 1831n(a)(3)) (as added by section 121 of
8 the Federal Deposit Insurance Corporation Improvement
9 Act of 1991) is amended by striking subparagraph (D).

10 **SEC. 114. REPORT ON CAPITAL STANDARDS AND THEIR IM-**
11 **PACT ON THE ECONOMY.**

12 (a) STUDY.—No later than 90 days after enactment
13 of this Act, the Department of the Treasury, after con-
14 sultation with the Federal banking agencies, shall report
15 to the House and Senate Banking Committees on the ef-
16 fect that the implementation of risk based capital stand-
17 ards, including the Basle international capital standards,
18 is having on—

19 (1) the safety and soundness of insured deposi-
20 tory institutions;

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

23 (3) economic growth.

1 The report shall contain any recommendations with
2 respect to capital standards that the Department of the
3 Treasury may wish to provide.

4 (b) DEFINITION.—For purposes of this section, the
5 terms “Federal banking agency” and “insured depository
6 institution” have the same meanings as in section 3 of
7 the Federal Deposit Insurance Act.

8 **SEC. 115. MINIMIZE POTENTIAL IMPACT OF CAPITAL**
9 **STANDARDS ON CREDIT AVAILABILITY.**

10 Section 305 of the Federal Deposit Insurance Cor-
11 poration Improvement Act of 1991 (12 U.S.C. 1828 note)
12 is amended—

13 (a) in subsection (b)(1)(A)—

14 (1) by striking clauses (ii) and (iii);

15 (2) by striking “(A) take adequate account
16 of—(i) interest-rate risk” and inserting “(A)
17 take adequate account of interest-rate risk;
18 and”.

19 (b) by striking paragraph (3) in subsection (b) and
20 inserting the following new paragraph (3):

21 “(3) TIMING FOR PRESCRIBING REVISED
22 STANDARDS.—

23 “(A) INTEREST RATE RISK.—No appro-
24 priate Federal banking agency shall prescribe
25 final regulations in the Federal Register to im-

1 plement subparagraph (A) of paragraph (1) of
2 this subsection prior to—

3 “(i) the implementation of similar
4 standards at an international level; and

5 “(ii) the establishment of reasonable
6 transition rules, subsequent to the occur-
7 rence specified in clause (i), to facilitate
8 compliance with those regulations.

9 “(B) MULTIFAMILY MORTGAGES.—Each
10 appropriate Federal banking agency shall—

11 “(i) publish final regulations in the
12 Federal Register to implement paragraph
13 (1)(B) not later than 18 months after the
14 date of enactment of this Act; and

15 “(ii) establish reasonable transition
16 rules to facilitate compliance with those
17 regulations.”.

18 **Subtitle C—Disincentives to Risk-Taking**

19 **SEC. 121. DUE PROCESS PROTECTIONS.**

20 (a) ATTACHMENT OF ASSETS.—

21 (1) INSURED DEPOSITORY INSTITUTIONS.—

22 (A) section 11(d)(19) of the Federal De-
23 posit Insurance Act (12 U.S.C. 1821(d)(19)) is
24 amended—

1 (i) in subparagraph (A), by striking
2 “without regard” and all that follows
3 through “immediate”; and

4 (ii) in subparagraph (B), by striking
5 “(as modified with respect to such proceed-
6 ing by subparagraph (A))”.

7 (B) section 8(b) of the Federal Deposit In-
8 surance Act (12 U.S.C. 1818(b)) is amended by
9 redesignating subsection (b)(6)(F) as sub-
10 section (b)(6)(G), and inserting after subsection
11 (b)(6)(E) the following:

12 “(F) prohibit such person from withdrawing,
13 transferring, removing, dissipating, or disposing of
14 any funds, assets or other property where injury,
15 loss, or damage to such property is irreparable and
16 immediate; and”.

17 (C) section 8(i) of the Federal Deposit In-
18 surance Act (12 U.S.C. 1818(i)) is amended by
19 striking paragraph (4)(B) and inserting the fol-
20 lowing:

21 “(B) STANDARD.—Rule 65 of the Federal
22 Rules of Civil Procedure shall apply with respect to
23 any proceeding under this paragraph.”.

24 (2) CREDIT UNIONS.—

1 (A) Section 207(b)(2)(H) of the Federal
2 Credit Union Act (12 U.S.C. 1787(b)(2)(H)) is
3 amended—

4 (i) in clause (i), by striking “without
5 regard” and all that follows through “im-
6 mediate”; and

7 (ii) in clause (ii), by striking “(as
8 modified with respect to such proceeding
9 by clause (i))”.

10 (B) Section 206(e)(3) of the Federal Cred-
11 it Union Act (12 U.S.C. 1786(e)(3)) is amend-
12 ed by redesignating subsection (e)(3)(F) as sub-
13 section (e)(3)(G), and inserting after subsection
14 (e)(3)(E) the following:

15 “(F) prohibit such person from withdrawing, trans-
16 ferring, removing, dissipating, or disposing of any funds,
17 assets or other property where injury, loss, or damage to
18 such property is irreparable and immediate; and”.

19 **SEC. 122. CULPABILITY STANDARDS FOR OUTSIDE DIREC-**
20 **TORS.**

21 Section 3(u) of the Federal Deposit Insurance Act
22 (12 U.S.C. 1813(u)) is amended—

23 (a) in paragraph (1), by inserting “(other than
24 an outside director”) after “director”;

1 (b) in paragraph (3), by inserting “(other than
2 an outside director”) after “any other person”; and

3 (c) in paragraph (4), by inserting “or outside
4 director” after “or accountant”).

5 SUBTITLE D—MISCELLANEOUS CREDIT AVAILABILITY
6 PROVISIONS

7 **SEC. 131. REGULATORY APPEALS PROCESS.**

8 (a) IN GENERAL.—Not later than 180 days after the
9 date of enactment of this Act, each appropriate Federal
10 banking agency and the National Credit Union Adminis-
11 tration shall establish an independent appellate process
12 within its agency responsible for reviewing material super-
13 visory determinations made at insured depository institu-
14 tions or credit unions that it supervises.

15 (b) REVIEW PROCESS.—In establishing this inde-
16 pendent appellate process, each agency shall ensure—

17 (1) that any appeal of a supervisory determina-
18 tion from any insured depository institution or credit
19 union, or any officer, director, employee or other
20 representative of any insured depository institution
21 or credit union, be heard and decided expeditiously;

22 (2) that appropriate safeguards exist for pro-
23 tecting the appellant from retaliation by agency ex-
24 aminers; and

1 (3) that the ruling agency officer have the au-
2 thority, where appropriate and as justice so requires,
3 to stay the supervisory determination pending com-
4 pletion of the appellate process.

5 (c) COMMENT PERIOD.—Each agency shall provide
6 public notice and opportunity for comment on proposed
7 guidelines for an appellate process not later than 90 days
8 after enactment of this Act.

9 (d) DEFINITIONS.—For purposes of this section—

10 (1) the term “agency” shall refer to the appro-
11 priate Federal banking agency and the National
12 Credit Union Administration;

13 (2) the terms “insured depository institution”
14 and “appropriate Federal banking agency” have the
15 same meanings as in section 3 of the Federal De-
16 posit Insurance Act; and

17 (3) the term “material supervisory determina-
18 tion” includes determinations relating to exam rat-
19 ings, the adequacy of loan loss reserve provisions,
20 and loan classifications on loans significant to the
21 institution.

22 **SEC. 132. AGGREGATE LIMITS ON INSIDER LENDING.**

23 Section 22(h)(5) of the Federal Reserve Act (12
24 U.S.C. 375b(5)) (as amended by section 306 of the Fed-

1 eral Deposit Insurance Corporation Improvement Act of
2 1991) is amended—

3 (a) by redesignating subparagraph (C) as sub-
4 paragraph (D);

5 (b) by inserting the following new subparagraph
6 (C):

7 “(C) SMALL BANK EXCEPTION.—Notwithstanding
8 subparagraph (A), member banks with less than
9 \$100,000,000 in deposits may make such extensions of
10 credit in the aggregate to persons specified in subpara-
11 graph (A) in an amount not to exceed 2 times the bank’s
12 unimpaired capital and unimpaired surplus.”; and

13 (c) in subparagraph (D), as redesignated, by
14 striking “less than \$100,000,000” and inserting
15 “between \$100,000,000 and \$250,000,000”.

16 **SEC. 133. STERILE RESERVES STUDIES.**

17 (a) FEDERAL RESERVE STUDY.—No later than 90
18 days after enactment of this Act, the Board of Governors
19 of the Federal Reserve System, in consultation with the
20 Federal Deposit Insurance Corporation, shall study and
21 report to Congress on—

22 (1) the necessity, for monetary policy purposes,
23 of continuing to require insured depository institu-
24 tions to maintain sterile reserves;

1 (2) the appropriateness of paying insured de-
2 pository institutions with a market rate of interest
3 on sterile reserves, or in the alternative, providing
4 payment of this interest into the appropriate deposit
5 insurance fund;

6 (3) the monetary impact that the failure to pay
7 interest on sterile reserves has had on insured deposi-
8 tory institutions, including an estimate of the total
9 dollar amount of interest and potential income lost
10 by insured depository institutions;

11 (4) the degree to which the failure to pay inter-
12 est on sterile reserves has impacted upon economic
13 growth; and

14 (5) the impact that failure to pay interest on
15 sterile reserves has had on the ability of the banking
16 industry to compete with nonbanking providers of fi-
17 nancial services and with foreign banks.

18 (b) BUDGETARY IMPACT STUDY.—No later than 90
19 days after enactment of this Act, the Office of Manage-
20 ment and Budget and the Congressional Budget Office,
21 in consultation with the Senate and House Committees on
22 the Budget, shall jointly study and report to Congress on
23 the budgetary impact of—

24 (1) paying insured depository institutions a
25 market rate of interest on sterile reserves; and

1 (2) paying such interest into the respective de-
2 posit insurance funds.

3 (c) DEFINITION.—For purposes of this section, the
4 term “insured depository institution” has the same mean-
5 ing as in section 3 of the Federal Deposit Insurance Act.

6 **SEC. 134. CREDIT CARD ACCOUNTS RECEIVABLE SALES.**

7 Section 11(e) of the Federal Deposit Insurance Act
8 (12 U.S.C. 1821(e)) is amended by adding at the end the
9 following new paragraphs:

10 “(14) SELLING CREDIT CARD ACCOUNTS RECEIV-
11 ABLE.—

12 “(A) NOTIFICATION REQUIRED.—An
13 undercapitalized insured depository institution (as
14 defined in section 38) shall notify the Corporation in
15 writing before entering into an agreement to sell
16 credit card accounts receivable.

17 “(B) WAIVER BY CORPORATION.—The Corpora-
18 tion may at any time, in its sole discretion and upon
19 such terms as it may prescribe, waive its right to re-
20 pudiate an agreement to sell credit card accounts re-
21 ceivable if the Corporation—

22 “(i) determines that the waiver is in the
23 best interests of the deposit insurance fund;
24 and

1 “(ii) provides a written waiver to the sell-
2 ing institution.

3 “(C) EFFECT OF WAIVER ON SUCCESSORS.—

4 “(i) IN GENERAL.—If, under subparagraph
5 (B), the Corporation has waived its right to re-
6 pudiate an agreement to sell credit card ac-
7 counts receivable—

8 “(I) any provision of the agreement
9 that restricts solicitation of a credit card
10 customer of the selling institution, or the
11 use of a credit card customer list of the in-
12 stitution, shall bind any receiver or con-
13 servator of the institution; and

14 “(II) the Corporation shall require
15 any acquirer of the selling institution, or of
16 substantially all of the selling institution’s
17 assets or liabilities, to agree to be bound
18 by a provision described in subclause (I) as
19 if the acquirer were the selling institution.

20 “(ii) EXCEPTION.—Clause (i)(II) does
21 not—

22 “(I) restrict the acquirer’s authority
23 to offer any product or service to any per-
24 son identified without using a list of the

1 selling institution's customers in violation
2 of the agreement;

3 "(II) require the acquirer to restrict
4 any preexisting relationship between the
5 acquirer and a customer; or

6 "(III) apply to any transaction in
7 which the acquirer acquires only insured
8 deposits.

9 "(D) WAIVER NOT ACTIONABLE.—The Cor-
10 poration shall not, in any capacity, be liable to any
11 person for damages resulting from waiving or failing
12 to waive the Corporation's right under this section
13 to repudiate any contract or lease, including an
14 agreement to sell credit card accounts receivable. No
15 court shall issue any order affecting any such waiver
16 or failure to waive.

17 "(E) OTHER AUTHORITY NOT AFFECTED.—
18 This paragraph does not limit any other authority of
19 the Corporation to waive the Corporation's right to
20 repudiate an agreement or lease under this section.

21 "(15) CERTAIN CREDIT CARD CUSTOMER LISTS
22 PROTECTED.—

23 "(A) IN GENERAL.—If any insured depository
24 institution sells credit card accounts receivable under
25 an agreement negotiated at arm's length that pro-

1 vides for the sale of the institution’s credit card cus-
2 tomer list, the Corporation shall prohibit any party
3 to a transaction with respect to the institution under
4 this section or section 13 from using the list except
5 as permitted under the agreement.

6 “(B) FRAUDULENT TRANSACTIONS EX-
7 CLUDED.—Subparagraph (A) does not limit the Cor-
8 poration’s authority to repudiate any agreement en-
9 tered into with the intent to hinder, delay, or de-
10 fraud the institution, the institution’s creditors, or
11 the Corporation.”.

12 **SEC. 135. CHANGES TO THE FEDERAL HOME LOAN BANK**

13 **ACT TO PROMOTE CREDIT AVAILABILITY**

14 (a) Section 10(a) of the Federal Home Loan Bank
15 Act (12 U.S.C. 1430(a)) is amended—

16 (1) by redesignating subparagraphs (4) and (5)
17 as subparagraphs (5) and (6), respectively;

18 (2) in newly redesignated subparagraph (5) (as
19 redesignated by subsection (a)(1) of this section), by
20 inserting “nonresidential” after the first “Other”;

21 (3) by inserting new subparagraph (4) as fol-
22 lows:

23 “(4) Other residential real estate-related collat-
24 eral acceptable to the Bank.”; and

1 (4) in newly redesignated subparagraph (6) (as
2 redesignated by subsection (a)(1) of this section), by
3 striking “(4)” and inserting “(5)”.

4 (b) Section 11(h) of the Federal Home Loan Bank
5 Act (12 U.S.C. 1431(h)) is amended by inserting after
6 “Federal Home Loan Bank System,” the following clause:
7 “the purchase of participation interests in residential con-
8 struction loans that are originated by member institutions
9 and that comply with uniform Federal regulations on real
10 estate lending standards under subsection (o) of section
11 1828 of title 12 of the United States Code, the authority
12 to enhance the credit quality of any such participation in-
13 terests in residential construction loans that the Banks re-
14 sell,”.

15 **TITLE II—REGULATORY**

16 **MICROMANAGEMENT**

17 **SEC. 201. REGULATORY STANDARDS.**

18 Section 39 of the Federal Deposit Insurance Act (12
19 U.S.C. 1831s) (as added by section 132 of the Federal
20 Deposit Insurance Corporation Improvement Act of 1991)
21 is amended—

22 (a) in subsection (a), by inserting “subject to
23 this section” after “all insured depository institu-
24 tions and depository institution holding companies”;

1 (b) in subsection (b), by inserting “subject to
2 this section” after “all insured depository institu-
3 tions and depository institution holding companies”;

4 (c) in subsection (c), by inserting “subject to
5 this section” after “all insured depository institu-
6 tions”;

7 (d) in subsection (e)(1)(A), by inserting “sub-
8 ject to this section” after “insured depository insti-
9 tution or depository institution holding company”;

10 (e) in subsection (e)(2), by inserting “subject to
11 this section” after “insured depository institutions
12 or depository institution holding company”; and

13 (f) by inserting the following new subsection
14 (h):

15 “(h) APPLICABILITY.—

16 “(1) IN GENERAL.—This section shall not apply
17 to any adequately capitalized or well capitalized in-
18 sured depository institution (as defined in section
19 38) which has a CAMEL composite rating of 1 or
20 2 under the Uniform Financial Institution Rating
21 System or an equivalent rating under a comparable
22 system.

23 “(2) DISCRETION.—Each appropriate Federal
24 banking agency may waive compliance with the re-
25 quirements of this section, either partially or fully

1 and on a case-by-case basis, where such action will
2 not threaten the safety and soundness of the institu-
3 tion.”.

4 **SEC. 202. PAPERWORK REDUCTION REVIEW.**

5 Not later than 180 days after the date of enactment
6 of this Act, each appropriate Federal banking agency, in
7 consultation with insured depository institutions and other
8 interested parties, shall—

9 (a) review the extent to which current regula-
10 tions require insured depository institutions to
11 produce unnecessary internal written policies; and

12 (b) eliminate such requirements, where appro-
13 priate.

14 For purposes of this section, the terms “insured depository
15 institution” and “appropriate Federal banking agency”
16 have the same meanings as in section 3 of the Federal
17 Deposit Insurance Act.

18 **SEC. 203. RULES ON DEPOSIT TAKING.**

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

21 (1) by inserting “undercapitalized” after “in-
22 cludes any”; and

23 (2) by inserting “undercapitalized” after “em-
24 ployee of any”.

1 **SEC. 204. ADEQUATE TRANSITION PERIOD FOR NEW REGU-**
2 **LATIONS.**

3 (a) ADEQUATE TRANSITION PERIOD FOR NEW REG-
4 ULATIONS.—No new regulation issued by a Federal bank-
5 ing agency which imposes additional reporting, disclosure
6 or other requirements on insured depository institutions
7 shall be effective prior to 180 days from the date that reg-
8 ulation becomes final unless—

9 (1) the agency makes a finding that an emer-
10 gency exists which requires sooner action or that
11 such a delay would have a substantial impact upon
12 the safety and soundness of the industry; or

13 (2) explicitly directed by Congress.

14 (b) DEFINITION.—For purposes of this section, the
15 terms “Federal banking agency” and “insured depository
16 institution” have the same meanings as in section 3 of
17 the Federal Deposit Insurance Act.

18 **TITLE III—UNNECESSARY COST,**
19 **PAPERWORK AND REGULATION**
20 **Subtitle A—General Provisions**

21 **SEC. 301. ANNUAL EXAMINATIONS.**

22 (a) IN GENERAL.—Section 10 of the Federal Deposit
23 Insurance Act (12 U.S.C. 1820) (as amended by section
24 111 of the Federal Deposit Insurance Corporation Im-
25 provement Act of 1991) is amended—

1 (1) SMALL INSTITUTION TREATMENT.—In sub-
2 section (d), delete paragraph (4) and insert the fol-
3 lowing new paragraph:

4 (4) 2-YEAR RULE FOR CERTAIN SMALL INSTI-
5 TUTIONS.—Paragraphs (1), (2), and (3) shall apply
6 with ‘24-month’ substituted for ‘12-month’ if—

7 “(A) the insured depository institution has
8 total assets of less than \$250,000,000;

9 “(B) the institution is well capitalized, as
10 defined in section 38;

11 “(C) when the institution was most re-
12 cently examined, it was found to be well man-
13 aged, had solid earnings, had been profitable
14 for the previous 2 years, and its composite con-
15 dition was found to be good;

16 “(D) the insured depository institution is
17 not currently subject to a formal enforcement
18 order by the appropriate Federal banking agen-
19 cy; and

20 “(E) no person acquired control of the in-
21 stitution during the 12-month period in which
22 a full-scope, on-site examination would be re-
23 quired but for this paragraph.

24 “The dollar amount in the preceding sentence shall
25 be adjusted annually after December 31, 1992, by the an-

1 nual percentage increase in the Consumer Price Index for
2 Urban Wage Earners and Clerical Workers published by
3 the Bureau of Labor Statistics.”.

4 (2) STATE EXAMINATIONS.—In subsection (d),
5 delete paragraph (3) and insert the following new
6 paragraph:

7 “(3) STATE EXAMINATIONS ACCEPTABLE.—The
8 examination requirement established under para-
9 graph (1) may be satisfied by an examination of the
10 insured depository institution conducted by the state
11 during the 12-month period if the appropriate Fed-
12 eral banking agency determines that the state exam-
13 ination carries out the purposes of this subsection.”.

14 (3) CERTAIN DEPOSITORY INSTITUTIONS WITH-
15 IN HOLDING COMPANIES.—At the end of subsection
16 (d), add the following new paragraph:

17 “(7) CERTAIN INSTITUTIONS WITHIN DEPOSI-
18 TORY INSTITUTION HOLDING COMPANIES.—The ap-
19 propriate Federal banking agency may exempt any
20 insured depository institution owned or controlled by
21 a depository institution owned or controlled by a de-
22 pository institution holding company from the re-
23 quirements of this subsection where—

24 “(A) the agency is satisfied, after review-
25 ing the holding company’s internal controls and

1 examination procedures, that adequate controls
2 and procedures exist within the holding com-
3 pany structure; or

4 “(B) the insured depository institutions
5 owned or controlled by the depository institu-
6 tion holding company which hold a substantial
7 majority of the total assets of all insured depos-
8 itory institution assets owned or controlled by
9 the depository institution holding company have
10 been examined pursuant to the requirements of
11 this subsection.”.

12 **SEC. 302. COORDINATED EXAMINATIONS.**

13 (a) COORDINATED STATE AND FEDERAL EXAMINA-
14 TIONS.—Section 10(d) of the Federal Deposit Insurance
15 Act (12 U.S.C. 1820(d)) (as amended by section 301 of
16 this Act) is amended by inserting after paragraph (7) the
17 following new paragraph:

18 “(8) COORDINATED EXAMINATIONS.—Each ap-
19 propriate Federal banking agency shall, to the ex-
20 tent practicable—

21 “(A) coordinate all examinations to be con-
22 ducted by that agency at an insured depository
23 institution; and

24 “(B) work with other appropriate Federal
25 banking agencies and appropriate State bank

1 supervisors to coordinate examinations to be
2 conducted at an insured depository institution.
3 so as to minimize the disruptive effects of such examina-
4 tions on institution operations.”.

5 (b) TECHNICAL AND CONFORMING AMENDMENT.—
6 Section 3(r) of the Federal Deposit Insurance Act (12
7 U.S.C. 1813 (r)) is amended to read as follows:

8 “(r) APPROPRIATE STATE BANK SUPERVISOR.—The
9 term ‘appropriate State bank supervisor’ means any offi-
10 cer, agency, or other entity of any state which has primary
11 regulatory authority over State banks or State savings as-
12 sociations in such State.”.

13 **SEC. 303. DIFFERENCES IN ACCOUNTING PRINCIPLES.**

14 Section 37(a)(2) of the Federal Deposit Insurance
15 Act (12 U.S.C. 1831n(a)(2)) (as added by section 121 of
16 the Federal Deposit Insurance Corporation Improvement
17 Act of 1991) is amended by adding the following new sub-
18 paragraph (C)—

19 “(C) MINIMIZE DIFFERENCES.—Notwith-
20 standing subparagraph (B), each appropriate
21 Federal banking agency and the Corporation
22 shall require insured depository institutions to
23 use accounting principles consistent with gen-
24 erally accepted accounting principles to the ex-
25 tent practicable so as to minimize differences

1 between statements and reports, and thereby
2 reduce the compliance burdens and costs on in-
3 sured depository institutions.”.

4 **SEC. 304. REDUCTION OF CALL REPORT BURDENS.**

5 (a) REGULATORY REVIEW OF CALL REPORT BUR-
6 DENS.—

7 (1) IN GENERAL.—Within 60 days after the
8 date of enactment of this Act, each appropriate Fed-
9 eral banking agency shall review the regulatory bur-
10 den and costs incurred by insured depository institu-
11 tions during their preparation of reports of condi-
12 tion.

13 (2) FACTORS TO BE CONSIDERED.—In conduct-
14 ing its review, each agency shall consider all relevant
15 factors that it deems necessary to correctly deter-
16 mine the extent of the burden and costs, including—

17 (A) the actual dollar cost to financial insti-
18 tutions in preparing such reports;

19 (B) the time and resources expended to
20 meet regulatory directives;

21 (C) the frequency in which the agency has
22 modified the type(s) of information required to
23 be reported in such reports and the costs and
24 burdens associated with complying with such
25 modifications; and

1 (D) the extent to which such costs and
2 burdens, viewed within the overall context of
3 the total regulatory burden and cost incurred
4 by insured depository institutions in their day-
5 to-day operations, impact upon the availability
6 of credit.

7 (3) CORRECTIVE MEASURES.—After conducting
8 its review, each appropriate Federal banking agency
9 shall revise its call report requirements to remove
10 any unnecessary burdens and costs. Prior to any
11 subsequent modification in call report requirements,
12 each agency shall consider the extent to which such
13 modifications impose unnecessary regulatory burdens
14 and costs upon insured depository institutions.

15 (4) DEFINITIONS.—For purposes of this sec-
16 tion, the terms “insured depository institution” and
17 “appropriate Federal banking agency” have the
18 same meanings as in section 3 of the Federal De-
19 posit Insurance Act.

20 (b) REPEAL OF PUBLICATION REQUIREMENTS.—

21 (1) The 5th sentence of section 5211(a) of the
22 Revised Statutes (12 U.S.C. 161(a)) is amended by
23 striking ”; and the statement of resources and liabil-
24 ities in the same form in which it is made to the
25 Comptroller shall be published in a newspaper” and

1 all that follows through the period and inserting a
2 period.

3 (2) Section 5211(c) of the Revised Statutes (12
4 U.S.C. 161(c) is amended by striking the 4th sen-
5 tence.

6 (3) Section 7(a)(1) of the Federal Deposit In-
7 surance Act is amended by striking the 4th sentence.

8 (4) The last sentence of the 6th undesignated
9 paragraph of section 9 of the Federal Reserve Act
10 (12 U.S.C. 324) is amended by striking “and shall
11 be published” and all that follows through the end
12 of the sentence and inserting a period.

13 (c) AMENDMENT RELATING TO NATIONAL BANKS.—
14 Section 5211(a) of the Revised Statutes (12 U.S.C.
15 161(a)) is amended by adding at the end the following
16 sentence: “Any change in the form of report of condition
17 made under this subsection shall be effective only once in
18 a particular calendar year, and only after at least 6
19 months from the date that notice of the change is pub-
20 lished in the Federal Register, except that such change
21 may be effective on a subsequent date or after less notice
22 if the Comptroller makes a specific finding that an addi-
23 tional change in the form or a shorter advance-notice pe-
24 riod is necessary because of an emergency or change in
25 Federal law.”.

1 (d) AMENDMENT RELATING TO STATE NONMEMBER
2 INSURED BANKS.—Section 7(a) of the Federal Deposit
3 Insurance Act (12 U.S.C. 1817(a)) is amended by adding
4 at the end the following new paragraph:

5 “(10) TRANSITION PERIOD FOR CHANGES IN
6 REPORT REQUIREMENTS.—Any change in the form
7 of reports of condition made under this subsection
8 shall be effective only once in a particular calendar
9 year, and only after at least 6 months from the date
10 that notice of the change is published in the Federal
11 Register, except that such a change may be effective
12 on a subsequent date or after less notice if the
13 Board of Directors makes a specific finding that an
14 additional change in the form or a shorter advance-
15 notice period is necessary because of an emergency
16 or change in Federal law.”.

17 (e) AMENDMENT RELATING TO STATE MEMBER
18 BANKS.—The 6th undesignated paragraph of section 9 of
19 the Federal Reserve Act (12 U.S.C. 324) is amended by
20 adding at the end the following sentence: “Any change in
21 the form of report of condition made under this subsection
22 shall be effective only once in a particular calendar year,
23 and only after at least 6 months from the date that notice
24 of the change is published in the Federal Register, except
25 that such a change may be effective on a subsequent date

1 or after less notice if the Board of Governors of the Fed-
2 eral Reserve System makes a specific finding that an addi-
3 tional change in the form or a shorter advance-notice pe-
4 riod is necessary because of an emergency or change in
5 Federal law.”.

6 (f) AMENDMENT RELATING TO SAVINGS ASSOCIA-
7 TION.—Section 5(v) of the Home Owners’ Loan Act (12
8 U.S.C. 1464(v) is amended by adding at the end the fol-
9 lowing new paragraph:

10 “(9) TRANSITION PERIOD FOR CHANGES IN RE-
11 PORT REQUIREMENTS.—Any change in the form of
12 reports of condition made under this subsection shall
13 be effective only once in a particular calendar year,
14 and only after at least 6 months from the date that
15 notice of the change is published in the Federal Reg-
16 ister, except that such a change may be effective on
17 a subsequent date or after less notice if the Director
18 makes a specific finding that an additional change in
19 the form or a shorter advance-notice period is nec-
20 essary because of an emergency or change in Fed-
21 eral law.”.

22 (g) AMENDMENT RELATING TO CREDIT UNIONS.—
23 Section 202(a)(1) of the Federal Credit Union Act (12
24 U.S.C. 1782(a)(1)) is amended by adding at the end the
25 following sentence: “Any change in the form of reports

1 of condition made under this subsection shall be effective
2 only once in a particular calendar year, and only after at
3 least 6 months from the date that notice of the change
4 is published in the Federal Register, except that such a
5 change may be effective on a subsequent date or after less
6 notice if the Board makes a specific finding that an addi-
7 tional change in the form or a shorter advance-notice pe-
8 riod is necessary because of an emergency or change in
9 Federal law.”.

10 **SEC. 305. REGULATORY REVIEW OF CAPITAL COMPLIANCE**

11 **BURDEN.**

12 Not later than 180 days after the date of enactment
13 of this Act, the Federal Financial Institutions Examina-
14 tion Council, in consultation with insured depository insti-
15 tutions and other interested parties, shall—

16 (a) review the extent to which current compliance re-
17 quirements associated with risk-based capital rules have
18 an unnecessarily costly and burdensome effect on commu-
19 nity banks; and

20 (b) where appropriate, reduce such costs and bur-
21 dens.

22 For purposes of this section, the term “insured de-
23 pository institution” has the same meaning as in section
24 3 of the Federal Deposit Insurance Act.

1 **SEC. 306. BRANCH CLOSURES.**

2 Section 39 of the Federal Deposit Insurance Act (12
3 U.S.C. 1831p) (as added by section 228 of the Federal
4 Deposit Insurance Corporation Improvement Act of 1991)
5 is amended by adding at the end the following new sub-
6 sections:

7 “(d) DEFINITIONS.—For purposes of this section, the
8 term “branch” shall not include:

9 “(1) automated teller machines;

10 “(2) a branch acquired through merger, consoli-
11 dation, purchase, assumption or other method that
12 is located in a local market area currently served by
13 another branch of the acquiring institution;

14 “(3) a branch that is closed and reopened in
15 another location within the same local market area
16 which would continue to provide banking services to
17 substantially all of the customers currently served by
18 the branch that is closed;

19 “(4) a branch that is closed in connection
20 with—

21 “(A) an emergency acquisition under—

22 “(i) section 11(n); or

23 “(ii) subsections (f) or (k) of section
24 13; or

25 “(B) any assistance provided by the Cor-
26 poration under section 13(c); and

1 “(5) any other branch closure whose exemption
2 from the notice requirements of this section would
3 not produce a result inconsistent with the purposes
4 of this section. The appropriate Federal banking
5 agency shall, by regulation, determine the cir-
6 cumstances under which such exemptions will be
7 granted.

8 “(e) EFFECTIVE DATE.—The amendments made by
9 this section shall become effective on the date of enact-
10 ment of the Federal Deposit Insurance Corporation Im-
11 provement Act of 1991.”.

12 **SEC. 307. BANK SECRECY ACT AMENDMENTS.**

13 (a) STAFF COMMENTARIES.—Title 31 of the United
14 States Code is amended to add the following new section
15 5327:

16 **“SEC. 5327. STAFF COMMENTARIES.**

17 “The Secretary of the Treasury shall review all regu-
18 lations promulgated under this title on an annual basis
19 and seek comment from the public pursuant to this review.
20 The Secretary shall publish all written rulings interpreting
21 this title, as well as a staff commentary to the regulations
22 issued under this title. This commentary shall be issued
23 on an annual basis.”.

24 (b) LOG REQUIREMENTS.—Section 5325(a)(1) of
25 title 31 of the United States Code is amended—

1 (1) by striking subparagraphs (A) and (B); and

2 (2) by inserting the following new paragraph

3 (1):

4 “(1) the individual has a transaction account
5 with such financial institution and the financial in-
6 stitution verifies that fact through a signature card
7 or other information maintained by such institution
8 in connection with the account of such individual.”.

9 (c) EXEMPTION PROCESS.—Section 5318(a)(5) of
10 title 31 of the United States Code is amended—

11 (1) by inserting “or exception” after “an appro-
12 priate exemption”; and

13 (2) by inserting “only after receiving comments
14 from the entities covered by this chapter. The Sec-
15 retary must take into account the effect that
16 changes to the exemption or exception process will
17 have on the cost and efficiency of the reporting proc-
18 ess.” after the words “under this subchapter”.

19 (d) CUSTOMER FILINGS.—Section 5313(a) of title 31
20 of the United States Code is amended by striking “, the
21 institution and any other participant in the transaction
22 the Secretary may prescribe shall file a report” and insert-
23 ing “the person who participates in the transaction shall
24 file a report”.

1 (e) INFLATION ADJUSTMENTS ON CTR AMOUNTS.—
2 Section 5313(a) of title 31 of the United States Code is
3 amended by inserting after the second sentence the follow-
4 ing new sentence: “The Secretary must review the report-
5 ing requirements mentioned above by September 1 of each
6 calendar year to determine if the reporting amount pre-
7 scribed by the Secretary should be adjusted to account for
8 inflation, cost effectiveness of the requirement or the use-
9 fulness for law enforcement purposes. The Secretary must
10 submit a written report to the Congress each year disclos-
11 ing how the reporting threshold decision was reached. The
12 report must include an analysis of how the change will
13 affect domestic financial institutions.”.

14 **SEC. 308. CLARIFYING AMENDMENTS.**

15 (a) DATA COLLECTIONS.—Section 7(a)(8) of the
16 Federal Deposit Insurance Act (12 U.S.C. 1817(a)(8)) (as
17 amended by Section 141(c) of the Federal Deposit Insur-
18 ance Corporation Improvement Act of 1991) is amended
19 to add at the end the following new sentence: “In prescrib-
20 ing reporting and other requirements pursuant to this
21 paragraph, the Corporation shall minimize the regulatory
22 burden imposed upon insured depository institutions.”;

1 **SEC. 309. LIMITING POTENTIAL LIABILITY ON FOREIGN AC-**
2 **COUNTS.**

3 (a) AMENDMENT TO THE FEDERAL RESERVE ACT.—
4 Section 25 of the Federal Reserve Act (12 U.S.C. 601 et
5 seq.) is amended by adding at the end the following:

6 “(11) LIMITATIONS ON LIABILITY.—A member
7 bank shall not be required to repay any deposit
8 made at a foreign branch of the bank if the branch
9 cannot repay the deposit due to—

10 “(i) an act of war, insurrection or civil
11 strife, or

12 “(ii) an action by a foreign government or
13 instrumentality (whether de jure or de facto) in
14 the country in which the branch is located,
15 unless the member bank has expressly agreed in
16 writing to repay the deposit under those cir-
17 cumstances. The Board is authorized to prescribe
18 such regulations as it deems necessary to implement
19 this paragraph.”.

20 (b) AMENDMENTS TO THE FEDERAL DEPOSIT IN-
21 SURANCE ACT.—

22 (1) Section 18 of the Federal Deposit Insurance
23 Act (12 U.S.C. 1828) is amended by adding at the
24 end the following:

25 “() SOVEREIGN RISK.—(1) Section 25(11) of the
26 Federal Reserve Act shall apply to every nonmember in-

1 insured bank in the same manner and to the same extent
2 as if the nonmember insured bank were a member bank.”.

3 (2) CONFORMING AMENDMENT.—Subparagraph
4 (A) of Section 3(1)(5) of the Federal Deposit Insur-
5 ance Act (12 U.S.C. 1813(l)(5)) is amended to read
6 as follows:

7 “(A) any obligation of a depository institu-
8 tion which is carried on the books and records
9 of an office of such bank or savings association
10 located outside of any State unless—

11 “(i) such obligation would be a deposit
12 if it were carried on the books and records
13 of the depository institution, and payable
14 at, an office located in any State; and

15 “(ii) the contract evidencing the obli-
16 gation provides by express terms, and not
17 by implication, for payment at an office of
18 the depository institution located in any
19 State; and”.

20 (c) EXISTING CLAIMS NOT AFFECTED.—The amend-
21 ments made by this section shall not be construed to affect
22 any claim arising from events (described in section 25(11)
23 of the Federal Reserve Act, as added by subsection (a))
24 that occurred before the date of enactment of this section.

1 **SEC. 310. REPEAL OUT-DATED STATUTORY PROVISION.**

2 Section 5204 of the Revised Statutes (12 U.S.C. 56)
3 is amended—

4 (1) in the second sentence, by striking “deduct-
5 ing therefrom its losses and bad debts” and insert-
6 ing “subject to other provisions of law”; and

7 (2) by striking the third sentence.

8 **SUBTITLE B—HOLDING COMPANY EFFICIENCIES**

9 **SEC. 321. EXPEDITED PROCEDURES FOR FORMING A BANK**
10 **HOLDING COMPANY.**

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

13 (1) by striking out “or (B)” and inserting in
14 lieu thereof “(B),”; and

15 (2) by inserting before the period at the end of
16 the second sentence the following: “, or (C) with 30
17 days prior notification to the Board, the acquisition
18 by a company of control of a bank in a reorganiza-
19 tion in which a person or group of persons exchange
20 their shares of the bank for shares of a newly
21 formed bank holding company and receive, after the
22 reorganization, substantially the same proportional
23 share interest in the holding company as they held
24 in the bank except for changes in shareholders’ in-
25 terests resulting from the exercise of dissenting
26 shareholders’ rights under State or Federal law if,

1 immediately following the acquisition, the bank hold-
2 ing company meets the capital and other financial
3 standards prescribed by the Board by regulation for
4 such a bank holding company and the holding com-
5 pany does not engage in any activities other than
6 those of banking or managing and controlling banks.
7 In promulgating regulations pursuant to this sub-
8 section, the Board shall not require more capital for
9 the subsidiary bank immediately following the reor-
10 ganization than is required for a similarly sized bank
11 that is not a subsidiary of a bank holding com-
12 pany.”.

13 **SEC. 322. EXEMPTION OF CERTAIN HOLDING COMPANY**
14 **FORMATIONS FROM REGISTRATION UNDER**
15 **THE SECURITIES ACT OF 1933.**

16 Section 4 of the Securities Act of 1933 (15 U.S.C.
17 77d) is amended by adding at the end thereof the follow-
18 ing new paragraph:

19 “(7) transactions involving offers or sales of eq-
20 uity securities, in connection with the acquisition of
21 a bank by a company under section 3(a) of the Bank
22 Holding Company Act of 1956 (12 U.S.C. 1842(A)),
23 if the acquisition occurs solely as part of a reorga-
24 nization in which a person or group of persons ex-
25 change their shares of a bank for shares of a newly

1 formed bank holding company and receive, after that
2 reorganization, substantially the same proportional
3 share interests in the bank holding company as they
4 held in the bank, except for changes in shareholders'
5 interests resulting from the exercise of dissenting
6 shareholders' rights under State or Federal law.".

7 **SEC. 323. EXPEDITED PROCEDURES FOR BANK HOLDING**
8 **COMPANIES TO SEEK APPROVAL TO ENGAGE**
9 **IN NONBANKING ACTIVITIES.**

10 Paragraph (8) of section 4(c) for the Bank Holding
11 Company Act of 1956 (12 U.S.C. 1843(c)) is amended—

12 (1) by redesignating clauses (i) and (ii) of sub-
13 paragraphs (C), (D), and (E) as subclauses (I) and
14 (II), respectively;

15 (2) by redesignating subparagraphs (A) through
16 (G), and any cross references thereto as clauses (i)
17 through (vii), respectively; and

18 (3) by striking out all that precedes “purposes
19 of this subsection it is not” and inserting in lieu
20 thereof the following:

21 “(8)(A) ACTIVITIES CLOSELY RELATED TO
22 BANKING.—In accordance with the limitations and
23 requirements contained in subparagraphs (B) and
24 (C) of this paragraph, shares of any company whose
25 activities the Board has determined (by order or reg-

1 ulation) to be so closely related to banking or man-
2 aging or controlling banks as to be a proper incident
3 thereto.

4 “(B) NOTICE REQUIREMENTS.

5 “(i) No bank holding company shall
6 engage in any activity or acquire the
7 shares of a company pursuant to this para-
8 graph, either de novo or by an acquisition
9 in whole or in part of a going concern, un-
10 less the Board has been given sixty days
11 prior written notice of that proposal and,
12 within that period, the Board has not is-
13 sued an order—

14 “(I) disapproved the proposal, or

15 “(II) extending the time period
16 in accordance with clause (iii) below.

17 “(ii)(I) An acquisition may be made
18 prior to the expiration of the disapproval
19 period if the Board issues a written state-
20 ment of its intent not to disapprove the
21 proposal.

22 “(II) The Board shall publish in
23 the Federal Register notice of receipt
24 of a notice under this paragraph in-
25 volving insurance or any other non-

1 banking activity not previously deter-
2 mined by the Board (by order or reg-
3 ulation) to be closely related to bank-
4 ing, and provide a reasonable period
5 for public comment. The Board shall
6 issue an order involving any such no-
7 tice prior to the commencement of the
8 proposed insurance or new activity.

9 “(III) No notice under this para-
10 graph is required for a bank holding
11 company to establish de novo an office
12 to engage in any activity previously
13 authorized for that bank holding com-
14 pany under this paragraph or to
15 change location of an office engaged
16 in that activity.

17 “(iii) The notice submitted to the
18 Board shall contain such information as
19 the Board shall prescribe by regulation or
20 by specific request in connection with a
21 particular notice, except that the Board
22 may require only such information as may
23 be relevant to the nature and scope of the
24 proposed activity and to the Board’s eval-
25 uation of the notice under the criteria

1 specified in clause (iv). If the Board re-
2 quires additional relevant information be-
3 yond that provided in the notice, the Board
4 may by order extend the time period pro-
5 vided in clause (i) of this subparagraph
6 until it has received that information, and
7 the activity that is the subject of the notice
8 may be commenced within sixty days of the
9 date of that receipt unless the Board is-
10 sues a disapproval order as provided in
11 clause (i). Such an extension order is
12 reviewable under section 9 of this Act.

13 “(iv) In determining whether to dis-
14 approve a notice under this paragraph, the
15 Board shall consider whether the perform-
16 ance of the activity described in the notice
17 by a bank holding company or subsidiary
18 thereof can reasonably be expected to
19 produce benefits to the public, such as
20 greater convenience, increased competition,
21 or gains in efficiency, that outweigh pos-
22 sible adverse effects, such as undue con-
23 centration of resources, decreased or unfair
24 competition, conflicts or interests, or un-
25 sound banking practices. In orders and

1 regulations under this paragraph, the
2 Board may differentiate between activities
3 commenced de novo and activities com-
4 menced by the acquisition, in whole or in
5 part, of a going concern.

6 “(c) The Board shall by order set forth the reasons
7 for any disapproval or determination not to disapprove a
8 notice under this paragraph.

9 “(C) INSURANCE ACTIVITIES NOT CLOSELY
10 RELATED TO BANKING.—For”.

11 **SEC. 324. REDUCTION OF POST-APPROVAL WAITING PE-**
12 **RIOD FOR BANK HOLDING COMPANY ACQUI-**
13 **SITIONS.**

14 Section 11(b)(1) of the Bank Holding Company Act
15 of 1956 (12 U.S.C. 1849(b)(1)) is amended by adding be-
16 fore the period at the end of the fourth sentence thereof
17 the following: “or if no adverse comment has been received
18 regarding section 4(c)(8(C) or section 4(j) of this act, such
19 shorter period of time as may be prescribed by the Board
20 with the concurrence of the Attorney General, but in no
21 event less than five days.”.

22 **SEC. 325. REDUCTION OF POST-APPROVAL WAITING PE-**
23 **RIOD FOR BANK MERGERS.**

24 Section 18(c)(6) of the Federal Deposit Insurance
25 Act (12 U.S.C. 1828(c)(6)) is amended by inserting before

1 the period at the end of the last sentence thereof the fol-
2 lowing: “or such shorter period of time as may be pre-
3 scribed by the agency with the concurrence of the Attorney
4 General, but in no event less than five days.”.

5 **TITLE IV—CONSUMER INCONVENIENCE,**
6 **PAPERWORK, AND COST; OTHER NON-**
7 **SUPERVISORY REFORMS**

8 **Subtitle A—Consumer Benefits and Lending**
9 **Process Improvements**

10 **SEC. 401. STREAMLINED LENDING PROCESS FOR**
11 **CONSUMER BENEFIT.**

12 (a) FEDERAL RESERVE STUDY.—Within 12 months
13 of enactment of this Act, the Board of Governors of the
14 Federal Reserve System, in consultation with the Depart-
15 ment of Housing and Urban Development, shall conduct
16 a study and report to Congress on ways to streamline the
17 credit-granting process.

18 (b) FOCUS.—In carrying out subsection (a), the
19 Board shall—

20 (1) identify ways to streamline the home mort-
21 gage, small business and consumer lending processes
22 so as to—

23 (A) reduce consumer inconvenience, cost
24 and time delays; and

1 (B) minimize cost and burdens on insured
2 depository institutions and credit unions;

3 (2) take such regulatory action, as appropriate,
4 to meet the objectives of paragraph (1); and

5 (3) provide Congress with legislative rec-
6 ommendations on changes necessary to carry out the
7 purposes of this section.

8 (c) COMMENT.—In carrying out the objectives of this
9 section, the Board shall solicit comments from other Fed-
10 eral banking agencies, consumer groups, insured depository
11 institutions, credit unions, and other interested parties.
12 ties.

13 (d) DEFINITION.—For purposes of this section, the
14 term “insured depository institution” has the same mean-
15 ing as in section 3 of the Federal Deposit Insurance Act.

16 **SEC. 402. EXEMPTION FOR CERTAIN BORROWERS.**

17 Section 104 of the Truth in Lending Act (15 U.S.C.
18 1603) is amended by adding at the end the following:

19 “(7) Credit transactions involving consumers
20 who earn more than \$200,000 annually or have net
21 assets in excess of \$1,000,000 at the time of such
22 transaction.”.

1 **SEC. 403. MODIFICATION OF WAIVER OF RIGHT OF RESCIS-**
2 **SION.**

3 Section 125(d) of the Truth in Lending Act (15
4 U.S.C. 1635(d)) is amended by striking “, if it finds that
5 such action is necessary in order to permit homeowners
6 to meet bona fide personal financial emergencies,”.

7 **SEC. 404. ALTERNATIVE DISCLOSURES FOR ADJUSTABLE**
8 **RATE MORTGAGES**

9 (a) Section 127A(a)(2)(G) of the Truth in Lending
10 Act (15 U.S.C. 1637a(a)(2)(G)) is amended by inserting
11 before the semicolon “, or a statement that the monthly
12 payment may increase or decrease significantly due to in-
13 creases in the annual percentage rate”.

14 (b) In section 128(a) of the Truth in Lending Act
15 (15 U.S.C. 1638(a), insert at the end the following new
16 paragraph (14):

17 “(14) In any variable rate residential mortgage
18 transaction, at the creditors’ option, a statement
19 that the monthly payment may increase or decrease
20 substantially, or an historical example illustrating
21 the effects of interest rate changes implemented ac-
22 cording to the loan program.”.

23 **SEC. 405. EXEMPTION FOR BUSINESS ACCOUNTS.**

24 Section 274 of the Truth in Savings Act (15 U.S.C.
25 4313) is amended by striking subsection (1) and inserting
26 the following in its place:

1 “(1) The term ‘account’ means any account in-
2 tended for use by and generally used by consumers
3 primarily for personal, family, or household purposes
4 by a depository institution into which a customer de-
5 posits funds, including demand accounts, time ac-
6 counts, negotiable order of withdrawal accounts, and
7 share draft accounts.”.

8 **SEC. 406. ELIMINATION OF DUPLICATE DISCLOSURES FOR**
9 **HOME EQUITY LOANS.**

10 Section 4 of the Real Estate Settlement Procedures
11 Act (12 U.S.C. 2603) is amended by inserting in sub-
12 section (a) after the first sentence: “except that for feder-
13 ally related mortgage loans secured by a subordinate lien
14 on residential property subject to section 127A(a) of the
15 Truth in Lending Act (15 U.S.C. 1637a(a)), the disclo-
16 sures of section 127A(a) of the Truth in Lending Act (15
17 U.S.C. 1637a(a)) may be used in place of the standard
18 real estate settlement form.”

19 **Subtitle B—Other Non-Supervisory Reforms**
20 **Part 1—Expedited Funds Availability and Electronic**
21 **Transfers**

22 **SEC. 411. AVAILABILITY SCHEDULES.**

23 (a) TREASURY CHECKS.—Section 603(a)(2)(A) of
24 the Expedited Funds Availability Act (12 U.S.C.
25 4002(a)(2)(A)) is amended—

1 (1) by redesignating clauses (i) and (ii) as
2 clauses (ii) and (iii), respectively; and

3 (2) by inserting before clause (ii), as redesign-
4 nated, the following:

5 “(i) is deposited in a receiving depository
6 institution which is staffed by individuals em-
7 ployed by such institutions;”

8 (b) ON-US ITEMS.—Section 603(a)(2)(E) of the Ex-
9 pedited Availability Act (12 U.S.C. 4002(a)(2)(E)) is
10 amended by inserting “is staffed by individuals employed
11 by such institutions” after “branch of a depository institu-
12 tion”.

13 (c) LOCAL CHECKS.—Section 603(b)(1) of the Expe-
14 dited Funds Availability Act (12 U.S.C. 4002(b)(1)) is
15 amended by striking “one business day” and inserting
16 “two business days”.

17 **SEC. 412. DEFINITION OF A NEW ACCOUNT.**

18 Section 604(a) of Expedited Funds Availability Act
19 (12 U.S.C. 4003(a)) is amended by striking “thirty-day
20 period” and inserting “ninety-day period”.

21 **SEC. 413. JURISDICTION.**

22 Section 611(f) of the Expedited Funds Availability
23 Act (12 U.S.C. 4010(f)) is amended in the first sentence
24 by inserting “or other entities participating in the pay-
25 ments system, including States and political subdivisions

1 thereof on which checks are drawn.” after “depository in-
2 stitutions”.

3 **SEC. 414. UNAUTHORIZED ELECTRONIC FUND TRANSFERS.**

4 Section 909(a)(1) of Electronic Fund Transfer Act
5 (15 U.S.C. 1693g(a)(1)) is amended by inserting “(or in
6 cases where the cardholder has substantially contributed
7 to the unauthorized use, including writing on or keeping
8 with the card or other means of access a personal identi-
9 fication or other security code, \$500)” after “\$50”.

10 **Part 2—Amendments to the Truth In Lending Act**

11 **SEC. 421. LIABILITY FOR UNAUTHORIZED USE OF CREDIT**

12 **CARDS.**

13 Section 133(a) of the Truth in Lending Act (15
14 U.S.C. 1643(a)) is amended—

15 (1) by redesignating paragraph (2) as para-
16 graph (3); and

17 (2) by inserting after paragraph (1) the follow-
18 ing:

19 “(2)(A) Notwithstanding paragraph (1), a card-
20 holder shall be liable for the unauthorized use of a
21 credit card if—

22 “(i) the liability is in excess of \$50; and

23 “(ii) the cardholder fails to notify the card
24 issuer of any unauthorized transaction which
25 appears on the statement of the cardholder’s

1 account in connection with an extension of
2 consumer credit within 60 days of the receipt of
3 such statement.

4 “(B) The liability described in subparagraph
5 (A) shall not apply if the cardholder demonstrates
6 that the failure to timely notify the card issuer of
7 the unauthorized use was due to extenuating cir-
8 cumstances such as extended travel or hospitaliza-
9 tion, and notice was provided at the earliest possible
10 time thereafter.

11 “(C) the liability described in subparagraph (A)
12 shall only apply where the card issuer has provided
13 prior notice to the cardholder of such liability.”.

14 **Part 3—Homeownership Amendments**

15 **SEC. 431. HOME MORTGAGE DISCLOSURE ACT EXEMPTION.**

16 The Home Mortgage Disclosure Act of 1975 (12
17 U.S.C. 2801 et. seq.) is amended in section 309 (12
18 U.S.C. 2808) by inserting at the end the following new
19 sentence: “The amount of total assets in the preceding
20 sentence shall be adjusted yearly on January 1 by the an-
21 nual percentage change in the Consumer Price Index re-
22 ported for the previous June 1.”.

1 **SEC. 432. HOMEOWNERSHIP DEBT COUNSELING NOTIFICA-**
2 **TION.**

3 Section 106(c)(5) of the Housing and Urban Devel-
4 opment Act of 1968 (12 U.S.C. 1701x(c)(5)) is amended:

5 (a) by inserting at the end the following new subpara-
6 graph (F):

7 “(F) AFFECT ON FORECLOSURE PROCEED-
8 INGS.— Failure of a creditor to comply with the
9 requirements of this subsection shall in no way
10 affect foreclosure proceedings under state law.”;
11 and

12 (b) in subparagraph (B),—

13 (1) by inserting “(i)” before “The notification
14 required” and by renumbering clauses (i) and (ii) as
15 subclauses (I) and (II), respectively;

16 (2) by inserting the following new clause (ii)—

17 “(ii) Creditors shall not be required to
18 provide the notification required under
19 subparagraph (A) more than once annu-
20 ally.”.

21 **SEC. 433. ELIMINATION OF DUPLICATIVE DATA COLLEC-**
22 **TION.**

23 Effective 6 months after the date of enactment of this
24 Act, no Federal banking agency shall require any institu-
25 tion for which it is the appropriate Federal banking agen-
26 cy (as defined in section 3(q) of the Federal Deposit In-

1 surance Act) to prepare, file, or maintain any form for
2 the purpose of collection, analysis, or maintenance of ap-
3 propriate data to further the purposes of, or to fulfill the
4 requirements of, the Fair Housing Act, other than a form
5 for data collection, analysis, or maintenance required
6 under the Home Mortgage Disclosure Act of 1975.

7 **Part 4—Amendments to the Real Estate Settlements**
8 **Procedures Act**

9 **SEC. 411. CLARIFY DISCLOSURE REQUIREMENTS.**

10 Section 6 of the Real Estate Settlement Procedures
11 Act of 1974 (12 U.S.C. 2605) is amended—

12 (a) in subsection (a)(1)(B)—

13 (1) by inserting “at the choice of the per-
14 son making a federally related mortgage loan—
15 (i)” after “(B)”;

16 (2) by redesignating clauses (i) and (ii) as
17 subclauses (I) and (II), respectively, and by
18 striking “and” at the end of newly redesignated
19 subclause (II) and inserting “or”; and

20 (3) by inserting the following new clause
21 (ii):

22 “(ii) a statement that the person mak-
23 ing the loan has previously assigned, sold,
24 or transferred the servicing of federally re-
25 lated mortgage loans; and”.

1 (b) in subsection (a)(2), by inserting at the end
2 the following new sentence: “Notwithstanding the
3 previous sentences of this paragraph, the Secretary
4 shall also permit any person originating the loan, at
5 the choice of such person, to provide instead of the
6 percentage estimates required to be disclosed under
7 this paragraph a statement that the servicing may
8 be assigned, sold or transferred during the twelve-
9 month period beginning upon origination.”.

10 **SEC. 442. EXEMPTION OF BUSINESS LOANS.**

11 The Real Estate Settlement Procedures Act of 1974
12 (12 U.S.C. 2601) is amended:

13 (1) by redesignating sections 4 (as amended by
14 Section 406 of this Act) through 19 as sections 5
15 through 20, respectively; and

16 (2) by inserting the following new section 4:

17 “SEC. 4. EXEMPTED TRANSACTIONS.—This title
18 does not apply to the following:

19 “(1) Credit transactions involving extensions of
20 credit primarily for business, commercial, or agricul-
21 tural purposes, or to government or governmental
22 agencies or instrumentalities, or to organizations; or

23 “(2) Credit transactions to finance or refinance
24 agricultural property (such as farms, ranches, aqua-
25 culture, or vineyards) constituting 25 or more acres

1 regardless of whether the loan in part involves a lien
2 including residential property.”.

3 **TITLE V—COMMUNITY INVESTMENT**

4 **SEC. 501. COMMUNITY REINVESTMENT ACT AMENDMENTS.**

5 (a) COMPLIANCE BURDENS.—Section 804 of the
6 Community Reinvestment Act of 1977 (12 U.S.C. 2903)
7 is amended—

8 (1) in paragraph (1), by striking “; and” and
9 inserting “;”;

10 (2) in paragraph (2), by striking “.” and insert-
11 ing “; and”; and

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

14 “(3) minimize the regulatory paperwork bur-
15 dens and costs associated with compliance with this
16 Act, giving appropriate consideration and recogni-
17 tion to such factors as the nature and scope of the
18 institution’s business, its location and area of serv-
19 ice, and such other factors as may be appropriate.”.

20 (b) SAFE HARBOR.—The Community Reinvestment
21 Act of 1977 (12 U.S.C. 2901 et seq.) is hereby amended
22 by adding the following new section:

23 “SEC. 809. SAFE HARBOR.—Notwithstanding section
24 804(2), an application for a deposit facility by—

1 “(a) a regulated financial institution shall not
2 be denied on the basis of such institution’s compli-
3 ance with this Act if such institution received a rat-
4 ing in its last evaluation under Section 804 of ‘Out-
5 standing’ in its record of meeting community credit
6 needs, as provided in Section 807(b); or

7 “(b) a depository institution holding company,
8 as defined in section 3(w) of the Federal Deposit In-
9 surance Act (12 U.S.C. 1813(w)), shall not be de-
10 nied if—

11 “(1) regulated financial institution subsidi-
12 aries representing, in the aggregate, two-thirds
13 of the holding company’s regulated financial in-
14 stitution assets received a rating in their last
15 evaluation under section 804 of ‘Outstanding’;
16 and

17 “(2) the remaining regulated financial in-
18 stitution subsidiaries received a rating in their
19 last evaluation under section 804 of at least
20 ‘Satisfactory’.”.

21 (c) INCREASED INCENTIVES TO LENDING TO LOW-
22 AND MODERATE-INCOME COMMUNITIES.—Section 804 of
23 the Community Reinvestment Act of 1977 (12 U.S.C.
24 2903) (as amended by section 501(a) of this Act) is
25 amended—

1 (1) in paragraph (2), by striking “; and” and
2 inserting “;”;

3 (2) in paragraph (3), by striking “.” and insert-
4 ing “; and”; and

5 (3) by adding at the end the following new
6 paragraph (4):

7 “(4) provide the institution with credit, for
8 purposes of satisfying the requirements of this
9 Act, for investments in, and loans to,—

10 “(A) minority depository institutions and
11 women’s depository institutions (as defined in
12 section 808(b)); and

13 “(B) joint ventures or other entities or
14 projects which provide benefits to distressed
15 communities, as such term is defined by the ap-
16 propriate Federal financial supervisory agency,
17 “whether those minority or women’s depository institu-
18 tions, or those communities, are located within or outside
19 of the service area of the regulated financial institution.”.

20 (d) SPECIAL PURPOSE BANKS.—The Community Re-
21 investment Act of 1977 (12 U.S.C. 2901 et seq.) is hereby
22 amended—

23 (1) in Section 803 (12 U.S.C. 2902), by insert-
24 ing the following new paragraph (5):

1 “(5) the term “special purpose banks” means a
2 bank that does not generally accept retail deposits,
3 such as credit card banks and trust banks.”; and

4 (2) in Section 804 (12 U.S.C. 2903) (as
5 amended by sections 501(a) and 501(c) of this
6 Act)—

7 (A) by inserting “(a)” before “In connec-
8 tion with”;

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

11 “(b) In conducting assessments pursuant to sub-
12 section (a) at special purpose banks, each appropriate
13 Federal financial supervisory agency shall take into con-
14 sideration the nature of business such banks are involved
15 in and develop standards under which such banks may be
16 deemed to have complied with the requirements of this Act
17 which are consistent with the specific nature of such busi-
18 nesses.”.

19 (e) STATE EXAMS.—The Community Reinvestment
20 Act of 1977 (12 U.S.C. 2901 et seq.) is hereby amended
21 by adding after section 809 (as added by section 501(b))
22 the following new section:

23 “SEC. 810. STATE EXAMS.—The appropriate Federal
24 financial supervisory agency may accept examinations con-
25 ducted by State supervisory agencies pursuant to com-

1 parable State community reinvestment laws in order to
2 satisfy the requirements of this Act.”.

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