

104TH CONGRESS
1ST SESSION

H. R. 1470

To provide for sufficient funding to cover the costs of the Financing Corporation, to provide funds to carry out the purposes of the Savings Association Insurance Fund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. LAFALCE introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To provide for sufficient funding to cover the costs of the Financing Corporation, to provide funds to carry out the purposes of the Savings Association Insurance Fund, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financing Corporation
5 and Savings Association Insurance Fund Reform Act of
6 1995”.

1 **SEC. 2. PAYMENT OF INTEREST EARNED ON RTC FUNDS TO**
2 **FICO.**

3 (a) IN GENERAL.—Subsection (i) of section 21A of
4 the Federal Home Loan Bank Act (12 U.S.C. 1441a(i))
5 is amended by adding at the end the following new para-
6 graph:

7 “(7) TRUST FUND FOR UNEXPENDED RTC
8 FUNDING.—

9 “(A) IN GENERAL.—The Secretary of the
10 Treasury shall transfer that portion of the
11 amounts appropriated under paragraph (3)
12 which are available to the Corporation but have
13 not been paid to the Corporation to the Federal
14 Deposit Insurance Corporation for deposit in a
15 trust fund to be managed by the Federal De-
16 posit Insurance Corporation.

17 “(B) INVESTMENT.—The Board of Direc-
18 tors of the Federal Deposit Insurance Corpora-
19 tion shall invest such portion of the trust fund
20 established under subparagraph (A) as, in the
21 judgment of the Board of Directors, is not re-
22 quired to meet the short-term requirements of
23 the Resolution Trust Corporation or the Sav-
24 ings Association Insurance Fund.

25 “(C) INTEREST.—Interest earned on in-
26 vestments of the trust fund shall be paid to the

1 Financing Corporation to meet interest pay-
2 ments, issuance costs, and custodial fees on ob-
3 ligations issued by the Financing Corporation.

4 “(D) AVAILABILITY OF TRUST FUND PRIN-
5 CIPAL AS BACKSTOP FOR SAIF.—The balance in
6 the trust fund shall be available to the Federal
7 Deposit Insurance Corporation to cover losses
8 incurred, or reasonably anticipated to be in-
9 curred, by the Savings Association Insurance
10 Fund until the reserve ration of the Savings As-
11 sociation Insurance Fund first meets or exceeds
12 the applicable designated reserve ratio.

13 “(E) RETURN OF UNEXPENDED PRINCIPAL
14 TO TREASURY.—After the maturity and full re-
15 payment of all obligations issued by the Financ-
16 ing Corporation under section 21, any remain-
17 ing balance in the trust fund shall be returned
18 to the general fund of the Treasury and the
19 trust fund shall be abolished.”.

20 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

21 (1) Section 21A(i)(5) of the Federal Home
22 Loan Bank Act (12 U.S.C. 1441a(i)(5)) is
23 amended—

1 (A) by striking “or to meet the require-
2 ments of section 11(a)(6)(F) of the Federal De-
3 posit Insurance Act”; and

4 (B) by striking “general fund of the Treas-
5 ury” and inserting “trust fund established pur-
6 suant to paragraph (7)(A)”.

7 (2) Section 11(a)(6) of the Federal Deposit In-
8 surance Act (12 U.S.C. 1821(a)(6)) is amended by
9 striking subparagraph (F).

10 (3) Section 11(a)(6)(K) of the Federal Deposit
11 Insurance Act (12 U.S.C. 1821(a)(6)(K)) is amend-
12 ed by striking “or (F)”.

13 **SEC. 3. CLARIFICATION OF EXISTING LAW.**

14 (a) CONGRESSIONAL DECLARATION.—The Congress
15 declares as follows:

16 (1) The Financing Corporation was established
17 pursuant to the amendments made by title III of the
18 Competitive Equality Banking Act of 1987 for the
19 sole purpose of providing additional funding to the
20 Federal Savings and Loan Insurance Corporation to
21 meet the deposit insurance obligations of the Cor-
22 poration with respect to savings associations.

23 (2) The interest payments, issuance costs, and
24 custodial fees on obligations issued by the Financing
25 Corporation are paid, pursuant to section 21 of the

1 Federal Home Loan Bank Act, by assessments on
2 savings associations.

3 (3) The total amount of assessments paid by
4 savings associations to the Federal Savings and
5 Loan Insurance Corporation, and since 1989, to the
6 Federal Deposit Insurance Corporation, as pre-
7 miums for deposit insurance are required to be re-
8 duced by the amount of the assessments paid by
9 such associations to the Financing Corporation in
10 recognition of the fact that the latter assessments
11 are being made to finance the insurance obligations
12 incurred with respect to savings associations.

13 (b) TREATMENT OF FICO ASSESSMENTS.—The as-
14 sessments paid by Savings Association Insurance Fund
15 members to the Financing Corporation shall be treated as
16 insurance outlays for purposes of Federal law.

17 **SEC. 4. 1-TIME SPECIAL SAIF CAPITALIZATION ASSESS-**
18 **MENT.**

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

22 “(8) SPECIAL 1-TIME ASSESSMENT TO RECAPI-
23 TALIZE SAIF.—

24 “(A) IN GENERAL.—The Corporation may,
25 in the discretion of the Board of Directors, im-

1 pose a special assessment on each Savings As-
2 sociation Insurance Fund member in an
3 amount not greater than 0.40 percent of the as-
4 sessment base, as of January 1, 1995, on which
5 assessments are imposed under the risk-based
6 assessment system established pursuant to
7 paragraph (1).

8 “(B) DEPOSIT OF ASSESSMENT IN SAIF.—
9 The proceeds of any assessment imposed under
10 subparagraph (A) shall be deposited in the Sav-
11 ings Association Insurance Fund.

12 “(C) IMPOSITION OVER PERIOD OF
13 YEARS.—The assessment authorized under sub-
14 subparagraph (A) may be imposed incrementally
15 over such period of years as the Board of Di-
16 rectors may determine to be appropriate, except
17 the larger percentage of any such incremental
18 assessment shall be allocated to the first year of
19 the effective period for such assessment.

20 “(D) ABATEMENT FOR TROUBLED INSTI-
21 TUTIONS.—The Board of Directors may abate
22 any portion of any assessment under this para-
23 graph in the case of any undercapitalized insti-
24 tution or any institution which would become

1 undercapitalized as a result of the imposition of
2 such assessment.”.

3 **SEC. 5. REPEAL OF MINIMUM SAIF ASSESSMENT RULE.**

4 Section 7(b)(2) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1817(b)(2)) is amended by striking subpara-
6 graph (E).

7 **SEC. 6. LIMIT ON DIFFERENTIAL BETWEEN ASSESSMENT**
8 **RATES IMPOSED ON FORMER BIF MEMBERS**
9 **AND FORMER SAIF MEMBERS.**

10 Section 7(b)(2) of the Federal Deposit Insurance Act
11 (12 U.S.C. 1817(b)(2)) is amended by inserting after
12 paragraph (G) the following new subparagraph:

13 “(H) CAP ON DIFFERENTIAL BETWEEN
14 FORMER BIF AND SAIF MEMBERS.—The aver-
15 age assessment rate under the risk-based as-
16 sessment system for insured depository institu-
17 tions which, as of December 31, 1994, were
18 Savings Association Insurance Fund members,
19 including the special assessment under para-
20 graph (9), shall not exceed the average assess-
21 ment rate under the risk-based assessment sys-
22 tem for insured depository institutions which,
23 as of December 31, 1994, were Bank Insurance
24 Fund members by more than 9 basis points.”.

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