

104TH CONGRESS
1ST SESSION

H. R. 2363

To provide for adequate funding for the Financing Corporation, to provide for the merger of the deposit insurance funds, to provide for the conversion of Federal savings associations into banks and the treatment of State savings associations as banks for purposes of Federal banking law, to abolish the position of Director of the Office of Thrift Supervision, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 1995

Mrs. ROUKEMA (for herself, Mr. LEACH, Mr. MCCOLLUM, Mr. ROTH, Mr. BAKER of Louisiana, Mr. BACHUS, Mr. VENTO, Mr. FLAKE, Mr. ROYCE, Mr. LUCAS, Mr. WELLER, Mr. METCALF, and Mr. WATTS of Oklahoma) introduced the following bill; which was referred to the Committee on Banking and Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for adequate funding for the Financing Corporation, to provide for the merger of the deposit insurance funds, to provide for the conversion of Federal savings associations into banks and the treatment of State savings associations as banks for purposes of Federal banking law, to abolish the position of Director of the Office of Thrift Supervision, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Thrift Charter Conversion Act of 1995”.

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

TITLE I—BANK INSURANCE FUND AND SAVINGS ASSOCIATION
 INSURANCE FUND

- Sec. 101. Special assessment.
- Sec. 102. Assessments on insured depository institutions.
- Sec. 103. Merger of bank insurance fund and savings association insurance fund after recapitalization of SAIF.
- Sec. 104. Refund of amounts in deposit insurance fund in excess of designated reserve amount.
- Sec. 105. Assessments authorized only if needed to maintain the reserve ratio of a deposit insurance fund.

TITLE II—STATUS OF BANKS AND SAVINGS ASSOCIATIONS

- Sec. 201. Termination of Federal savings associations; treatment of State savings associations as banks for purposes of Federal banking law.
- Sec. 202. Treatment of certain activities and affiliations of bank holding companies resulting from this Act.
- Sec. 203. Transition provisions for activities of savings associations which convert into or become treated as banks.
- Sec. 204. Registration of bank holding companies resulting from conversions of savings associations to banks or treatment of savings associations as banks.
- Sec. 205. Additional transition provisions and special rules.
- Sec. 206. Technical and conforming amendments.
- Sec. 207. References to savings associations and State banks in Federal law.
- Sec. 208. Repeal of Home Owners’ Loan Act.
- Sec. 209. Effective date; definitions.

TITLE III—TRANSFER OF FUNCTIONS, PERSONNEL, AND
 PROPERTY

- Sec. 301. Office of Thrift Supervision abolished.
- Sec. 302. Determination of transferred functions and employees.
- Sec. 303. Savings provisions.
- Sec. 304. References in Federal law to Director of the Office of Thrift Supervision.
- Sec. 305. Reconfiguration of board of directors of FDIC as a result of removal of Director of the Office of Thrift Supervision.

TITLE IV—LOAN LOSS RESERVE TREATMENT

Sec. 401. Repeal of special thrift bad debt reserve method.

1 **TITLE I—BANK INSURANCE**
2 **FUND AND SAVINGS ASSOCIA-**
3 **TION INSURANCE FUND**

4 **SEC. 101. SPECIAL ASSESSMENT.**

5 Section 7(b)(6) of the Federal Deposit Insurance Act
6 (12 U.S.C. 1817(b)(6)) is amended—

7 (1) by redesignating clauses (i), (ii), and (iii) of
8 subparagraph (A) as subclauses (I), (II), and (III),
9 respectively;

10 (2) by redesignating subparagraphs (A) and
11 (B) as clauses (i) and (ii), respectively;

12 (3) by moving the left margin of such clauses
13 and subclauses (as so redesignated) 2 ems to the
14 right;

15 (4) by striking “SPECIAL ASSESSMENTS.—In
16 addition to” and inserting “SPECIAL ASSESS-
17 MENTS.—

18 “(A) IN GENERAL.—In addition to”; and

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

21 “(B) SINGLE ADDITIONAL SPECIAL AS-
22 SESSMENT WITH RESPECT TO CERTAIN AC-
23 COUNTS.—

1 “(i) IN GENERAL.—The Corporation
2 shall impose, on the basis of such factors
3 as the Board of Directors considers to be
4 appropriate, a single special assessment on
5 the institutions described in the following
6 subclauses (other than institutions exempt
7 under subparagraph (C):

8 “(I) Each Savings Association
9 Insurance Fund member (including
10 any Savings Association Insurance
11 Fund member referred to in section
12 5(d)(2)(G)).

13 “(II) Each Bank Insurance Fund
14 member which has deposits which are
15 treated, under section 5(d)(3), as de-
16 posits which are insured by the Sav-
17 ings Association Insurance Fund.

18 “(ii) AMOUNT OF ASSESSMENT.—The
19 assessment imposed under clause (i) shall
20 be in an amount equal to such percentage
21 of the Savings Association Insurance Fund
22 assessment base of the institutions subject
23 to such assessment on which assessments
24 are imposed under the risk-based assess-
25 ment system established pursuant to para-

1 graph (1) (or, in the case of an institution
2 described in subclause (II), the adjusted
3 attributable deposit amount determined
4 under subparagraph (C) of section 5(d)(3)
5 for purposes of subparagraph (B)(i) of
6 such section) as of March 31, 1995, as the
7 Board of Directors determines, in the
8 Board of Directors' discretion, to be nec-
9 essary in order for the reserve ratio of the
10 Savings Association Insurance Fund to
11 meet the designated reserve ratio on the
12 1st business day of January, 1996.

13 “(iii) DEPOSIT OF ASSESSMENT.—
14 Notwithstanding any other provision of
15 law, the proceeds of any assessment im-
16 posed under clause (i) shall be deposited in
17 the Savings Association Insurance Fund.

18 “(iv) DATE PAYMENT DUE.—The spe-
19 cial assessment imposed under this sub-
20 paragraph shall be—

21 “(I) due on the 1st business day
22 of January, 1996; and

23 “(II) paid to the Corporation on
24 the later of the due date or such other
25 date as the Corporation may prescribe

1 which may not be later than the end
2 of the 60-day period beginning on the
3 date of the Thrift Charter Conversion
4 Act of 1995.

5 “(C) SPECIAL RULES FOR CERTAIN
6 UNDERCAPITALIZED INSTITUTIONS.—

7 “(i) IN GENERAL.—The Board of Di-
8 rectors may exempt any insured depository
9 institution from the payment of the assess-
10 ment imposed under subparagraph (B)(i)
11 if the exemption would reduce risk to the
12 Savings Association Insurance Fund.

13 “(ii) CONTINUATION OF PRIOR AS-
14 SESSMENT RATE.—Notwithstanding para-
15 graph (2) or any other provision of this
16 subsection, the semiannual assessment rate
17 applicable under paragraph (2) during the
18 period beginning on January 1, 1996, and
19 ending on December 31, 1999, with re-
20 spect to any insured depository institution
21 which receives an exemption under clause
22 (i) shall be the semiannual assessment rate
23 applicable to Savings Association Insur-
24 ance Fund members under paragraph (2)
25 as of June 30, 1995.

1 “(iii) SPECIAL RULE FOR OAKAR
2 BANKS.—If an insured depository institu-
3 tion to which clause (ii) applies is an insti-
4 tution described in subparagraph
5 (B)(i)(II), section 5(d)(3), as in effect on
6 September 13, 1995, shall continue to
7 apply with respect to such institution for
8 purposes of clause (ii) without regard to
9 the repeal of such section by section 102(c)
10 of the Thrift Charter Conversion Act of
11 1995.

12 “(iv) DEPOSIT OF ASSESSMENT.—As-
13 sessments imposed under paragraph (2) in
14 accordance with clause (i) on depository in-
15 stitutions to which such clause applies
16 shall be deposited—

17 “(I) in the Savings Association
18 Insurance Fund until such fund is
19 merged into the deposit insurance
20 fund pursuant to section 103(a)(2) of
21 the Thrift Charter Conversion Act of
22 1995; and

23 “(II) after such merger, in the
24 deposit insurance fund.

1 “(D) PRO RATA PAYMENT OF SPECIAL AS-
2 SESSMENT BY EXEMPT INSTITUTIONS AUTHOR-
3 IZED.—In the case of any depository institution
4 which receives an exemption under subpara-
5 graph (C)(i) from the special assessment im-
6 posed under subparagraph (B), subparagraph
7 (C)(ii) shall cease to apply with respect to such
8 institution as of the date on which the institu-
9 tion makes a payment to the Corporation, on
10 such terms as the Board of Directors may pre-
11 scribe, in an amount equal to the product of—

12 “(i) 12.5 percent of the product of—

13 “(I) the Savings Association In-
14 surance Fund assessment base of the
15 institution which would have been
16 used in the calculation of the amount
17 of such special assessment if the insti-
18 tution had not received the exemption
19 from such assessment; and

20 “(II) the percentage rate cal-
21 culated by the Board of Directors
22 under subparagraph (B)(ii) for use in
23 determining the amount of the special
24 assessment for depository institutions

1 which did not receive an exemption
2 under subparagraph (C); and
3 “(ii) the whole number of full semi-
4 annual periods which begin after the date
5 of such payment and end before January
6 1, 2000.”.

7 **SEC. 102. ASSESSMENTS ON INSURED DEPOSITORY INSTI-**
8 **TUTIONS.**

9 (a) FINANCING CORPORATION ASSESSMENTS ON ALL
10 FDIC-INSURED DEPOSITORY INSTITUTIONS.—Section
11 21(f) of the Federal Home Loan Bank Act (12 U.S.C.
12 1441(f)(2)) is amended—

13 (1) in the portion of paragraph (2) which pre-
14 cedes subparagraph (A)—

15 (A) by striking “each Savings Association
16 Insurance Fund member” and inserting “each
17 insured depository institution (as defined in sec-
18 tion 3(c)(2) of the Federal Deposit Insurance
19 Act)”; and

20 (B) by striking “such members” and in-
21 serting “such institutions”; and

22 (2) in paragraph (2)(A), by striking “Savings
23 Association Insurance Fund members” and inserting
24 “insured depository institutions”.

1 (b) ASSESSMENT RATES FOR SAIF MEMBERS MAY
2 NOT BE LESS THAN ASSESSMENT RATES FOR BIF MEM-
3 BERS.—Section 7(b)(2)(F) of the Federal Deposit Insur-
4 ance Act (12 U.S.C. 1817(b)(2)(F)) is amended—

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

6 (2) by striking the period at the end of clause
7 (ii) and inserting “; and”; and

8 (3) by adding at the end the following new
9 clause:

10 “(iii) notwithstanding any other provi-
11 sion of this subsection, assessment rates
12 for Savings Association Insurance Fund
13 members may not be less than assessment
14 rates for Bank Insurance Fund mem-
15 bers.”.

16 (c) REPEAL OF EXIT MORATORIUM AND OAKAR
17 BANK PROVISIONS.—Effective January 1, 1998, section
18 5(d) of the Federal Deposit Insurance Act (12 U.S.C.
19 1815(d)) is amended by striking paragraphs (2) and (3).

20 (d) TECHNICAL AND CONFORMING AMENDMENTS.—

21 (1) Section 7(b)(2)(D) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1817(b)(2)(D)) is amend-
23 ed by striking “Savings Association Insurance Fund
24 members” and inserting “members of a deposit in-
25 surance fund”.

1 (2) Section 21(k) of the Federal Home Loan
2 Bank Act (12 U.S.C. 1441(k)) is amended—

3 (A) by striking paragraph (1); and

4 (B) by redesignating paragraphs (2) and
5 (3) as paragraphs (1) and (2), respectively.

6 (3) Section 7(b)(2)(A) of the Federal Deposit
7 Insurance Act (12 U.S.C. 1817(b)(2)(A)) is amend-
8 ed by adding at the end the following new clause:

9 “(v) COORDINATION WITH SECTION 21
10 OF FEDERAL HOME LOAN BANK ACT.—No
11 provision of this subparagraph limiting the
12 amount of assessments for purposes of this
13 subsection shall be construed as limiting
14 the amount of assessments which may be
15 imposed by the Financing Corporation
16 under section 21(f)(2) of the Federal
17 Home Loan Bank Act.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 subsections (a), (b), and (d) shall take effect on January
20 1, 1996.

21 **SEC. 103. MERGER OF BANK INSURANCE FUND AND SAV-**
22 **INGS ASSOCIATION INSURANCE FUND AFTER**
23 **RECAPITALIZATION OF SAIF.**

24 (a) ESTABLISHMENT OF DEPOSIT INSURANCE
25 FUND.—

1 (1) IN GENERAL.—Effective January 1, 1998,
2 section 11(a)(5) of the Federal Deposit Insurance
3 Act (12 U.S.C. 1821(a)(5)) is amended to read as
4 follows:

5 “(5) DEPOSIT INSURANCE FUND.—

6 “(A) ESTABLISHMENT.—There is estab-
7 lished a fund to be known as the deposit insur-
8 ance fund which shall—

9 “(i) be maintained and administered
10 by the Corporation; and

11 “(ii) initially consist of the assets and
12 liabilities of the Bank Insurance Fund and
13 Savings Association Insurance Fund which
14 have been merged by the Corporation into
15 the deposit insurance fund pursuant to
16 section 103(a)(2) of the Thrift Charter
17 Conversion Act of 1995, other than any as-
18 sets of the Savings Association Insurance
19 Fund which have been deposited in the
20 special reserve of the deposit insurance
21 fund pursuant to section 103(b)(2) of such
22 Act.

23 “(B) USES.—The deposit insurance fund
24 shall be available to the Corporation for use in
25 carrying out the insurance purposes of the Cor-

1 poration in accordance with this Act with re-
2 spect to insured depository institutions.

3 “(C) DEPOSITS.—All amounts assessed
4 against insured depository institutions by the
5 Corporation shall be deposited into the deposit
6 insurance fund.”.

7 (2) MERGER BY CORPORATION.—Except with
8 respect to any assets of the Savings Association In-
9 surance Fund which are required to be deposited in
10 the special reserve of the deposit insurance fund
11 pursuant to subsection (b)(2), the Corporation shall
12 merge the Bank Insurance Fund and the Savings
13 Association Insurance Fund on January 1, 1998,
14 into the deposit insurance fund established by the
15 amendment made by paragraph (1).

16 (b) ESTABLISHMENT OF SPECIAL RESERVE OF THE
17 DEPOSIT INSURANCE FUND.—

18 (1) IN GENERAL.—Effective January 1, 1998,
19 section 11(a)(6) is amended to read as follows:

20 “(6) SPECIAL RESERVE OF THE DEPOSIT IN-
21 SURANCE FUND.—

22 “(A) IN GENERAL.—There is established a
23 fund to be known as the special reserve of the
24 deposit insurance fund which shall—

1 “(i) be maintained and administered
2 by the Corporation; and

3 “(ii) initially consist of amounts de-
4 posited in the special reserve pursuant to
5 section 103(b)(2) of the Thrift Charter
6 Conversion Act of 1995.

7 “(B) EMERGENCY USE OF SPECIAL RE-
8 SERVE.—

9 “(i) USE AUTHORIZED.—Subject to
10 clause (ii) and notwithstanding subpara-
11 graph (C), the Corporation may, in the
12 sole discretion of the Board of Directors,
13 transfer amounts from the special reserve
14 for deposit in the deposit insurance fund
15 for use in accordance with paragraph
16 (5)(B).

17 “(ii) CONDITIONS ON TRANSFER.—
18 The Board of Directors may authorize a
19 transfer under clause (i) only if—

20 “(I) the Board of Directors de-
21 termines that the reserve ratio of the
22 deposit insurance fund is less than 50
23 percent of the designated reserve
24 ratio; and

1 “(II) the Board of Directors
2 finds that the reserve ratio of the de-
3 posit insurance will likely be less than
4 the designated reserve ratio of the
5 fund for each of the 4 calendar quar-
6 ters beginning after the date of such
7 determination.

8 “(C) NO REFUNDS OR OTHER USES AU-
9 THORIZED.—Except as provided in subpara-
10 graph (B), the Corporation may not make any
11 payment from the special reserve, make any re-
12 fund or provide any credit to any insured de-
13 pository institution with respect to any amount
14 in the special reserve, or use any amount in the
15 special reserve for any other purpose (including
16 the use of any such amount as security for the
17 repayment of any obligation of the Corpora-
18 tion).

19 “(D) EXCLUSION OF SPECIAL RESERVE IN
20 CALCULATING THE RESERVE RATIO.—No
21 amount in the special reserve may be taken into
22 account in calculating the reserve ratio of the
23 deposit insurance fund under section 7.”.

24 (2) TRANSFER AND DEPOSIT BY CORPORA-
25 TION.—If, at the time of the merger of the Bank In-

1 insurance Fund and the Savings Association Insur-
2 ance Fund pursuant to subsection (a)(2), the reserve
3 ratio of the Savings Association Insurance Fund ex-
4 ceeds the designated reserve ratio, the Corporation
5 shall transfer from such fund to the special reserve
6 of the deposit insurance fund established by the
7 amendment made by paragraph (1) an amount equal
8 to the amount which causes the reserve ratio of the
9 Savings Association Insurance Fund to exceed the
10 designated reserve ratio.

11 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

12 (1) Section 3(y) of the Federal Deposit Insur-
13 ance Act (12 U.S.C. 1813(y)) is amended by strik-
14 ing “Bank Insurance Fund or the Savings Associa-
15 tion Insurance Fund, as appropriate” and inserting
16 “the deposit insurance fund established under sec-
17 tion 11(a)(5)”.

18 (2) Section 11(a) of the Federal Deposit Insur-
19 ance Act (12 U.S.C. 1821(a)) is amended by strik-
20 ing paragraphs 4(A) and (7).

21 (3) Section 5(d)(1) of the Federal Deposit In-
22 surance Act (12 U.S.C. 1815(d)(1)) is amended—

23 (A) in subparagraph (A), by striking “re-
24 serve ratios” and all that follows through the

1 period and inserting “the reserve ratio of the
2 deposit insurance fund.”;

3 (B) by striking subparagraph (B); and

4 (C) by redesignating subparagraph (C) as
5 subparagraph (B).

6 (4) Section 7 of the Federal Deposit Insurance
7 Act (12 U.S.C. 1817) is amended by striking sub-
8 section (l).

9 (5) Section 7(b)(2) of the Federal Deposit In-
10 surance Act (12 U.S.C. 1817(b)(2)) is amended—

11 (A) by striking subparagraphs (B), (F),
12 and (G);

13 (B) in clauses (i) and (iv) of subparagraph
14 (A), by striking “each deposit insurance fund”
15 and inserting “the deposit insurance fund”;

16 (C) in subparagraph (A)(iii), by striking
17 “a deposit insurance fund” and inserting “the
18 deposit insurance fund”; and

19 (D) by inserting after subparagraph (E)
20 the following new subparagraph:

21 “(F) RESERVE RATIO DEFINED.—For pur-
22 poses of this subsection, the term ‘reserve ratio’
23 means the ratio of the net worth of the deposit
24 insurance fund to aggregate estimated insured

1 deposits held in all insured depository institu-
2 tions.”.

3 (6) Section 7(b)(3) of the Federal Deposit In-
4 surance Act (12 U.S.C. 1817(b)(3)) is amended—

5 (A) in subparagraph (A) by striking “any
6 deposit insurance fund” and inserting “the de-
7 posit insurance fund”; and

8 (B) by striking subparagraphs (C) and
9 (D).

10 (7) Subparagraph (A) of section 7(b)(6) of the
11 Federal Deposit Insurance Act (12 U.S.C.
12 1817(b)(6)) (as so redesignated by section 101 of
13 this subtitle) is amended—

14 (A) in clause (i)—

15 (i) by inserting “or” after the semi-
16 colon at the end of subclause (I);

17 (ii) by striking subclause (II); and

18 (iii) by striking “; and” at the end of
19 subclause (III) and inserting a period; and

20 (B) by striking clause (ii).

21 (8) Section 11(a)(4)(B) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1821(a)(4)(B)) is amend-
23 ed by striking “Bank Insurance Fund and the Sav-
24 ings Association Insurance Fund” and inserting “de-
25 posit insurance fund”.

1 (9) Paragraph (1) of section 11(f) of the Fed-
2 eral Deposit Insurance Act (12 U.S.C. 1821(f)) is
3 amended by striking “depositor, except that—” and
4 all that follows through the period at the end of the
5 paragraph and inserting “depositor.”.

6 (10) Section 11(i)(3) of the Federal Deposit In-
7 surance Act (12 U.S.C. 1821(i)(3)) is amended—

8 (A) by striking subparagraph (B); and

9 (B) in subparagraph (C), by striking “sub-
10 paragraphs (A) and (B)” and inserting “sub-
11 paragraph (A)”.

12 (11) Section 11A(a)(3) of the Federal Deposit
13 Insurance Act (12 U.S.C. 1821a(a)(3)) is amended
14 by striking “Bank Insurance Fund, the Savings As-
15 sociation Insurance Fund,” and inserting “deposit
16 insurance fund”.

17 (12) Section 11A(f) of the Federal Deposit In-
18 surance Act (12 U.S.C. 1821a(f)) is amended by
19 striking “Savings Association Insurance Fund” and
20 inserting “deposit insurance fund”.

21 (13) Section 13(a)(1) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1823(a)(1)) is amended
23 by striking “Bank Insurance Fund, the Savings As-
24 sociation Insurance Fund,” and inserting “deposit

1 insurance fund, the special reserve of the deposit in-
2 surance fund,”.

3 (14) Section 13(c)(4)(G) of the Federal Deposit
4 Insurance Act (12 U.S.C. 1823(c)(4)(G)) is amend-
5 ed—

6 (A) in clause (ii)—

7 (i) by striking “appropriate insurance
8 fund” and inserting “deposit insurance
9 fund”;

10 (ii) by striking “the members of the
11 insurance fund (of which such institution
12 is a member)” and inserting “insured de-
13 pository institutions”;

14 (iii) by striking “each member’s” and
15 inserting “each insured depository institu-
16 tion’s”; and

17 (iv) by striking “the member’s” and
18 inserting “the institution’s”.

19 (15) Section 13(c) of the Federal Deposit In-
20 surance Act (12 U.S.C. 1823(c)) is amended by
21 striking paragraph (11).

22 (16) Section 13(h) of the Federal Deposit In-
23 surance Act (12 U.S.C. 1823(h)) is amended by
24 striking “Bank Insurance Fund” and inserting “de-
25 posit insurance fund”.

1 (17) Section 13(k)(4)(B)(i) of the Federal De-
2 posit Insurance Act (12 U.S.C. 1823(k)(4)(B)(i)) is
3 amended by striking “Savings Association Insurance
4 Fund member” and inserting “savings association”.

5 (18) Section 13(k)(5)(A) of the Federal Deposit
6 Insurance Act (12 U.S.C. 1823(k)(5)(A)) is amend-
7 ed by striking “Savings Association Insurance Fund
8 members” and inserting “savings associations”.

9 (19) Section 14(a) of the Federal Deposit In-
10 surance Act (12 U.S.C. 1824(a)) is amended—

11 (A) by striking “Bank Insurance Fund or
12 the Savings Association Insurance Fund” and
13 inserting “deposit insurance fund”; and

14 (B) by striking “each such fund” and in-
15 serting “the fund”.

16 (20) Section 14(b) of the Federal Deposit In-
17 surance Act (12 U.S.C. 1824(b)) is amended by
18 striking “Bank Insurance Fund or Savings Associa-
19 tion Insurance Fund” and inserting “deposit insur-
20 ance fund”.

21 (21) Section 14(c) of the Federal Deposit In-
22 surance Act (12 U.S.C. 1824(c)) is amended by
23 striking paragraph (3).

1 (22) Section 14 of the Federal Deposit Insur-
2 ance Act (12 U.S.C. 1824) is amended by striking
3 subsection (d).

4 (23) Section 15(c)(5) of the Federal Deposit
5 Insurance Act (12 U.S.C. 1825(c)(5)) is amended—

6 (A) by striking “Bank Insurance Fund or
7 Savings Association Insurance Fund, respec-
8 tively,” and inserting “deposit insurance fund”;

9 (B) by striking “Bank Insurance Fund or
10 Savings Association Insurance Fund, respec-
11 tively;” and inserting “deposit insurance fund;”;
12 and

13 (C) by striking “Bank Insurance Fund or
14 the Savings Association Insurance Fund, re-
15 spectively,” and inserting “deposit insurance
16 fund,”.

17 (24) Section 17(a)(1) of the Federal Deposit
18 Insurance Act (12 U.S.C. 1827(a)(1)) is amended
19 by striking “Bank Insurance Fund, the Savings As-
20 sociation Insurance Fund,” each place such term ap-
21 pears and inserting “deposit insurance fund”.

22 (25) Section 17(d) of the Federal Deposit In-
23 surance Act (12 U.S.C. 1827(d)) is amended by
24 striking “Bank Insurance Fund, the Savings Asso-

1 ciation Insurance Fund,” each place such term ap-
2 pears and inserting “deposit insurance fund”.

3 (26) The heading for section 17(a) of the Fed-
4 eral Deposit Insurance Act (12 U.S.C. 1827(a)) is
5 amended by striking “BIF, SAIF,” and inserting
6 “THE DEPOSIT INSURANCE FUND”.

7 (27) Section 18(m)(3) of the Federal Deposit
8 Insurance Act (12 U.S.C. 1828(m)(3)) is amend-
9 ed—

10 (A) in subparagraph (A)—

11 (i) by striking “Savings Association
12 Insurance Fund.” and inserting “deposit
13 insurance fund.”; and

14 (ii) by striking “Savings Association
15 Insurance Fund member” and inserting
16 “savings association”; and

17 (B) in subparagraph (C), by striking “Sav-
18 ings Association Insurance Fund or the Bank
19 Insurance Fund” and inserting “deposit insur-
20 ance fund”.

21 (28) Subsections (a)(1) and (d)(1)(A) of section
22 24 of the Federal Deposit Insurance Act (12 U.S.C.
23 1831a) are each amended by striking “appropriate”.

1 (29) Section 24(e)(2) of the Federal Deposit
2 Insurance Act (12 U.S.C. 1831a(e)(2)) is amend-
3 ed—

4 (A) in subparagraph (A), by striking “of
5 which such banks are members”; and

6 (B) in subparagraph (B)(ii), by striking
7 “of which such bank is a member”.

8 (30) Section 24(f)(6)(B) of the Federal Deposit
9 Insurance Act (12 U.S.C. 1831a(f)(6)(B)) is amend-
10 ed by striking “of which such bank is a member”.

11 (31) Section 28 of the Federal Deposit Insur-
12 ance Act (12 U.S.C. 1831e) is amended by striking
13 “affected deposit insurance fund” each place such
14 term appears and inserting “deposit insurance
15 fund”.

16 (32) Section 31 of the Federal Deposit Insur-
17 ance Act (12 U.S.C. 1831h(a)) is hereby repealed.

18 (33) Section 36(i)(3) of the Federal Deposit In-
19 surance Act (12 U.S.C. 1831m(i)(3)) is amended by
20 striking “affected”.

21 (34) Section 38 of the Federal Deposit Insur-
22 ance Act (12 U.S.C. 1831o) is amended by striking
23 subsection (o).

24 (35) Section 21B(f)(2)(C)(ii) of the Federal
25 Home Loan Bank Act (12 U.S.C.

1 1441b(f)(2)(C)(ii) is amended by striking “to Sav-
2 ings Association Insurance Fund members” where
3 such term appears in subclauses (I) and (II) and in-
4 sserting “to insured depository institutions which
5 were Savings Association Insurance Fund members
6 as of the date of the enactment of the Thrift Char-
7 ter Conversion Act of 1995”.

8 (d) EFFECTIVE DATE OF AMENDMENTS.—The
9 amendments made by subsection (c) shall take effect on
10 January 1, 1998.

11 **SEC. 104. REFUND OF AMOUNTS IN DEPOSIT INSURANCE**
12 **FUND IN EXCESS OF DESIGNATED RESERVE**
13 **AMOUNT.**

14 Subsection (e) of section 7 of the Federal Deposit In-
15 surance Act (12 U.S.C. 1817(e)) is amended to read as
16 follows:

17 “(e) REFUNDS.—

18 “(1) OVERPAYMENTS.—In the case of any pay-
19 ment of an assessment by an insured depository in-
20 stitution in excess of the amount due to the Cor-
21 poration, the Corporation may—

22 “(A) refund the amount of the excess pay-
23 ment to the insured depository institution; or

1 “(B) credit such excess amount toward the
2 payment of subsequent semiannual assessments
3 until such credit is exhausted.

4 “(2) BALANCE IN INSURANCE FUND IN EXCESS
5 OF DESIGNATED RESERVE.—

6 “(A) IN GENERAL.—Subject to subpara-
7 graph (B), if as of the end of any semiannual
8 period the amount of the actual reserves in the
9 Bank Insurance Fund (until the merger of such
10 fund into the deposit insurance fund pursuant
11 to section 103(a)(2) of the Thrift Charter Con-
12 version Act of 1995) or the deposit insurance
13 fund (after the establishment of such fund
14 under section 103(a)(1) of such Act) exceeds
15 the balance required to meet the designated re-
16 serve applicable with respect to such fund, such
17 excess amount shall be refunded to members of
18 the fund by the Corporation on such basis as
19 the Board of Directors determines to be appro-
20 priate, taking into account the factors consid-
21 ered under the risk-based assessment system.

22 “(B) REFUND NOT TO EXCEED PREVIOUS
23 SEMIANNUAL ASSESSMENT.—The amount of
24 any refund under this paragraph to any mem-
25 ber of a deposit insurance fund for any semi-

1 annual period may not exceed the total amount
2 of assessments paid by such member to the in-
3 surance fund with respect to such period.”.

4 **SEC. 105. ASSESSMENTS AUTHORIZED ONLY IF NEEDED TO**
5 **MAINTAIN THE RESERVE RATIO OF A DE-**
6 **POSIT INSURANCE FUND.**

7 (a) IN GENERAL.—Section 7(b)(2)(A)(i) of the Fed-
8 eral Deposit Insurance Act (12 U.S.C. 1817(b)(2)(A)(i))
9 is amended in the portion of such section preceding
10 subclause (I) by inserting “when necessary, and only to
11 the extent necessary” after “insured depository institu-
12 tions”.

13 (b) LIMITATION ON ASSESSMENT.—Section
14 7(b)(2)(A)(iii) of the Federal Deposit Insurance Act (12
15 U.S.C. 1817(b)(2)(A)(iii)) is amended to read as follows:

16 “(iii) LIMITATION ON ASSESSMENT.—
17 The Board of Directors shall not set semi-
18 annual assessments with respect to a de-
19 posit insurance fund in excess of the
20 amount needed—

21 “(I) to maintain the reserve ratio
22 of the fund at the designated reserve
23 ratio; or

24 “(II) if the reserve ratio is less
25 than the designated reserve ratio, to

1 increase the reserve ratio to the des-
2 ignated reserve ratio.”.

3 **TITLE II—STATUS OF BANKS**
4 **AND SAVINGS ASSOCIATIONS**

5 **SEC. 201. TERMINATION OF FEDERAL SAVINGS ASSOCIA-**
6 **TIONS; TREATMENT OF STATE SAVINGS ASSO-**
7 **CIATIONS AS BANKS FOR PURPOSES OF FED-**
8 **ERAL BANKING LAW.**

9 (a) TERMINATION OF FEDERAL SAVINGS ASSOCIA-
10 TION CHARTERS.—

11 (1) IN GENERAL.—Each Federal savings asso-
12 ciation shall—

13 (A) convert to a national bank charter;

14 (B) convert to a State depository institu-
15 tion charter; or

16 (C) surrender the charter of such savings
17 association and liquidate the institution.

18 (2) CONVERSION TO NATIONAL BANK BY OPER-
19 ATION OF LAW.—If any Federal savings association
20 has not taken any action required under paragraph
21 (1) as of January 1, 1998, the savings association
22 shall—

23 (A) become a national bank on such date
24 by operation of law;

1 (B) immediately file articles of association
2 and an organizational certificate with the
3 Comptroller of the Currency in accordance with
4 sections 5133, 5134, 5135 of the Revised Stat-
5 utes of the United States; and

6 (C) cease to exist as a Federal savings as-
7 sociation as of such date.

8 (3) PROHIBITION ON NEW CHARTERS OF FED-
9 ERAL SAVINGS ASSOCIATIONS.—The Director of the
10 Office of Thrift Supervision may not grant any char-
11 ter for a Federal savings association after the date
12 of the enactment of this Act.

13 (b) TREATMENT OF STATE SAVINGS ASSOCIATIONS
14 AS BANKS FOR PURPOSES OF FEDERAL BANKING
15 LAW.—

16 (1) AMENDMENTS TO FEDERAL DEPOSIT IN-
17 SURANCE ACT.—Section 3 of the Federal Deposit
18 Insurance Act (12 U.S.C. 1813) is amended—

19 (A) by striking paragraph (2) of subsection
20 (a) and inserting the following new paragraph:

21 “(2) STATE BANK.—The term ‘State bank’
22 means any bank, banking association, trust com-
23 pany, savings bank, industrial bank (or similar de-
24 pository institution which the Board of Directors
25 finds to be operating substantially in the same man-

1 ner as an industrial bank), building and loan asso-
2 ciation, savings and loan association, homestead as-
3 sociation, cooperative bank, or other banking institu-
4 tion—

5 “(A) which is engaged in the business of
6 receiving deposits, other than trust funds (as
7 defined in this section); and

8 “(B) which—

9 “(i) is incorporated under the laws of
10 any State;

11 “(ii) is organized and operating ac-
12 cording to the laws of the State in which
13 such institution is chartered or organized;
14 or

15 “(iii) is operating under the Code of
16 Law for the District of Columbia (except a
17 national bank).”; and

18 (B) in subsection (q)—

19 (i) by inserting “and” after the semi-
20 colon at the end of paragraph (2);

21 (ii) by striking “; and” at the end of
22 paragraph (3) and inserting a period; and

23 (iii) by striking paragraph (4).

24 (2) AMENDMENTS TO THE BANK HOLDING
25 COMPANY ACT OF 1956.—Section 2 of the Bank

1 Holding Company Act of 1956 (12 U.S.C. 1841) is
2 amended—

3 (A) by striking subparagraph (E) of sub-
4 section (a)(5); and

5 (B) by striking subparagraphs (B) and (J)
6 of subsection (c)(2).

7 (3) AMENDMENTS TO THE FEDERAL RESERVE
8 ACT.—The 2d and 3d paragraphs of the 1st section
9 of the Federal Reserve Act (12 U.S.C. 221) are each
10 amended by inserting “(as defined in section 3(a)(2)
11 of the Federal Deposit Insurance Act)” after “State
12 bank”.

13 **SEC. 202. TREATMENT OF CERTAIN ACTIVITIES AND AFFILI-**
14 **ATIONS OF BANK HOLDING COMPANIES RE-**
15 **SULTING FROM THIS ACT.**

16 Section 4 of the Bank Holding Company Act of 1956
17 (12 U.S.C. 1843) is amended by adding at the end the
18 following new subsection:

19 “(k) TREATMENT OF COMPANIES RESULTING FROM
20 SAVINGS AND LOAN HOLDING COMPANIES.—

21 “(1) IN GENERAL.—Notwithstanding any other
22 provision of this section or any other provision of
23 Federal law including sections 20 and 32 of the
24 Banking Act of 1933, a qualified bank holding com-

1 pany may continue, after such company becomes a
2 bank holding company—

3 “(A) to maintain or enter into any non-
4 banking affiliation which such company was au-
5 thorized to maintain or enter into as of Septem-
6 ber 13, 1995; and

7 “(B) to engage, directly or through any af-
8 filiate described in subparagraph (A) which is
9 not a bank, in any activity in which such com-
10 pany or any affiliate described in subparagraph
11 (A) was authorized to engage as of September
12 13, 1995,

13 if the requirements of paragraph (3) are met.

14 “(2) QUALIFIED BANK HOLDING COMPANY DE-
15 FINED.—For purposes of this subsection, the term
16 ‘qualified bank holding company’ means—

17 “(A) any company which—

18 “(i) as of September 13, 1995, is a
19 savings and loan holding company and is
20 not a bank holding company; and

21 “(ii) becomes a bank holding company
22 after such date; and

23 “(B) any bank holding company which—

24 “(i) as of September 13, 1995—

1 “(I) is a savings and loan holding
2 company; and

3 “(II) is exempt from this Act
4 pursuant to an order issued by the
5 Board under subsection (d); and

6 “(ii) after such date, loses the exemp-
7 tion under subsection (d).

8 “(3) PREREQUISITES FOR CONTINUATION OF
9 GRANDFATHERED ACTIVITIES AND AFFILIATIONS.—
10 This subsection shall cease to apply with respect to
11 a qualified bank holding company if, at any time
12 after such company becomes a bank holding com-
13 pany company or, in the case of a qualified bank
14 holding company described in paragraph (2)(B),
15 loses such company’s exemption under subsection
16 (d)—

17 “(A) any insured depository institution
18 controlled by such company which, as of the
19 day before the company becomes a bank holding
20 company, was subject to the requirements con-
21 tained in section 10(m) of the Home Owners’
22 Loan Act, as in effect on such date, (and regu-
23 lations in effect on such date under such sec-
24 tion) for treatment as a qualified thrift lender

1 under such section fails to meet such require-
2 ments;

3 “(B) any insured depository institution
4 controlled by such company fails to comply with
5 any limitation or restriction on the type or
6 amounts of loans or investments of the institu-
7 tion to which such institution was subject as of
8 the date of the enactment of the Thrift Charter
9 Conversion Act of 1995; or

10 “(C) the company or any subsidiary of the
11 company acquires more than 5 percent of the
12 shares or assets of any insured depository insti-
13 tution after September 13, 1995.

14 “(4) NONTRANSFERABLE.—This subsection
15 shall not apply with respect to any qualified bank
16 holding company if, after September 13, 1995, any
17 person acquires, directly or indirectly, control of the
18 company or the company is the subject of any merg-
19 er, consolidation, or other similar transaction.

20 “(5) PROHIBITION ON CERTAIN INSURED DE-
21 POSITORY INSTITUTIONS IDENTIFYING THEMSELVES
22 AS NATIONAL BANKS.—

23 “(A) IN GENERAL.—Notwithstanding the
24 requirement of section 5134 of the Revised
25 Statutes of the United States—

1 “(i) the name of an insured depository
2 institution subsidiary of a qualified bank
3 holding company which—

4 “(I) as of the date of the enact-
5 ment of the Thrift Charter Conversion
6 Act of 1995, is a savings and loan
7 holding company described in section
8 10(c)(3) of the Home Owners’ Loan
9 Act (as in effect on such date); and

10 “(II) is subject to the restrictions
11 contained in paragraph (3),
12 may not include the term ‘national’; and

13 “(ii) such insured depository institu-
14 tion may not be identified as a national
15 bank on any sign displayed by the institu-
16 tion or in any advertisement or other pub-
17 lication of the institution.

18 “(B) DEPOSITORY INSTITUTION NOT LIA-
19 BLE FOR FRAUDULENT MISREPRESENTATION
20 FOR NOT REPRESENTING ITSELF AS A NA-
21 TIONAL BANK.—An insured depository institu-
22 tion which is subject to subparagraph (A) shall
23 not be liable for any civil or criminal penalty
24 under any Federal or State consumer protection
25 law, or in any criminal or civil action, for fraud-

1 ulently misrepresenting the nature of the char-
2 ter of the institution, for falsely advertising the
3 status of the institution, for making a false
4 statement with respect to the status of the in-
5 stitution, or for any similar offense by reason of
6 the institution's compliance with such subpara-
7 graph.

8 “(6) ENFORCEMENT.—In addition to any other
9 power of the Board, the Board may enforce compli-
10 ance with the provisions of this subsection with re-
11 spect to any qualified bank holding company and
12 any bank controlled by such company under section
13 8 of the Federal Deposit Insurance Act.”.

14 **SEC. 203. TRANSITION PROVISIONS FOR ACTIVITIES OF**
15 **SAVINGS ASSOCIATIONS WHICH CONVERT**
16 **INTO OR BECOME TREATED AS BANKS.**

17 (a) IN GENERAL.—Notwithstanding any other provi-
18 sion of Federal law, any insured depository institution
19 which, as of September 13, 1995, is a savings association
20 (as defined in section 3(b) of the Federal Deposit Insur-
21 ance Act (as in effect on such date)) and after such date
22 converts to a national or State bank charter or becomes
23 treated as a State bank pursuant to the amendment made
24 by section 201(b) may continue to engage, directly or indi-
25 rectly, in any activity in which such institution was law-

1 fully engaged as of such date during the 2-year period be-
2 ginning on the effective date of such conversion or the ef-
3 fective date of such amendments, as the case may be.

4 (b) TWO 1-YEAR EXTENSIONS AUTHORIZED.—The
5 2-year period described in subsection (a) with respect to
6 any insured depository institution may be extended for
7 such institution not to exceed 2 additional times for not
8 more than 1 year each time if the appropriate Federal
9 banking agency determines that such extension is nec-
10 essary to avert substantial loss to the institution and is
11 otherwise consistent with the safety and soundness of the
12 institution.

13 **SEC. 204. REGISTRATION OF BANK HOLDING COMPANIES**
14 **RESULTING FROM CONVERSIONS OF SAV-**
15 **INGS ASSOCIATIONS TO BANKS OR TREAT-**
16 **MENT OF SAVINGS ASSOCIATIONS AS BANKS.**

17 Section 3 of the Bank Holding Company Act of 1956
18 (12 U.S.C. 1842) is amended by adding at the end the
19 following new subsection:

20 “(h) REGISTRATION OF CERTAIN BANK HOLDING
21 COMPANIES.—A company which, as of September 13,
22 1995, is a savings and loan holding company (as defined
23 in section 10(a)(1)(D) of Home Owners’ Loan Act (as in
24 effect on such date) and is not a bank holding company
25 shall not be required to obtain the approval of the Board

1 under subsection (a) to become a bank holding company
2 after September 13, 1995, as a result of the conversion
3 of any insured depository institution subsidiary of such
4 company into a bank or by virtue of the treatment of any
5 insured depository institution subsidiary of such company
6 as a bank pursuant to the amendments made by the Thrift
7 Charter Conversion Act of 1995, if such company—

8 “(1) registers as a bank holding company with
9 the Board in accordance with section 5(a); and

10 “(2) does not acquire, directly or indirectly,
11 ownership or control of any additional insured de-
12 pository institution or other company in connection
13 with such conversion or treatment.”.

14 **SEC. 205. ADDITIONAL TRANSITION PROVISIONS AND SPE-**
15 **CIAL RULES.**

16 (a) CONVERSION OF MUTUAL SAVINGS ASSOCIA-
17 TIONS INTO NATIONAL BANKS.—

18 (1) IN GENERAL.—Notwithstanding the para-
19 graph designated the “Third” of section 5134 of the
20 Revised Statutes of the United States and subject to
21 regulations prescribed by the Comptroller of the
22 Currency under subparagraph (B), any savings asso-
23 ciation which is organized in mutual form as of the
24 date of the enactment of this Act and at all times

1 thereafter may organize as a national bank in mu-
2 tual form.

3 (2) APPLICABILITY OF CAPITAL STOCK RE-
4 QUIREMENTS.—The Comptroller of the Currency
5 shall prescribe regulations regarding the manner in
6 which requirements of title LXII of the Revised
7 Statutes of the United States with respect to capital
8 stock, and limitations imposed on national banks
9 under such title based on capital stock, shall apply
10 to national banks organized in mutual form pursu-
11 ant to subparagraph (A).

12 (3) RULE OF CONSTRUCTION.—No provision of
13 this subsection shall be construed as authorizing any
14 national bank to be organized in mutual form, or to
15 convert to a mutual form, other than a mutual na-
16 tional bank resulting from the conversion of a sav-
17 ings association described in subparagraph (A).

18 (4) CONVERSION TO STOCK NATIONAL BANK.—
19 Subject to such regulations as the Comptroller of the
20 Currency may prescribe for the protection of deposi-
21 tors' rights and for any other purpose the Comptrol-
22 ler of the Currency may consider appropriate, any
23 national bank which is organized in mutual form
24 pursuant to paragraph (1) may reorganize as a
25 stock national bank.

1 (b) MEMBERSHIP IN FEDERAL HOME LOAN
2 BANKS.—Any insured depository institution which—

3 (1) as of the date of the enactment of this Act,
4 is a Federal savings association which, pursuant to
5 section 6(e) of the Federal Home Loan Bank Act,
6 may not voluntarily withdraw from membership in a
7 Federal home loan bank; and

8 (2) after such date ceases to be a Federal sav-
9 ings association,

10 shall continue to be subject to the prohibition under such
11 section on voluntary withdrawal from such membership
12 after such institution ceases to be a Federal sav-
13 ings association.

14 (c) BRANCHES.—

15 (1) IN GENERAL.—Notwithstanding any provi-
16 sion of the Federal Deposit Insurance Act, the Bank
17 Holding Company Act of 1956, or any other Federal
18 or State law, any depository institution which—

19 (A) as of the date of the enactment of this
20 Act, is a savings association; and

21 (B) becomes a bank before January 1,
22 1998, or, pursuant to the amendments made by
23 this subsection, is treated as a bank as of such
24 date under the Federal Deposit Insurance Act,

1 and any depository institution or bank holding com-
2 pany which acquires such depository institution, may
3 continue, after the depository institution becomes or
4 commences to be treated as a bank, to operate any
5 branch which the savings association operated as a
6 branch on September 13, 1995.

7 (2) NO ADDITIONAL BRANCHES.—Paragraph
8 (1) shall not be construed as authorizing the estab-
9 lishment, acquisition, or operation of any additional
10 branch of a depository institution in any State by
11 virtue of the operation by such institution of a
12 branch in such State pursuant to such paragraph
13 except to the extent such establishment, acquisition,
14 or operation is permitted under the Federal Deposit
15 Insurance Act, Bank Holding Company Act of 1956,
16 and any other applicable Federal or State law with-
17 out regard to such branch.

18 (d) TRANSITION PROVISION RELATING TO LIMITA-
19 TIONS ON LOANS TO 1 BORROWER.—Section 5200 of the
20 Revised Statutes of the United States (12 U.S.C. 84) is
21 amended by adding at the end the following new sub-
22 section:

23 “(e) TRANSITION PROVISION FOR SAVINGS ASSOCIA-
24 TIONS CONVERTING TO NATIONAL BANKS.—In the case
25 of any depository institution which, as of September 13,

1 1995, is a savings association (as defined in section 3(b)
2 of the Federal Deposit Insurance Act (as in effect on such
3 date)) and becomes a national bank on or before January
4 1, 1998, any loan, or legally binding commitment to make
5 a loan, made or entered into by such institution which is
6 outstanding on the date the institution becomes a national
7 bank may continue to be held without regard to any limi-
8 tation contained in this section during the 3-year period
9 beginning on such date.”.

10 **SEC. 206. TECHNICAL AND CONFORMING AMENDMENTS.**

11 (a) AMENDMENTS TO THE FEDERAL DEPOSIT IN-
12 SURANCE ACT.—

13 (1) Section 3(z) of the Federal Deposit Insur-
14 ance Act (12 U.S.C. 1813(z)) is amended by strik-
15 ing “, the Director of the Office of Thrift Super-
16 vision,”.

17 (2) Section 8(b) of the Federal Deposit Insur-
18 ance Act (12 U.S.C. 1818(b)) is amended by strik-
19 ing paragraph (9).

20 (3) Section 13 of the Federal Deposit Insurance
21 Act (12 U.S.C. 1823) is amended by striking sub-
22 section (k).

23 (4) Subsections (c)(2) and (i)(2) of section 18
24 of the Federal Deposit Insurance Act (12 U.S.C.
25 1828) are each amended—

1 (A) in subparagraph (B), by inserting
2 “and” after the semicolon;

3 (B) in subparagraph (C), by striking
4 “; and” and inserting a period; and

5 (C) by striking subparagraph (D).

6 (5) Section 18 of the Federal Deposit Insurance
7 Act (12 U.S.C. 1828) is amended by striking sub-
8 section (m).

9 (6) The Federal Deposit Insurance Act (12
10 U.S.C. 1811 et seq.) is amended by striking section
11 28.

12 (b) AMENDMENTS TO THE BANK HOLDING COMPANY
13 ACT OF 1956.—

14 (1) Section 2 of the Bank Holding Company
15 Act of 1956 (12 U.S.C. 1841) is amended by strik-
16 ing subsections (i) and (j).

17 (2) Section 4(c)(8) of the Bank Holding Com-
18 pany Act of 1956 (12 U.S.C. 1843(c)(8)) is amend-
19 ed by striking the sentence preceding the penul-
20 timate sentence.

21 (3) Section 4(f) of the Bank Holding Company
22 Act of 1956 (12 U.S.C. 1843(f)) is amended—

23 (A) in paragraph (2)(A)(i), by striking “or
24 an insured institution” and all that follows
25 through “of this subsection”;

1 (B) in paragraph (2)(A)(ii)—

2 (i) by striking “or a savings associa-
3 tion” where such term appears in the por-
4 tion of such paragraph which precedes
5 subclause (I));

6 (ii) by inserting “and” at the end of
7 subclause (VI);

8 (iii) by striking subclauses (VIII),
9 (IX), and (X); and

10 (iv) by striking “(V), and (VIII)”,
11 where such term appears in the portion of
12 such paragraph which appears after the
13 end of subclause (VII), and inserting “and
14 (V)”; and

15 (C) by striking paragraphs (10), (11),
16 (12), and (13).

17 (4) Section 4(i) of the Bank Holding Company
18 Act of 1956 (12 U.S.C. 1843(i)) is amended—

19 (A) by striking paragraphs (1) and (2);
20 and

21 (B) in paragraph (3)(A), by striking “any
22 Federal savings association” and all that fol-
23 lows through the period at the end of such
24 paragraph and inserting “such association was

1 authorized to engage under this section as of
2 September 15, 1995.”.

3 (c) OTHER TECHNICAL AND CONFORMING AMEND-
4 MENTS.—

5 (1) Section 804(a) of the Alternative Mortgage
6 Transaction Parity Act of 1982 (12 U.S.C. 3803) is
7 amended—

8 (A) in paragraph (1), by inserting “(as
9 such term is defined in section 3(a) of the Fed-
10 eral Deposit Insurance Act)” after “with re-
11 spect to banks”;

12 (B) by inserting “and” after the semicolon
13 at the end of paragraph (1);

14 (C) by striking “; and” at the end of para-
15 graph (2) and inserting a period; and

16 (D) by striking paragraph (3).

17 (2) Section 205 of the Depository Institution
18 Management Interlocks Act (12 U.S.C. 3204) is
19 amended—

20 (A) in the portion of paragraph (8)(A)
21 which precedes clause (i), by striking “diversi-
22 fied savings” and all that follows through “with
23 respect to” and inserting “A depository institu-
24 tion holding company which, as of September
25 13, 1995, and at all times thereafter, is a diver-

1 sified savings and loan holding company (as de-
2 fined in section 10(1)(F) of Home Owners'
3 Loan Act, as such section is in effect on such
4 date) with respect to"; and

5 (B) by striking paragraph (9).

6 (3) Section 19(b)(1)(A) of the Federal Reserve
7 Act (12 U.S.C. 461(b)(1)(A)) is amended—

8 (A) by inserting "and" after the semicolon
9 at the end of clause (v); and

10 (B) by striking clause (vi).

11 **SEC. 207. REFERENCES TO SAVINGS ASSOCIATIONS AND**
12 **STATE BANKS IN FEDERAL LAW.**

13 Effective January 1, 1998, any reference in any Fed-
14 eral banking law to—

15 (1) the term "savings association" shall be
16 deemed to be a reference to a bank as defined in
17 section 3(a) of the Federal Deposit Insurance Act;
18 and

19 (2) the term "State bank" shall be deemed to
20 include any depository institution included in the
21 definition of such term in section 3(a)(2) of such
22 Act.

23 **SEC. 208. REPEAL OF HOME OWNERS' LOAN ACT.**

24 Effective January 1, 1998, the Home Owners' Loan
25 Act (12 U.S.C. 1461 et seq.) is hereby repealed.

1 **SEC. 209. EFFECTIVE DATE; DEFINITIONS.**

2 (a) EFFECTIVE DATE.—The amendments made by
3 this title shall take effect on January 1, 1998.

4 (b) DEFINITIONS.—For purposes of this title, the
5 terms “appropriate Federal banking agency”, “bank hold-
6 ing company”, “depository institution”, “Federal savings
7 association”, “insured depository institution”, “savings
8 association”, and “State bank” have the same meanings
9 as in section 3 of the Federal Deposit Insurance Act (as
10 in effect on the date of the enactment of this Act).

11 **TITLE III—TRANSFER OF FUNC-**
12 **TIONS, PERSONNEL, AND**
13 **PROPERTY**

14 **SEC. 301. OFFICE OF THRIFT SUPERVISION ABOLISHED.**

15 Effective January 1, 1998, the Office of Thrift Su-
16 pervision and the position of Director of the Office of
17 Thrift Supervision are hereby abolished.

18 **SEC. 302. DETERMINATION OF TRANSFERRED FUNCTIONS**
19 **AND EMPLOYEES.**

20 (a) ALL OFFICE OF THRIFT SUPERVISION EMPLOY-
21 EES SHALL BE TRANSFERRED.—All employees of the Of-
22 fice of Thrift Supervision shall be identified for transfer
23 under subsection (b) to the Office of the Comptroller of
24 the Currency, the Federal Deposit Insurance Corporation,
25 or the Board of Governors of the Federal Reserve System.

26 (b) FUNCTIONS AND EMPLOYEES TRANSFERRED.—

1 (1) IN GENERAL.—The Director of the Office of
2 Thrift Supervision, the Comptroller of the Currency,
3 the Chairperson of the Federal Deposit Insurance
4 Corporation, and the Chairman of the Board of Gov-
5 ernors of the Federal Reserve System shall jointly
6 determine the functions or activities of the Office of
7 Thrift Supervision, and the number of employees of
8 such Office necessary to perform or support such
9 functions or activities, which are transferred from
10 the Office to the Office of the Comptroller of the
11 Currency, the Federal Deposit Insurance Corpora-
12 tion, or the Board of Governors of the Federal Re-
13 serve System, as the case may be.

14 (2) ALLOCATION OF EMPLOYEES.—The Comp-
15 troller of the Currency, the Chairperson of the Fed-
16 eral Deposit Insurance Corporation, and the Chair-
17 man of the Board of Governors of the Federal Re-
18 serve System shall allocate the employees of the Of-
19 fice of Thrift Supervision consistent with the num-
20 ber determined pursuant to paragraph (1) in a man-
21 ner which such Comptroller, Chairperson, and Chair-
22 man, in their sole discretion, deem equitable, except
23 that, within work units, the agency preferences of
24 individual employees shall be accommodated as far
25 as possible.

1 (c) DISPOSITION OF AFFAIRS.—

2 (1) IN GENERAL.—In winding up the affairs of
3 the Office of Thrift Supervision, the Director of the
4 Office of Thrift Supervision shall consult and co-
5 operate with the Comptroller of the Currency, the
6 Federal Deposit Insurance Corporation, and the
7 Board of Governors of the Federal Reserve System,
8 as the case may be, to facilitate the orderly transfer
9 of the functions to such Comptroller, Corporation, or
10 Board.

11 (2) CONTINUING AUTHORITY OF DIRECTOR OF
12 THE OFFICE OF THRIFT SUPERVISION.—Except as
13 provided in paragraph (1), no provision of this sub-
14 title shall be construed as affecting the authority
15 vested in the Director of the Office of Thrift Super-
16 vision before the date of enactment of this Act which
17 is necessary to carry out the duties of the position
18 until the date upon which the position of Director of
19 the Office of Thrift Supervision is abolished.

20 (3) CONTINUATION OF AGENCY SERVICES.—
21 Any agency, department, or other instrumentality of
22 the United States, or any successor to any such
23 agency, department, or instrumentality, which was
24 providing support services to the Director of the Of-

1 fice of Thrift Supervision on the day before the date
2 such position is abolished shall—

3 (A) continue to provide such services on a
4 reimbursable basis, in accordance with the
5 terms of the arrangement pursuant to which
6 such services were provided until the arrange-
7 ment is modified or terminated in accordance
8 with such terms, except that effective January
9 1, 1998, the Comptroller of the Currency, the
10 Federal Deposit Insurance Corporation, or the
11 Board of Governors of the Federal Reserve Sys-
12 tem, as the case may be, shall be substituted
13 for the Director of the Office of Thrift Super-
14 vision as a party to the arrangement; and

15 (B) consult with the Comptroller, the Cor-
16 poration, or the Board to coordinate and facili-
17 tate a prompt and reasonable transition.

18 (d) TRANSFER OF PROPERTY.—Effective January 1,
19 1998, all property of the Office of Thrift Supervision shall
20 be transferred to the Comptroller of the Currency, the
21 Federal Deposit Insurance Corporation, or the Board of
22 Governors of the Federal Reserve System, as determined
23 in accordance with subsections (a) and (b).

1 **SEC. 303. SAVINGS PROVISIONS.**

2 (a) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS
3 NOT AFFECTED.—No provision of this title shall be con-
4 strued as affecting the validity of any right, duty, or obli-
5 gation of the United States, the Director of the Office of
6 Thrift Supervision, or any person, which existed on the
7 day before the date upon which the position of Director
8 of the Office of Thrift Supervision and the Office of Thrift
9 Supervision are abolished.

10 (b) CONTINUATION OF SUITS.—No action or other
11 proceeding commenced by or against the Director of the
12 Office of Thrift Supervision shall abate by reason of enact-
13 ment of this Act, except that, effective January 1, 1998,
14 the Comptroller of the Currency, the Federal Deposit In-
15 surance Corporation, or the Board of Governors of the
16 Federal Reserve System, as the case may be, shall be sub-
17 stituted as a party to any such action or proceeding.

18 (c) CONTINUATION OF ADMINISTRATIVE RULES.—
19 All orders, resolutions, determinations, regulations, inter-
20 pretative rules, other interpretations, guidelines, proce-
21 dures, supervisory and enforcement actions, and other ad-
22 visory material (other than any regulation to which section
23 3(f) of the Home Owners' Loan Act (as in effect on Sep-
24 tember 13, 1995) applies) which—

1 (1) have been issued, made, prescribed, or per-
2 mitted to become effective by the Office of Thrift
3 Supervision, and

4 (2) are in effect on December 31, 1996, (or be-
5 come effective after such date pursuant to the terms
6 of the order, resolution, determination, rule, other
7 interpretation, guideline, procedure, supervisory or
8 enforcement action, and other advisory material, as
9 in effect on such date), shall—

10 (A) continue in effect according to the
11 terms of such orders, resolutions, determina-
12 tions, regulations, interpretative rules, other in-
13 terpretations, guidelines, procedures, super-
14 visory or enforcement actions, or other advisory
15 material;

16 (B) be administered by the Comptroller of
17 the Currency, the Federal Deposit Insurance
18 Corporation, or the Board of Governors of the
19 Federal Reserve System; and

20 (C) be enforceable by or against the Comp-
21 troller of the Currency, the Federal Deposit In-
22 surance Corporation, or the Board of Governors
23 of the Federal Reserve System until modified,
24 terminated, set aside, or superseded in accord-
25 ance with applicable law by the Comptroller,

1 Corporation, or Board, by any court of com-
2 petent jurisdiction, or by operation of law.

3 (d) TREATMENT OF REFERENCES IN ADJUSTABLE
4 RATE MORTGAGES ISSUED BEFORE FIRREA.—

5 (1) REFERENCES IN PRIOR LAW.—For purposes
6 of section 402(e) of Financial Institutions Reform,
7 Recovery, and Enforcement Act of 1989 (12 U.S.C.
8 1437 note), any reference in such section to—

9 (A) the Director of the Office of Thrift Su-
10 pervision shall be deemed to be a reference to
11 the Secretary of the Treasury; and

12 (B) a Savings Association Insurance Fund
13 member shall be deemed to be a reference to an
14 insured depository institution (as defined in sec-
15 tion 3 of the Federal Deposit Insurance Act).

16 (e) TREATMENT OF REFERENCES IN ADJUSTABLE
17 RATE MORTGAGE INSTRUMENTS ISSUED AFTER
18 FIRREA.—

19 (1) IN GENERAL.—For purposes of adjustable
20 rate mortgage instruments that are in effect as of
21 the date of enactment of this Act, any reference in
22 the instrument to the Director of the Office of
23 Thrift Supervision or Savings Association Insurance
24 Fund members shall be treated as a reference to the
25 Secretary of the Treasury or insured depository in-

1 stitutions (as defined in section 3 of the Federal De-
2 posit Insurance Act), as appropriate.

3 (2) SUBSTITUTION FOR INDEXES.—If any index
4 used to calculate the applicable interest rate on any
5 adjustable rate mortgage instrument is no longer
6 calculated and made available as a direct or indirect
7 result of the enactment of this Act, any index—

8 (A) made available by the Secretary of the
9 Treasury; or

10 (B) determined by the Secretary of the
11 Treasury, pursuant to paragraph (4), to be sub-
12 stantially similar to the index which is no
13 longer calculated or made available,

14 may be substituted by the holder of any such adjust-
15 able rate mortgage instrument upon notice to the
16 borrower.

17 (3) AGENCY ACTION REQUIRED TO PROVIDE
18 CONTINUED AVAILABILITY OF INDEXES.—Promptly
19 after the enactment of this subsection, the Secretary
20 of the Treasury, the Chairperson of the Federal De-
21 posit Insurance Corporation, and the Comptroller of
22 the Currency shall take such action as may be nec-
23 essary to assure that the indexes prepared by the
24 Director of the Office of Thrift Supervision imme-
25 diately prior to the enactment of this subsection and

1 used to calculate the interest rate on adjustable rate
2 mortgage instruments continue to be available.

3 (4) REQUIREMENTS RELATING TO SUBSTITUTE
4 INDEXES.—If any agency can no longer make avail-
5 able an index pursuant to paragraph (3), an index
6 that is substantially similar to such index may be
7 substituted for such index for purposes of paragraph
8 (2) if the Secretary of the Treasury determines,
9 after notice and opportunity for comment, that—

10 (A) the new index is based upon data sub-
11 stantially similar to that of the original index;
12 and

13 (B) the substitution of the new index will
14 result in an interest rate substantially similar to
15 the rate in effect at the time the original index
16 became unavailable.

17 **SEC. 304. REFERENCES IN FEDERAL LAW TO DIRECTOR OF**
18 **THE OFFICE OF THRIFT SUPERVISION.**

19 Any reference in any Federal law to the Director of
20 the Office of Thrift Supervision or the Office of Thrift
21 Supervision shall be deemed to be a reference to the appro-
22 priate Federal banking agency (as defined in section 3(q)
23 of the Federal Deposit Insurance Act).

1 **SEC. 305. RECONFIGURATION OF BOARD OF DIRECTORS OF**
2 **FDIC AS A RESULT OF REMOVAL OF DIREC-**
3 **TOR OF THE OFFICE OF THRIFT SUPER-**
4 **VISION.**

5 (a) IN GENERAL.—Section 2(a)(1) of the Federal
6 Deposit Insurance Act (12 U.S.C. 1812(a)(1)) is amended
7 to read as follows:

8 “(1) IN GENERAL.—The management of the
9 Corporation shall be vested in a Board of Directors
10 consisting of 3 members—

11 “(A) 1 of whom shall be the Comptroller of
12 the Currency; and

13 “(B) 2 of whom shall be appointed by the
14 President, by and with the advice and consent
15 of the Senate, from among individuals who are
16 citizens of the United States.”.

17 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

18 (1) Section 2(a)(2) of the Federal Deposit In-
19 surance Act (12 U.S.C. 1812(a)(2)) is amended—

20 (A) by striking “February 28, 1993” and
21 inserting “January 1, 1998”; and

22 (B) by striking “3” and inserting “2”.

23 (2) Section 2(d)(2) of the Federal Deposit In-
24 surance Act (12 U.S.C. 1812(d)(2)) is amended—

25 (A) by striking “or the office of Director
26 of the Office of Thrift Supervision”;

1 (B) by striking “or such Director”;

2 (C) by striking “or the Acting Director of
3 the Office of Thrift Supervision, as the case
4 may be”; and

5 (D) by striking “or Director”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 subsections (a) and (b) shall take effect on January 1,
8 1998.

9 (d) DESIGNATION OF ABOLISHED POSITION.—Unless
10 there is a vacancy in the position of an appointed member
11 of the Board of Directors as of January 1, 1998, the
12 President, consistent with the requirements of section
13 2(a)(2) of the Federal Deposit Insurance Act, shall des-
14 ignate which of the 3 positions of appointed member of
15 such Board of Directors shall be abolished pursuant to
16 the amendment made by subsection (a).

17 **TITLE IV—LOAN LOSS RESERVE**
18 **TREATMENT**

19 **SEC. 401. REPEAL OF SPECIAL THRIFT BAD DEBT RESERVE**
20 **METHOD.**

21 (a) GENERAL RULE.—Section 593 of the Internal
22 Revenue Code of 1986 (relating to reserves for losses on
23 loans) is hereby repealed.

24 (b) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendment made by
2 this section shall apply to taxable years beginning
3 after December 31, 1995.

4 (2) AMENDMENT TREATED AS CHANGE IN
5 METHOD OF ACCOUNTING.—In the case of any tax-
6 payer who is required by reason of the amendment
7 made by this section to change his method of com-
8 puting reserves for bad debts—

9 (A) such change shall be treated as a
10 change in a method of accounting,

11 (B) such change shall be treated as initi-
12 ated by the taxpayer,

13 (C) such change shall be treated as having
14 been made with the consent of the Secretary,
15 and

16 (D) the net adjustments which are re-
17 quired by section 481 of the Internal Revenue
18 Code of 1986 as a result of the initial change
19 in method of accounting for bad debts required
20 by this section shall be treated as zero.

21 (3) TRANSITIONAL RULE FOR SMALL THRIFTS
22 TAKING DEDUCTION ALLOWABLE UNDER SECTION
23 585.—

24 (A) IN GENERAL.—In the case of an orga-
25 nization that—

1 (i) on the effective date of the amend-
2 ment made by this section is an association
3 or bank referred to by section 593(a)(1) of
4 the Internal Revenue Code of 1986 (as in
5 effect prior to the amendment made by
6 this section),

7 (ii) is a bank to which section 585 ap-
8 plies, and

9 (iii) elects to compute a reasonable
10 addition to a reserve for bad debts under
11 section 585 in lieu of any deduction under
12 section 168(a),

13 then the reserve at the beginning of the first
14 taxable year beginning after December 31,
15 1995, and the base year amount for purposes of
16 section 585(b)(2)(B) shall be equal to the
17 amount computed under section 585(b)(2)(A)
18 as of the end of the last taxable year beginning
19 before January 1, 1996.

20 (B) TREATMENT OF BEGINNING RESERVE
21 AMOUNT.—Such beginning reserve amount—

22 (i) shall not be deductible in the year
23 of the initial change of method, and

24 (ii) shall not be included in gross in-
25 come if the bank no longer computes a rea-

1 sonable addition to a reserve for bad debts
2 under section 585 for any reason.

3 The Secretary shall prescribe such regulations
4 as may be necessary or appropriate to carry out
5 the purposes of this subsection.

6 (c) CLERICAL AMENDMENT.—The table of sections
7 for part 1 of subchapter H of chapter 1 of the Internal
8 Revenue Code of 1986 is amended by striking the item
9 relating to section 593.

○

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