

105TH CONGRESS
1ST SESSION

S. 1405

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 7, 1997

Mr. SHELBY (for himself, Mr. MACK, Mr. FAIRCLOTH, Mr. D'AMATO, Mr. BRYAN, Mr. GRAMS, Mr. KERRY, Mr. BENNETT, Mr. GRAMM, Mr. HAGEL, Mr. ALLARD, Mr. ENZI, and Ms. MOSELEY-BRAUN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for improved monetary policy and regulatory reform in financial institution management and activities, to streamline financial regulatory agency actions, to provide for improved consumer credit disclosure, 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 “Financial Regulatory Relief and Economic Efficiency Act
6 of 1997”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—IMPROVING MONETARY POLICY AND FINANCIAL
 INSTITUTION MANAGEMENT PRACTICES

- Sec. 101. Payment of interest on reserves at Federal reserve banks.
 Sec. 102. Amendments relating to savings and demand deposit accounts at depository institutions.
 Sec. 103. Repeal of savings association liquidity provision.
 Sec. 104. Repeal of dividend notice requirement.
 Sec. 105. Thrift service companies.
 Sec. 106. Elimination of thrift multistate multiple holding company restrictions.
 Sec. 107. Noncontrolling investments by savings association holding companies.
 Sec. 108. Repeal of deposit broker notification and recordkeeping requirement.
 Sec. 109. Uniform regulation of extensions of credit to executive officers.
 Sec. 110. Expedited procedures for certain reorganizations.
 Sec. 111. National bank directors.
 Sec. 112. Amendment to Bank Consolidation and Merger Act.
 Sec. 113. Loans on or purchases by institutions of their own stock; affiliations.
 Sec. 114. Depository institution management interlocks.
 Sec. 115. Purchased mortgage servicing rights.
 Sec. 116. Cross marketing restriction; limited purpose bank relief.
 Sec. 117. Divestiture requirement.
 Sec. 118. Daylight overdrafts incurred by Federal home loan banks.
 Sec. 119. Federal home loan bank governance amendments.
 Sec. 120. Collateralization of advances to members.

TITLE II—STREAMLINING ACTIVITIES OF INSTITUTIONS

- Sec. 201. Updating of authority for community development investments.
 Sec. 202. Acceptance of brokered deposits.
 Sec. 203. Federal Reserve Act lending limits.
 Sec. 204. Eliminate unnecessary restrictions on product marketing.
 Sec. 205. Business purpose credit extensions.
 Sec. 206. Affinity groups.
 Sec. 207. Fair debt collection practices.
 Sec. 208. Restriction on acquisitions of other insured depository institutions.
 Sec. 209. Mutual holding companies.
 Sec. 210. Call report simplification.

TITLE III—STREAMLINING AGENCY ACTIONS

- Sec. 301. Scheduled meetings of Affordable Housing Advisory Board.
 Sec. 302. Elimination of duplicative disclosure of fair market value of assets and liabilities.
 Sec. 303. Payment of interest in receiverships with surplus funds.
 Sec. 304. Repeal of reporting requirement on differences in accounting standards.
 Sec. 305. Agency review of competitive factors in Bank Merger Act filings.
 Sec. 306. Termination of the Thrift Depositor Protection Oversight Board.

TITLE IV—DISCLOSURE SIMPLIFICATION

- Sec. 401. Alternative compliance method for APR disclosure.
 Sec. 402. Alternative compliance methods for advertising credit terms.

TITLE V—MISCELLANEOUS

- Sec. 501. Positions of Board of Governors of Federal Reserve System on the Executive Schedule.
 Sec. 502. Consistent coverage for individuals enrolled in a health plan administered by the Federal banking agencies.
 Sec. 503. Federal Housing Finance Board.

TITLE VI—TECHNICAL CORRECTIONS

- Sec. 601. Technical correction relating to deposit insurance funds.
 Sec. 602. Rules for continuation of deposit insurance for member banks converting charters.
 Sec. 603. Amendments to the Revised Statutes.
 Sec. 604. Conforming change to the International Banking Act.

1 **TITLE I—IMPROVING MONETARY**
 2 **POLICY AND FINANCIAL IN-**
 3 **STITUTION MANAGEMENT**
 4 **PRACTICES**

5 **SEC. 101. PAYMENT OF INTEREST ON RESERVES AT FED-**
 6 **ERAL RESERVE BANKS.**

7 (a) IN GENERAL.—Section 19(b) of the Federal Re-
 8 serve Act (12 U.S.C. 461(b)) is amended by adding at
 9 the end the following new paragraph:

10 “(12) EARNINGS ON RESERVES.—

11 “(A) IN GENERAL.—Balances maintained
 12 at a Federal reserve bank by or on behalf of a
 13 depository institution to meet the reserve re-
 14 quirements of this subsection applicable with re-
 15 spect to such depository institution may receive
 16 earnings to be paid by the Federal reserve bank
 17 at least once each calendar quarter at a rate or

1 rates not to exceed the general level of short-
2 term interest rates.

3 “(B) REGULATIONS RELATING TO PAY-
4 MENTS AND DISTRIBUTION.—The Board may
5 prescribe regulations concerning—

6 “(i) the payment of earnings in ac-
7 cordance with this paragraph;

8 “(ii) the distribution of such earnings
9 to the depository institutions which main-
10 tain balances at such banks or on whose
11 behalf such balances are maintained; and

12 “(iii) the responsibilities of depository
13 institutions, Federal home loan banks, and
14 the National Credit Union Administration
15 Central Liquidity Facility with respect to
16 the crediting and distribution of earnings
17 attributable to balances maintained, in ac-
18 cordance with subsection (c)(1)(B), in a
19 Federal reserve bank by any such entity on
20 behalf of depository institutions which are
21 not member banks.”.

22 (b) AUTHORIZATION FOR PASS THROUGH RESERVES
23 FOR MEMBER BANKS.—Section 19(c)(1)(B) of the Fed-
24 eral Reserve Act (12 U.S.C. 461(c)(1)(B)) is amended by
25 striking “which is not a member bank”.

1 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
2 Section 19 of the Federal Reserve Act (12 U.S.C. 461)
3 is amended—

4 (1) in subsection (b)(4) (12 U.S.C. 461(b)(4)),
5 by striking subparagraph (C) and redesignating sub-
6 paragraphs (D) and (E) as subparagraphs (C) and
7 (D), respectively; and

8 (2) in subsection (c)(1)(A) (12 U.S.C.
9 461(c)(1)(A)), by striking “subsection (b)(4)(C)”
10 and inserting “subsection (b)”.

11 **SEC. 102. AMENDMENTS RELATING TO SAVINGS AND DE-**
12 **MAND DEPOSIT ACCOUNTS AT DEPOSITORY**
13 **INSTITUTIONS.**

14 (a) NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-
15 NESSES.—Section 2 of Public Law 93–100 (12 U.S.C.
16 1832) is amended to read as follows:

17 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**
18 **ABLE INSTRUMENTS FOR TRANSFERS TO**
19 **THIRD PARTIES.**

20 “Notwithstanding any other provision of law, any de-
21 pository institution (as defined in section 3 of the Federal
22 Deposit Insurance Act) may permit the owner of any de-
23 posit or account to make withdrawals from such deposit
24 or account by negotiable or transferable instruments for
25 the purpose of making payments to third parties.”.

1 (b) REPEAL OF PROHIBITIONS ON PAYMENT OF IN-
2 TEREST ON DEMAND DEPOSITS.—

3 (1) FEDERAL RESERVE ACT.—Section 19 of the
4 Federal Reserve Act (12 U.S.C. 371a) is amended
5 by striking subsection (i).

6 (2) HOME OWNERS' LOAN ACT.—The first sen-
7 tence of section 5(b)(1)(B) of the Home Owners'
8 Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by
9 striking “savings association may not—” and all
10 that follows through “(ii) permit any” and inserting
11 “savings association may not permit any”.

12 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
13 tion 18 of the Federal Deposit Insurance Act (12
14 U.S.C. 1828) is amended by striking subsection (g).

15 **SEC. 103. REPEAL OF SAVINGS ASSOCIATION LIQUIDITY**
16 **PROVISION.**

17 (a) REPEAL OF LIQUIDITY PROVISION.—Section 6 of
18 the Home Owners' Loan Act (12 U.S.C. 1465) is repealed.

19 (b) CONFORMING AMENDMENTS.—

20 (1) SECTION 5.—Section 5(c)(1)(M) of the
21 Home Owners' Loan Act (12 U.S.C. 1464(c)(1)(M))
22 is amended to read as follows:

23 “(M) LIQUIDITY INVESTMENTS.—Invest-
24 ments identified by the Director, including
25 cash, funds on deposit at a Federal reserve

1 bank or a Federal home loan bank, or bankers'
2 acceptances.”.

3 (2) SECTION 10.—Section 10(m)(4)(B)(iii) of
4 the Home Owners’ Loan Act (12 U.S.C.
5 1467a(m)(4)(B)(iii)) is amended by striking “liquid
6 assets” and all that follows through “Loan Act,”
7 and inserting “cash and marketable securities identi-
8 fied by the Director,”.

9 **SEC. 104. REPEAL OF DIVIDEND NOTICE REQUIREMENT.**

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

12 “(f) [Reserved].”.

13 **SEC. 105. THRIFT SERVICE COMPANIES.**

14 (a) STREAMLINING THRIFT SERVICE COMPANY IN-
15 VESTMENT REQUIREMENTS.—Section 5(c)(4)(B) of the
16 Home Owners’ Loan Act (12 U.S.C. 1464(c)(4)(B)) is
17 amended—

18 (1) in the subparagraph heading, by striking
19 “CORPORATIONS” and inserting “COMPANIES”; and

20 (2) in the first sentence, by striking “corpora-
21 tion organized” and all that follows through “such
22 State.” and inserting “company, if such company
23 engages or will engage only in activities reasonably
24 related to the activities of financial institutions, as
25 the Director may determine and approve. For pur-

1 poses of this subparagraph, the term ‘company’ in-
2 cludes any corporation and any limited liability com-
3 pany (as defined in section 1(b)(7) of the Bank
4 Service Company Act).”.

5 (b) REGULATION AND EXAMINATION OF SERVICE
6 PROVIDERS.—Section 5(d) of the Home Owners’ Loan
7 Act (12 U.S.C. 1464(d)) is amended by adding at the end
8 the following new paragraphs:

9 “(7) REGULATION AND EXAMINATION OF SAV-
10 INGS ASSOCIATION SERVICE COMPANIES.—

11 “(A) SERVICE PERFORMED BY CONTRACT
12 OR OTHERWISE.—If a savings association, sub-
13 sidiary, or any savings and loan affiliate or en-
14 tity, as identified by section 8(b)(9) of the Fed-
15 eral Deposit Insurance Act, that is regularly ex-
16 amined or subject to examination by the Direc-
17 tor, causes to be performed for itself, by con-
18 tract or otherwise, any services authorized
19 under this Act or other applicable Federal law,
20 whether on or off its premises—

21 “(i) such performance shall be subject
22 to regulation and examination by the Di-
23 rector to the same extent as if such serv-
24 ices were being performed by the savings
25 association on its own premises;

1 “(ii) the Director may authorize any
2 other Federal banking agency (as defined
3 in section 3 of the Federal Deposit Insur-
4 ance Act) that supervises such subsidiary,
5 savings and loan affiliate, or entity to per-
6 form an examination referred to in clause
7 (i); and

8 “(iii) the savings association shall no-
9 tify the Director of the existence of the
10 service relationship not later than 30 days
11 after the earlier of the date of the making
12 of such service contract or the date of initi-
13 ation of the service.

14 “(B) ADMINISTRATION BY THE DIREC-
15 TOR.—The Director may issue such regulations
16 and orders, including those issued pursuant to
17 section 8 of the Federal Deposit Insurance Act,
18 as may be necessary to enable the Director to
19 administer and carry out this paragraph and to
20 prevent evasion of this paragraph.”.

21 (c) CONFORMING AMENDMENTS TO SECTION 8 OF
22 THE FEDERAL DEPOSIT INSURANCE ACT.—Section 8 of
23 the Federal Deposit Insurance Act (12 U.S.C. 1818) is
24 amended—

1 (1) in subsection (b)(9), by striking “to any
2 service corporation of a savings association and to
3 any subsidiary of such service corporation”; and

4 (2) in subsection (e)(7)(A)(ii), by striking
5 “(b)(8)” and inserting “(b)(9)”.

6 **SEC. 106. ELIMINATION OF THRIFT MULTISTATE MULTIPLE**
7 **HOLDING COMPANY RESTRICTIONS.**

8 Section 10(e) of the Home Owners’ Loan Act (12
9 U.S.C. 1467a(e)) is amended—

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

11 (2) by redesignating paragraphs (4), (5), and
12 (6) as paragraphs (3), (4), and (5), respectively.

13 **SEC. 107. NONCONTROLLING INVESTMENTS BY SAVINGS**
14 **ASSOCIATION HOLDING COMPANIES.**

15 Section 10(e)(1)(A)(iii) of the Home Owners’ Loan
16 Act (12 U.S.C. 1467a(e)(1)(A)(iii)) is amended—

17 (1) by inserting “, except with the prior ap-
18 proval of the Director,” after “or to retain”; and

19 (2) by striking “to so acquire or retain” and in-
20 sserting “to acquire, by purchase or otherwise, or to
21 retain”.

22 **SEC. 108. REPEAL OF DEPOSIT BROKER NOTIFICATION AND**
23 **RECORDKEEPING REQUIREMENT.**

24 Section 29A of the Federal Deposit Insurance Act
25 (12 U.S.C. 1831f–1) is repealed.

1 **SEC. 109. UNIFORM REGULATION OF EXTENSIONS OF**
2 **CREDIT TO EXECUTIVE OFFICERS.**

3 Section 22(g)(4) of the Federal Reserve Act (12
4 U.S.C. 375a(4)) is amended by striking “member bank’s
5 appropriate Federal banking agency” and inserting
6 “Board”.

7 **SEC. 110. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
8 **NIZATIONS.**

9 The National Bank Consolidation and Merger Act
10 (12 U.S.C. 215 et seq.) is amended—

11 (1) by redesignating section 5 as section 7; and

12 (2) by inserting after section 4 the following

13 new section:

14 **“SEC. 5. EXPEDITED PROCEDURES FOR CERTAIN REORGA-**
15 **NIZATIONS.**

16 “(a) IN GENERAL.—A national banking association
17 may, with the approval of the Comptroller, pursuant to
18 rules and regulations promulgated by the Comptroller, and
19 upon the affirmative vote of the shareholders of such asso-
20 ciation owning at least two-thirds of its capital stock out-
21 standing, reorganize so as to become a subsidiary of a
22 bank holding company or a company that will, upon con-
23 summation of such reorganization, become a bank holding
24 company.

1 “(b) REORGANIZATION PLAN.—A reorganization au-
2 thORIZED under subsection (a) shall be carried out in ac-
3 cordance with a reorganization plan that—

4 “(1) specifies the manner in which the reorga-
5 nization shall be carried out;

6 “(2) is approved by a majority of the entire
7 board of directors of the association;

8 “(3) specifies—

9 “(A) the amount of cash or securities of
10 the bank holding company, or both, or other
11 consideration, to be paid to the shareholders of
12 the reorganizing association in exchange for
13 their shares of stock of the association;

14 “(B) the date as of which the rights of
15 each shareholder to participate in such ex-
16 change will be determined; and

17 “(C) the manner in which the exchange
18 will be carried out; and

19 “(4) is submitted to the shareholders of the re-
20 organizing association at a meeting to be held on the
21 call of the directors in accordance with the proce-
22 dures prescribed in connection with a merger of a
23 national bank under section 3.

24 “(c) RIGHTS OF DISSENTING SHAREHOLDERS.—If,
25 pursuant to this section, a reorganization plan has been

1 approved by the shareholders and the Comptroller, any
 2 shareholder of the association who has voted against the
 3 reorganization at the meeting referred to in subsection
 4 (b)(4), or has given notice in writing at or prior to that
 5 meeting to the presiding officer that the shareholder dis-
 6 sents from the reorganization plan, shall be entitled to re-
 7 ceive the value of his or her shares, as provided by section
 8 3 for the merger of a national bank.

9 “(d) EFFECT OF REORGANIZATION.—The corporate
 10 existence of an association that reorganizes in accordance
 11 with this section shall not be deemed to have been affected
 12 in any way by reason of such reorganization.”.

13 **SEC. 111. NATIONAL BANK DIRECTORS.**

14 (a) AMENDMENTS TO THE REVISED STATUTES.—
 15 Section 5145 of the Revised Statutes (12 U.S.C. 71) is
 16 amended—

17 (1) by striking “for one year” and inserting
 18 “for a period of not more than 3 years,”; and

19 (2) by adding at the end the following: “In ac-
 20 cordance with regulations issued by the Comptroller
 21 of the Currency, an association may adopt bylaws
 22 that provide for staggering the terms of its direc-
 23 tors.”.

24 (b) AMENDMENT TO THE BANKING ACT OF 1933.—
 25 Section 31 of the Banking Act of 1933 (12 U.S.C. 71a)

1 is amended in the first sentence, by inserting before the
 2 period “, except that the Comptroller of the Currency may,
 3 by regulation or order, exempt a national banking associa-
 4 tion from the 25-member limit established by this sec-
 5 tion”.

6 **SEC. 112. AMENDMENT TO BANK CONSOLIDATION AND**
 7 **MERGER ACT.**

8 The National Bank Consolidation and Merger Act
 9 (12 U.S.C. 215 et seq.) is amended by inserting after sec-
 10 tion 5, as added by section 110 of this Act, the following
 11 new section:

12 **“SEC. 6. MERGERS AND CONSOLIDATIONS WITH SUBSIDI-**
 13 **ARIES AND NONBANK AFFILIATES.**

14 “(a) IN GENERAL.—Upon the approval of the Comp-
 15 troller, a national banking association may merge with 1
 16 or more of its subsidiaries or nonbank affiliates.

17 “(b) SCOPE.—Nothing in this section shall be con-
 18 strued—

19 “(1) to affect the applicability of section
 20 18(c)(1) of the Federal Deposit Insurance Act; or

21 “(2) to grant a national banking association
 22 any power or authority that is not permissible for a
 23 national banking association under other applicable
 24 provisions of law.

1 “(c) REGULATIONS.—The Comptroller shall promul-
2 gate regulations to implement this section.”.

3 **SEC. 113. LOANS ON OR PURCHASES BY INSTITUTIONS OF**
4 **THEIR OWN STOCK; AFFILIATIONS.**

5 (a) AMENDMENT TO REVISED STATUTES.—Section
6 5201 of the Revised Statutes of the United States (12
7 U.S.C. 83) is amended to read as follows:

8 **“SEC. 5201. LOANS BY BANK ON ITS OWN STOCK.**

9 “(a) GENERAL PROHIBITION.—No national banking
10 association shall make any loan or discount on the security
11 of the shares of its own capital stock.

12 “(b) EXCLUSION.—For purposes of this section, an
13 association shall not be deemed to be making a loan or
14 discount on the security of the shares of its own capital
15 stock if it acquires the stock to prevent loss upon a debt
16 contracted for in good faith before the date of the loan
17 or discount transaction.”.

18 (b) AMENDMENT TO FEDERAL DEPOSIT INSURANCE
19 ACT.—Section 18 of the Federal Deposit Insurance Act
20 (12 U.S.C. 1828) is amended by adding at the end the
21 following new subsection:

22 “(t) LOANS BY INSURED INSTITUTIONS ON THEIR
23 OWN STOCK.—

1 (2) by striking “rights” each place it appears
2 and inserting “assets”; and

3 (3) by striking “90” and inserting “100”.

4 **SEC. 116. CROSS MARKETING RESTRICTION; LIMITED PUR-**
5 **POSE BANK RELIEF.**

6 (a) **CROSS MARKETING RESTRICTION.**—Section 4(f)
7 of the Bank Holding Company Act of 1956 (12 U.S.C.
8 1843(f)) is amended by striking paragraph (3).

9 (b) **DAYLIGHT OVERDRAFTS.**—Section 4(f) of the
10 Bank Holding Company Act of 1956 (12 U.S.C. 1843(f))
11 is amended by inserting after paragraph (2) the following:

12 “(3) **PERMISSIBLE OVERDRAFTS DESCRIBED.**—
13 For purposes of paragraph (2)(C), an overdraft is
14 described in this paragraph if—

15 “(A) such overdraft results from an inad-
16 vertent computer or accounting error that is be-
17 yond the control of both the bank and the affili-
18 ate;

19 “(B) such overdraft—

20 “(i) is permitted or incurred on behalf
21 of an affiliate that is monitored by, reports
22 to, and is recognized as a primary dealer
23 by the Federal Reserve Bank of New York;
24 and

1 “(ii) is fully secured, as required by
2 the Board, by bonds, notes, or other obli-
3 gations that are direct obligations of the
4 United States or on which the principal
5 and interest are fully guaranteed by the
6 United States or by securities and obliga-
7 tions eligible for settlement on the Federal
8 Reserve book entry system; or

9 “(C) such overdraft—

10 “(i) is permitted or incurred by, or on
11 behalf of, an affiliate that is engaged in ac-
12 tivities that are so closely related to bank-
13 ing, or managing or controlling banks, as
14 to be a proper incident thereto; and

15 “(ii) does not cause the bank to vio-
16 late any provision of section 23A or 23B of
17 the Federal Reserve Act, either directly, in
18 the case of a bank that is a member of the
19 Federal Reserve System, or by virtue of
20 section 18(j) of the Federal Deposit Insur-
21 ance Act, in the case of a bank that is not
22 a member of the Federal Reserve Sys-
23 tem.”.

24 (c) CONFORMING AMENDMENT.—Section 4(f)(2) of
25 the Bank Holding Company Act of 1956 (12 U.S.C.

1 1843(f)(2)) is amended by striking “Paragraph (1) shall
2 cease to apply to any company described in such para-
3 graph if—” and inserting “Subject to paragraph (3), a
4 company described in paragraph (1) shall no longer qual-
5 ify for the exemption provided under that paragraph
6 if—”.

7 (d) ACTIVITIES LIMITATIONS.—Section 4(f)(2) of the
8 Bank Holding Company Act of 1956 (12 U.S.C.
9 1843(f)(2)) is amended by striking subparagraph (B) and
10 inserting the following:

11 “(B) any bank subsidiary of such company
12 engages in any activity in which the bank was
13 not lawfully engaged as of March 5, 1987;

14 “(C) any bank subsidiary of such company
15 that—

16 “(i) accepts demand deposits or de-
17 posits that the depositor may withdraw by
18 check or similar means for payment to
19 third parties; and

20 “(ii) engages in the business of mak-
21 ing commercial loans (and, for purposes of
22 this clause, loans made in the ordinary
23 course of a credit card operation shall not
24 be treated as commercial loans); or

1 “(D) after the date of enactment of the
2 Competitive Equality Amendments of 1987, any
3 bank subsidiary of such company permits any
4 overdraft (including any intraday overdraft), or
5 incurs any such overdraft in the account of the
6 bank at a Federal reserve bank, on behalf of an
7 affiliate, other than an overdraft described in
8 paragraph (3).”.

9 **SEC. 117. DIVESTITURE REQUIREMENT.**

10 (a) IN GENERAL.—Section 4(f)(4) of the Bank Hold-
11 ing Company Act of 1956 (12 U.S.C. 1843(f)(4)) is
12 amended to read as follows:

13 “(4) DIVESTITURE IN CASE OF LOSS OF EX-
14 EMPTION.—If any company described in paragraph
15 (1) fails to qualify for the exemption provided under
16 such paragraph by operation of paragraph (2), such
17 exemption shall cease to apply to such company and
18 such company shall divest control of each bank it
19 controls before the end of the 180-day period begin-
20 ning on the date that the company receives notice
21 from the Board that the company has failed to con-
22 tinue to qualify for such exemption, unless before
23 the end of such 180-day period, the company has—

24 “(A) either—

1 “(i) corrected the condition or ceased
2 the activity that caused the company to
3 fail to continue to qualify for the exemp-
4 tion; or

5 “(ii) submitted a plan to the Board
6 for approval to cease the activity or correct
7 the condition in a timely manner (which
8 shall not exceed 1 year); and

9 “(B) implemented procedures that are rea-
10 sonably adapted to avoid the reoccurrence of
11 such condition or activity.”.

12 (b) **TECHNICAL AND CONFORMING AMENDMENT.**—
13 Section 4(f)(2) of the Bank Holding Company Act of 1956
14 (12 U.S.C. 1843(f)(2)) is amended by striking “Para-
15 graph (1) shall cease to apply to any company described
16 in such paragraph if—” and inserting “A company de-
17 scribed in paragraph (1) shall no longer qualify for the
18 exemption provided under such paragraph if—”.

19 **SEC. 118. DAYLIGHT OVERDRAFTS INCURRED BY FEDERAL**
20 **HOME LOAN BANKS.**

21 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
22 amended by inserting after section 11A the following new
23 section:

1 **“SEC. 11B. DAYLIGHT OVERDRAFTS INCURRED BY FED-**
 2 **ERAL HOME LOAN BANKS.**

3 “(a) IN GENERAL.—Any policy or regulation adopted
 4 by the Board governing payment system risk or intraday
 5 credit shall—

6 “(1) include—

7 “(A) the establishment of net debit caps
 8 appropriate to the credit quality of each Fed-
 9 eral Home Loan Bank; and

10 “(B) the imposition of normal fees for day-
 11 light overdrafts, calculated in the same manner
 12 as fees for other users; or

13 “(2) exempt Federal Home Loan Banks from
 14 such policy or regulation.

15 “(b) DEFINITION.—For purposes of this section, the
 16 term ‘Federal Home Loan Bank’ has the same meaning
 17 as in section 2 of the Federal Home Loan Bank Act.”.

18 **SEC. 119. FEDERAL HOME LOAN BANK GOVERNANCE**
 19 **AMENDMENTS.**

20 The Federal Home Loan Bank Act (12 U.S.C. 1421
 21 et seq.) is amended—

22 (1) in section 7(i) (12 U.S.C. 1427(i)), by strik-
 23 ing “, subject to the approval of the board”;

24 (2) in section 12(a) (12 U.S.C. 1432(a))—

25 (A) by striking “, but, except” and all that
 26 follows through “ten years”;

1 (B) by striking “and by its board of direc-
2 tors” and all that follows through “enjoyed sub-
3 ject to the approval of the Board” and inserting
4 “and, by its board of directors, to prescribe,
5 amend, and repeal bylaws governing the man-
6 ner in which its affairs may be administered,
7 consistent with this Act”; and

8 (C) by adding at the end the following: “A
9 Federal home loan bank shall not be required
10 to submit to the board of directors of the bank
11 for its approval, budget or business plans, in-
12 cluding annual operating and capital budgets,
13 strategic plans, or business plans.”;

14 (3) in section 9 (12 U.S.C. 1429)—

15 (A) in the second sentence, by striking
16 “with the approval of the Board”; and

17 (B) in the third sentence, by striking “,
18 subject to the approval of the Board,”;

19 (4) in section 10(a)(5) (12 U.S.C.
20 1430(a)(5))—

21 (A) by striking “and the Board”; and

22 (B) by striking “by the Board” and insert-
23 ing “by the Federal home loan bank”.

1 (5) in section 10(c) (12 U.S.C. 1430(c)), by
2 striking “Board” and inserting “Federal home loan
3 bank”;

4 (6) in section 10(d) (12 U.S.C. 1430(d))—

5 (A) by striking “and the approval of the
6 Board”; and

7 (B) by striking “Subject to the approval of
8 the Board, any” and inserting “Any”; and

9 (7) in section 16(a) (12 U.S.C. 1436(a)), by
10 striking “, and then only with the approval of the
11 Federal Housing Finance Board”.

12 **SEC. 120. COLLATERALIZATION OF ADVANCES TO MEM-**
13 **BERS.**

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

16 (1) by striking paragraph (1) and inserting the
17 following:

18 “(1) Fully disbursed, whole first mortgages on
19 improved residential property that are not more than
20 90 days delinquent, mortgages on improved residen-
21 tial property insured or guaranteed by the United
22 States Government or any agency thereof, or securi-
23 ties representing a whole interest in such mort-
24 gages.”; and

1 (2) in paragraph (4), by striking “If an ad-
2 vance” and all that follows through “is appro-
3 priate.”.

4 **TITLE II—STREAMLINING** 5 **ACTIVITIES OF INSTITUTIONS**

6 **SEC. 201. UPDATING OF AUTHORITY FOR COMMUNITY DE-** 7 **VELOPMENT INVESTMENTS.**

8 Section 5(c)(3)(A) of the Home Owners’ Loan Act
9 (12 U.S.C. 1464(c)(3)(A)) is amended by striking “lo-
10 cated” and all that follows through “1974” and inserting
11 “for the primary purpose of promoting the public welfare,
12 including the welfare of low- and moderate-income com-
13 munities or families (including the provision of housing,
14 services, or jobs)”.

15 **SEC. 202. ACCEPTANCE OF BROKERED DEPOSITS.**

16 Section 29 of the Federal Deposit Insurance Act (12
17 U.S.C. 1831f) is amended—

18 (1) by striking subsections (e) and (h);

19 (2) by redesignating subsections (f) through (g)
20 as subsections (e) through (f), respectively;

21 (3) in subsection (f), as redesignated, by strik-
22 ing paragraph (3) and redesignating paragraph (4)
23 as paragraph (3); and

24 (4) by adding at the end the following new sub-
25 section:

1 “(g) DEPOSIT SOLICITATIONS RESTRICTED.—

2 “(1) IN GENERAL.—An insured depository in-
3 stitution may not solicit deposits by offering rates of
4 interest that are significantly higher than the na-
5 tional rate of interest on insured deposits, as estab-
6 lished by the Corporation, if—

7 “(A) the institution is undercapitalized or
8 adequately capitalized, as those terms are de-
9 fined in section 38; or

10 “(B) the Corporation has been appointed
11 conservator for the institution.

12 “(2) EXCLUSION.—Paragraph (1) does not
13 apply to an insured depository institution that is
14 well capitalized, as defined in section 38.”.

15 **SEC. 203. FEDERAL RESERVE ACT LENDING LIMITS.**

16 Section 11 of the Federal Reserve Act (12 U.S.C.
17 248) is amended—

18 (1) by striking subsection (m); and

19 (2) by redesignating subsection (o) as sub-
20 section (m).

21 **SEC. 204. ELIMINATE UNNECESSARY RESTRICTIONS ON**
22 **PRODUCT MARKETING.**

23 Section 106(b) of the Bank Holding Company Act
24 Amendments of 1970 (12 U.S.C. 1972) is amended—

25 (1) by striking paragraph (1);

1 (2) in paragraph (2)—

2 (A) by striking “(2)”; and

3 (B) by redesignating subparagraphs (A)
4 through (I) as paragraphs (1) through (9), re-
5 spectively;

6 (3) in paragraph (6), as redesignated—

7 (A) by redesignating clauses (i) through
8 (ix) as subparagraphs (A) through (I), respec-
9 tively;

10 (B) by striking “clause (i)” each place it
11 appears and inserting “subparagraph (A)”;

12 (C) in subparagraph (B), as redesign-
13 nated—

14 (i) by redesignating subclauses (I) and
15 (II) as clauses (i) and (ii), respectively;

16 (ii) by striking “(aa)” each place it
17 appears and inserting “(I)”;

18 (iii) by striking “(bb)” each place it
19 appears and inserting “(II)”;

20 (iv) by striking “(cc)” each place it
21 appears and inserting “(III)”;

22 (D) in subparagraph (C), as redesign-
23 nated—

1 (i) by striking “clauses (i) and (ii)”
2 and inserting “subparagraphs (A) and
3 (B)”;

4 (ii) by redesignating subclauses (I)
5 and (II) as clauses (i) and (ii), respec-
6 tively;

7 (iii) in clause (i), as redesignated, by
8 redesignating items (aa) through (cc) as
9 subclauses (I) through (III), respectively;
10 and

11 (iv) by striking “clause (iv)” and in-
12 serting “subparagraph (D)”;

13 (E) in subparagraph (D), as redesign-
14 nated—

15 (i) by striking “clause (iii)” each place
16 it appears and inserting “subparagraph
17 (C)”;

18 (ii) by redesignating subclauses (I)
19 and (II) as clauses (i) and (ii), respec-
20 tively;

21 (iii) by striking “(aa)” and inserting
22 “(I)”;

23 (iv) by striking “(bb)” and inserting
24 “(II)”;

1 (F) in subparagraph (E), as redesignig-
2 nated—

3 (i) by striking “(ii) or (iii)” and in-
4 serting “(B), or (C)”;

5 (ii) by redesignating subclauses (I)
6 through (III) as clauses (i) through (iii),
7 respectively;

8 (4) in paragraph (7), as redesignated—

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

11 (B) in subparagraph (A), as redesignig-
12 nated—

13 (i) by redesignating paragraphs (1)
14 through (4) as clauses (i) through (iv), re-
15 spectively;

16 (ii) by striking “(a)” each place it ap-
17 pears and inserting “(I)”;

18 (iii) by striking “(b)” each place it ap-
19 pears and inserting “(II)”;

20 (iv) by striking “(c)” each place it ap-
21 pears and inserting “(III)”;

22 (5) by striking “this paragraph” each place it
23 appears and inserting “this subsection”;

24 (6) by striking “this subparagraph” each place
25 it appears and inserting “this paragraph”.

1 **SEC. 205. BUSINESS PURPOSE CREDIT EXTENSIONS.**

2 Section 4 of the Bank Holding Company Act of 1956
3 (12 U.S.C. 1843) is amended by adding at the end the
4 following new subsection:

5 “(k) BUSINESS PURPOSE CREDIT EXTENSIONS.—

6 “(1) IN GENERAL.—An institution referred to
7 in section 2(e)(2)(F) or 4(f)(3) may engage in the
8 provision of credit card accounts for business pur-
9 poses, including the issuance of such accounts to
10 small businesses.

11 “(2) DEFINITION.—For purposes of this sub-
12 section, the term ‘credit card’ has the same meaning
13 as in section 103 of the Truth In Lending Act (15
14 U.S.C. 1602).”.

15 **SEC. 206. AFFINITY GROUPS.**

16 (a) DEFINITIONS.—For purposes of this section—

17 (1) the term “affinity group” means any per-
18 son, other than an individual, that—

19 (A) is established for a common objective
20 or purpose;

21 (B) is not established by 1 or more settle-
22 ment service providers for the principal purpose
23 of endorsing the products or services of a settle-
24 ment service provider;

1 (C) the common objective or purpose of
2 which is not principally the conduct of settle-
3 ment services; and

4 (D) does not consist of member organiza-
5 tions whose principal business is providing set-
6 tlement services; and

7 (2) the terms “person”, “settlement services”,
8 and “thing of value” have the meanings given those
9 terms in section 3 of the Real Estate Settlement
10 Procedures Act of 1974 (12 U.S.C. 2602).

11 (b) **MARKETING MODERNIZATION.**—Notwithstanding
12 any other provision of law, it shall not be unlawful to make
13 a payment or otherwise transfer any thing of value to an
14 affinity group for or in connection with an endorsement
15 (written or oral), either through an advertisement or
16 through a communication addressed to a consumer by
17 name or by mailing address, of the products or services
18 of a settlement service provider, if disclosure is clearly
19 made at the time of the first written communication with
20 the consumer of the fact that a payment has been made
21 or may be made or any other thing of value may accrue
22 to the affinity group for the endorsement.

1 **SEC. 207. FAIR DEBT COLLECTION PRACTICES.**

2 (a) EXEMPTION FOR COMMUNICATIONS INVOLVING
3 LEGAL PROCEEDINGS.—Section 803 of the Fair Debt Col-
4 lection Practices Act (15 U.S.C. 1692a) is amended—

5 (1) in paragraph (2)—

6 (A) by striking “communication’ means
7 the” and inserting the following: “communica-
8 tion’—

9 “(A) means the”; and

10 (B) by striking the period at the end and
11 inserting the following: “; and

12 “(B) does not include communications
13 made pursuant to the Federal Rules of Civil
14 Procedure, in the case of a proceeding in a
15 State court, the rules of civil procedure avail-
16 able under the laws of that State, or a non-
17 judicial foreclosure proceeding.”; and

18 (2) in paragraph (5)—

19 (A) by striking “debt’ means any” and in-
20 serting the following: “debt’—

21 “(A) means any”;

22 (B) by striking the period at the end and
23 inserting the following: “; and

24 “(B) does not include a draft drawn on a
25 bank for a sum certain, payable on demand and
26 signed by the maker.”.

1 (b) COLLECTION ACTIVITY FOLLOWING INITIAL NO-
2 TICE.—Section 809 of the Fair Debt Collection Practices
3 Act (15 U.S.C. 1692(g)) is amended by adding at the end
4 the following new subsection:

5 “(d) CONTINUATION DURING PERIOD.—Collection
6 activities and communications may continue during the
7 30-day period described in subsection (a) unless the
8 consumer requests the cessation of such activities.”.

9 (c) DEFINITION OF “COMMUNICATION”.—Section
10 803 of the Fair Debt Collection Practices Act (15 U.S.C.
11 1692a) is amended—

12 (1) by striking “title—” and inserting “title,
13 the following definitions shall apply.”; and

14 (2) in paragraph (2)—

15 (A) by striking “term ‘communication’
16 means” and inserting “term ‘communication’—
17 “(A) means”;

18 (B) by striking the period at the end and
19 inserting “; and

20 “(B) does not include any communication
21 made or action taken to collect on loans made,
22 insured, or guaranteed under the Higher Edu-
23 cation Act of 1965.”.

1 **SEC. 208. RESTRICTION ON ACQUISITIONS OF OTHER IN-**
 2 **SURED DEPOSITORY INSTITUTIONS.**

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

5 (1) in subparagraph (A), by striking “or” at
 6 the end;

7 (2) in subparagraph (B), by striking the period
 8 at the end and inserting “; or”; and

9 (3) by adding at the end the following new sub-
 10 paragraph:

11 “(C) in an acquisition in which the insured
 12 institution has been found to be undercapital-
 13 ized by the appropriate Federal or State au-
 14 thority.”.

15 **SEC. 209. MUTUAL HOLDING COMPANIES.**

16 Section 10(o) of the Home Owners’ Loan Act (12
 17 U.S.C. 1467a(o)) is amended—

18 (1) by striking paragraph (1) and inserting the
 19 following:

20 “(1) REORGANIZATION.—A savings association
 21 operating in mutual form may reorganize so as to
 22 become a holding company—

23 “(A) by chartering a savings association,
 24 the stock of which is to be wholly owned, except
 25 as otherwise provided in this section, directly or
 26 indirectly by the mutual association and by

1 transferring the substantial part of its assets
2 and liabilities, by merger or otherwise, including
3 all of its insured liabilities, to the interim sav-
4 ings association;

5 “(B) by converting to a stock association
6 charter and simultaneously forming a subsidi-
7 ary stock holding company that owns 100 per-
8 cent of the voting stock of the converting asso-
9 ciation; or

10 “(C) in any other manner approved by the
11 Director, including by the formation of a sub-
12 sidiary stock holding company, transferring as-
13 sets and liabilities by merger or otherwise to
14 the subsidiary stock holding company, or
15 through the use of one or more interim institu-
16 tions.”;

17 (2) in paragraph (3)(D)—

18 (A) by striking “savings association” and
19 inserting “the mutual holding company or sub-
20 sidiary stock holding company”;

21 (B) by striking “such capital” and insert-
22 ing “the capital of the association”;

23 (C) by striking “association’s”; and

24 (D) by inserting “of the association” be-
25 fore “established”;

1 (3) in paragraph (5)—

2 (A) by inserting “or subsidiary stock hold-
3 ing company” before “may engage”;

4 (B) in subparagraph (A)—

5 (i) by inserting “or acquiring” after
6 “Investing in”; and

7 (ii) by inserting “, savings bank, or
8 bank” before the period; and

9 (C) in subparagraph (C), by inserting “or
10 bank” before the period;

11 (4) by striking paragraph (7) and inserting the
12 following:

13 “(7) CHARTERING AND REGULATION.—

14 “(A) IN GENERAL.—A mutual holding
15 company shall be chartered by the Director,
16 and a subsidiary stock holding company may be
17 chartered under State law, and such holding
18 companies shall be subject to such regulations
19 as the Director may prescribe. Unless the con-
20 text otherwise requires, a mutual holding com-
21 pany shall be subject to the other requirements
22 of this section regarding regulation of holding
23 companies.

24 “(B) CONVERSION TO STATE CHARTER.—

25 A mutual holding company organized pursuant

1 to paragraph (1) may convert its charter to a
2 State mutual holding company charter.

3 “(C) CONVERSION TO FEDERAL CHAR-
4 TER.—Notwithstanding any other provision of
5 Federal law, a mutual holding company orga-
6 nized under State law may convert its State
7 mutual holding company charter to a Federal
8 mutual holding company charter.”;

9 (5) in paragraph (8)—

10 (A) in subparagraph (A), by inserting “or
11 subsidiary stock holding company” after “com-
12 pany”; and

13 (B) by striking subparagraph (B) and in-
14 serting the following:

15 “(B) ISSUANCE OF SHARES.—This section
16 shall not prohibit a savings association or sub-
17 subsidiary stock holding company chartered as part
18 of a transaction described in paragraph (1)
19 from—

20 “(i) issuing any nonvoting shares or
21 less than 50 percent of the voting share of
22 such association or subsidiary stock hold-
23 ing company to any person other than the
24 mutual holding company;

1 “(ii) issuing all of the voting shares of
2 such association to a subsidiary stock hold-
3 ing company, if more than 50 percent of
4 the voting shares of the subsidiary stock
5 holding company are owned by the mutual
6 holding company; and

7 “(iii) issuing to any person other than
8 the mutual holding company, in connection
9 with the formation of the mutual holding
10 company or at a later date, a separate
11 class of voting shares, the rights and pref-
12 erences of which are identical to those of
13 the class of voting shares issued to the mu-
14 tual holding company, except with respect
15 to the payment of dividends.

16 “(C) MUTUAL SAVINGS ASSOCIATION.—In
17 the case of a mutual savings association in
18 which holders of accounts or obligors exercise
19 voting rights, such holders of accounts or obli-
20 gors shall have the right to subscribe on a pri-
21 ority basis for voting shares of the subsidiary
22 stock holding company or savings association
23 chartered pursuant to paragraph (1), pursuant
24 to regulations of the Director, but only with re-
25 spect to the voting shares issued in connection

1 with the initial reorganization pursuant to para-
 2 graph (1). The priority subscription rights ap-
 3 plicable to voting shares issued to the mutual
 4 holding company in connection with the initial
 5 reorganization pursuant to paragraph (1) shall
 6 be exercisable at such time as the shares are
 7 subsequently sold by the subsidiary savings as-
 8 sociation or subsidiary stock holding com-
 9 pany.”;

10 (6) in paragraph (9)(A)(i)(I), by inserting “, di-
 11 rectly or indirectly,” after “owned”; and

12 (7) in paragraph (10)—

13 (A) by striking “subsection—” and insert-
 14 ing “subsection, the following definitions shall
 15 apply:”; and

16 (B) by adding at the end the following:

17 “(D) SUBSIDIARY STOCK HOLDING COM-
 18 PANY.—The term ‘subsidiary stock holding
 19 company’ means a stock holding company orga-
 20 nized under applicable State law, that is wholly-
 21 owned, except as otherwise provided in this sec-
 22 tion, by the mutual holding company.”.

23 **SEC. 210. CALL REPORT SIMPLIFICATION.**

24 (a) MODERNIZATION OF CALL REPORT FILING AND
 25 DISCLOSURE SYSTEM.—In order to reduce the adminis-

1 trative requirements pertaining to bank reports of condi-
2 tion, savings association financial reports, and bank hold-
3 ing company consolidated and parent-only financial state-
4 ments, and to improve the timeliness of such reports and
5 statements, the Federal banking agencies shall—

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

8 (A) insured depository institutions and
9 their affiliates may file such reports and state-
10 ments electronically; and

11 (B) the Federal banking agencies may
12 make such reports and statements available to
13 the public electronically; and

14 (2) not later than 1 year after the date of en-
15 actment of this Act, report to the Congress and
16 make recommendations for legislation that would en-
17 hance efficiency for filers and users of such reports
18 and statements.

19 (b) UNIFORM REPORTS AND SIMPLIFICATION OF IN-
20 STRUCTIONS.—The Federal banking agencies shall, con-
21 sistent with the principles of safety and soundness, work
22 jointly—

23 (1) to adopt a single form for the filing of core
24 information required to be submitted under Federal

1 law to all such agencies in the reports and state-
 2 ments referred to in subsection (a); and

3 (2) to simplify instructions accompanying such
 4 reports and statements and to provide an index to
 5 the instructions that is adequate to meet the needs
 6 of both filers and users.

7 (c) REVIEW OF CALL REPORT SCHEDULE.—Each
 8 Federal banking agency shall—

9 (1) review the information required by sched-
 10 ules supplementing the core information referred to
 11 in subsection (b); and

12 (2) eliminate requirements that are not war-
 13 ranted for reasons of safety and soundness or other
 14 public purposes.

15 **TITLE III—STREAMLINING** 16 **AGENCY ACTIONS**

17 **SEC. 301. SCHEDULED MEETINGS OF AFFORDABLE HOUS-** 18 **ING ADVISORY BOARD.**

19 Section 14(b)(6)(A) of the Resolution Trust Corpora-
 20 tion Completion Act (12 U.S.C. 1831q note) is amended—

21 (1) by striking “4 times a year, or more fre-
 22 quently if requested” and inserting “2 times a year,
 23 or as requested”; and

24 (2) by striking “In each year” and all that fol-
 25 lows through “located.”.

1 **SEC. 302. ELIMINATION OF DUPLICATIVE DISCLOSURE OF**
2 **FAIR MARKET VALUE OF ASSETS AND LIABIL-**
3 **ITIES.**

4 Section 37(a)(3) of the Federal Deposit Insurance
5 Act (12 U.S.C. 1831n(a)(3)) is amended by striking sub-
6 paragraph (D).

7 **SEC. 303. PAYMENT OF INTEREST IN RECEIVERSHIPS WITH**
8 **SURPLUS FUNDS.**

9 Section 11(d)(10) of the Federal Deposit Insurance
10 Act (12 U.S.C. 1821(d)(10)) is amended by adding at the
11 end the following new subparagraph:

12 “(C) RULEMAKING AUTHORITY OF COR-
13 PORATION.—The Corporation may prescribe
14 such rules, including definitions of terms, as it
15 deems appropriate to establish the interest rate
16 for or to make payments of postinsolvency in-
17 terest to creditors holding proven claims against
18 the receivership estates of insured Federal or
19 State depository institutions following satisfac-
20 tion by the receiver of the principal amount of
21 all creditor claims.”.

22 **SEC. 304. REPEAL OF REPORTING REQUIREMENT ON DIF-**
23 **FERENCES IN ACCOUNTING STANDARDS.**

24 Section 37 of the Federal Deposit Insurance Act (12
25 U.S.C. 1831n) is amended by striking subsection (c).

1 **SEC. 305. AGENCY REVIEW OF COMPETITIVE FACTORS IN**
2 **BANK MERGER ACT FILINGS.**

3 (a) **REPORT REQUIRED.**—Section 18(c)(4) of the
4 Federal Deposit Insurance Act (12 U.S.C. 1828(c)(4)) is
5 amended by striking “request reports” and all that follows
6 through the end of the paragraph and inserting the follow-
7 ing: “request a report on the competitive factors involved
8 from the Attorney General. The report shall be furnished
9 not later than 30 calendar days after the date on which
10 it is requested, or not later than 10 calendar days after
11 such date if the requesting agency advises the Attorney
12 General that an emergency exists requiring expeditious ac-
13 tion.”.

14 (b) **TIMING OF TRANSACTION.**—Section 18(c)(6) of
15 the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6))
16 is amended by striking the third sentence and inserting
17 the following: “If the agency has advised the Attorney
18 General of the existence of an emergency requiring expedi-
19 tious action and has requested a report on the competitive
20 factors within 10 days, the transaction may not be con-
21 summated before the fifth calendar day after the date of
22 approval by the agency.”.

23 (c) **EVALUATION OF COMPETITIVE EFFECT.**—

24 (1) **AMENDMENTS TO BANK HOLDING COMPANY**
25 **ACT OF 1956.**—Section 3(c) of the Bank Holding

1 Company Act of 1956 (12 U.S.C. 1842(c)) is
2 amended—

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

5 “(6) EVALUATION OF COMPETITIVE EFFECT.—
6 The Board may not disapprove of a transaction pur-
7 suant to paragraph (1)(B) unless the Board takes
8 into account—

9 “(A) competition from institutions, other
10 than depository institutions (as defined in sec-
11 tion 3 of the Federal Deposit Insurance Act),
12 that provide financial services;

13 “(B) efficiencies and cost savings that the
14 transaction may create;

15 “(C) deposits of the participants in the
16 transaction that are not derived from the rel-
17 evant market;

18 “(D) the capacity of savings associations
19 to make small business loans;

20 “(E) lending by institutions other than de-
21 pository institutions to small businesses; and

22 “(F) such other factors as the Board
23 deems relevant.”; and

1 (B) in paragraph (1), by striking “re-
2 straint or trade” and inserting “restraint of
3 trade”.

4 (2) AMENDMENTS TO FEDERAL DEPOSIT IN-
5 SURANCE ACT.—Section 18(c)(5) of the Federal De-
6 posit Insurance Act (12 U.S.C. 1828(c)(5)) is
7 amended—

8 (A) by redesignating subparagraphs (A)
9 and (B) as clauses (i) and (ii), respectively;

10 (B) by inserting “(A)” after “(5)”;

11 (C) by striking “In every case” and insert-
12 ing the following:

13 “(B) In every case under this subsection”; and

14 (D) by adding at the end the following:

15 “(C) The responsible agency may not dis-
16 approve of a transaction pursuant to subparagraph
17 (A), unless the agency takes into account—

18 “(i) competition from institutions that pro-
19 vide financial services;

20 “(ii) efficiencies and cost savings that the
21 transaction may create;

22 “(iii) deposits of the participants in the
23 transaction that are not derived from the rel-
24 evant markets;

1 “(iv) the capacity of the institutions to
2 make small business loans;

3 “(v) lending by institutions other than de-
4 pository institutions to small businesses; and

5 “(vi) such other factors as the responsible
6 agency deems relevant.”.

7 **SEC. 306. TERMINATION OF THE THRIFT DEPOSITOR PRO-**
8 **TECTION OVERSIGHT BOARD.**

9 (a) IN GENERAL.—Effective 3 months after the date
10 of enactment of this Act, the Thrift Depositor Protection
11 Oversight Board established under section 21A of the
12 Federal Home Loan Bank Act (hereafter in this section
13 referred to as the “Board”) is terminated.

14 (b) DISPOSITION OF AFFAIRS.—

15 (1) IN GENERAL.—Effective on the date of en-
16 actment of this Act, the Chairman of the Board (or
17 the designee of the Chairman) may exercise on be-
18 half of the Board any power of the Board necessary
19 to settle and conclude the affairs of the Board.

20 (2) AVAILABILITY OF FUNDS.—Funds available
21 to the Board shall be available to the Chairman of
22 the Board to pay expenses incurred in carrying out
23 paragraph (1).

24 (c) SAVINGS PROVISION.—

1 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
2 TIONS NOT AFFECTED.—Nothing in this Act affects
3 the validity of any right, duty, or obligation of the
4 United States, the Board, the Resolution Trust Cor-
5 poration, or any other person, that—

6 (A) arises under or pursuant to the Fed-
7 eral Home Loan Bank Act, or any other provi-
8 sion of law applicable with respect to the
9 Board; and

10 (B) existed on the day before the effective
11 date of the termination of the Board under this
12 Act.

13 (2) CONTINUATION OF SUITS.—No action or
14 other proceeding commenced by or against the
15 Board with respect to any function of the Board
16 shall abate by reason of the enactment of this Act.

17 (3) LIABILITIES.—All liabilities arising out of
18 the operation of the Board during the period begin-
19 ning on August 9, 1989, and ending on the date
20 that is 3 months after the date of enactment of this
21 Act shall remain the direct liabilities of the United
22 States. The Secretary of the Treasury shall not be
23 substituted for the Board as a party to any such ac-
24 tion or proceeding.

1 (4) CONTINUATIONS OF ORDERS, RESOLUTIONS,
2 DETERMINATIONS, AND REGULATIONS PERTAINING
3 TO THE RESOLUTION FUNDING CORPORATION.—

4 (A) IN GENERAL.—Each order, resolution,
5 determination, and regulation regarding the
6 Resolution Funding Corporation shall continue
7 in effect according to its terms until modified,
8 terminated, set aside, or superseded in accord-
9 ance with applicable law, if such order, resolu-
10 tion, determination, or regulation—

11 (i) was issued, made, and prescribed,
12 or allowed to become effective by the
13 Board or by a court of competent jurisdic-
14 tion, in the performance of functions trans-
15 ferred by this Act; and

16 (ii) is in effect on the date that is 3
17 months after the date of enactment of this
18 Act.

19 (B) ENFORCEABILITY.—All orders, resolu-
20 tions, determinations, and regulations pertain-
21 ing to the Resolution Funding Corporation are
22 enforceable by and against—

23 (i) the United States prior to the ef-
24 fective date of the transfer of responsibil-

1 ities to the Secretary of the Treasury
2 under this Act; and

3 (ii) the Secretary of the Treasury on
4 and after the effective date of the transfer
5 of responsibilities to the Secretary of the
6 Treasury under this Act.

7 (d) TRANSFER OF CERTAIN RESOLUTION FUNDING
8 CORPORATION RESPONSIBILITIES TO SECRETARY OF
9 TREASURY.—Effective 3 months after the date of enact-
10 ment of this Act, the authorities and duties of the Board
11 under sections 21A(a)(6)(I) and 21B of the Federal Home
12 Loan Bank Act are transferred to the Secretary of the
13 Treasury (or the designee of the Secretary).

14 (e) MEMBERSHIP OF THE AFFORDABLE HOUSING
15 ADVISORY BOARD.—Effective on the date of enactment of
16 this Act, section 14(b)(2) of the Resolution Trust Cor-
17 poration Completion Act (12 U.S.C. 1831q note) is
18 amended by striking subparagraph (C) and redesignating
19 subparagraphs (D) and (E) as subparagraphs (C) and
20 (D), respectively.

1 **TITLE IV—DISCLOSURE**
 2 **SIMPLIFICATION**

3 **SEC. 401. ALTERNATIVE COMPLIANCE METHOD FOR APR**
 4 **DISCLOSURE.**

5 Section 127A(a)(2)(G) of the Truth in Lending Act
 6 (15 U.S.C. 1637a(a)(2)(G)) is amended by inserting be-
 7 fore the semicolon “or, at the option of the creditor, a
 8 statement that the periodic payments may increase or de-
 9 crease substantially”.

10 **SEC. 402. ALTERNATIVE COMPLIANCE METHODS FOR AD-**
 11 **VERTISING CREDIT TERMS.**

12 (a) **DOWNPAYMENT AMOUNTS.**—Section 144(d) of
 13 the Truth in Lending Act (15 U.S.C. 1664(d)) is amend-
 14 ed—

15 (1) by striking “or the number of installments
 16 or the period of repayment, then”; and

17 (2) by inserting “or” before “the dollar”.

18 (b) **ALTERNATIVE DISCLOSURES.**—Chapter 3 of the
 19 Truth in Lending Act (15 U.S.C. 1661 et seq.) is amended
 20 by adding at the end the following new section:

21 **“SEC. 148. ALTERNATIVE DISCLOSURES.**

22 “(a) **IN GENERAL.**—A radio or television advertise-
 23 ment to aid, promote, or assist, directly or indirectly, any
 24 extension of consumer credit may satisfy the disclosure re-
 25 quirements in sections 143, 144(d), 147(a), or 147(e), by

1 complying with all of the requirements in subsections (b)
2 and (c) of this section.

3 “(b) INFORMATION TO BE DISCLOSED.—A radio or
4 television advertisement referred to in subsection (a) com-
5 plies with this subsection if it clearly and conspicuously
6 sets forth, in such form and manner as the Board may
7 require—

8 “(1) the annual percentage rate of any finance
9 charge, and with respect to an open-end credit plan,
10 the simple interest rate or the periodic rate in addi-
11 tion to the annual percentage rate;

12 “(2) whether the interest rate may vary;

13 “(3) if the advertisement states an introductory
14 rate (or states with respect to a variable-rate plan
15 an initial rate that is not based on the index and
16 margin used to make later rate adjustments)—

17 “(A) with equal prominence, the annual
18 percentage rate that will be in effect after the
19 introductory or initial rate period expires (or
20 for a variable-rate plan, a reasonably current
21 annual percentage rate that would have been in
22 effect using the index and margin); and

23 “(B) the period during which the introduc-
24 tory or initial rate will remain in effect;

1 “(4) the amount of any annual fee for an open-
2 end credit plan;

3 “(5) a telephone number established in accord-
4 ance with subsection (c) that may be used by con-
5 sumers to obtain all of the information otherwise re-
6 quired to be disclosed pursuant to sections 143 and
7 144(d), and subsections (a) and (e) of section 147;
8 and

9 “(6) a statement that the consumer may use
10 the telephone number established in accordance with
11 subsection (c) to obtain further details about addi-
12 tional terms and costs associated with the offer of
13 credit.

14 “(c) REQUIREMENTS FOR TELEPHONE NUMBERS.—
15 In the case of an advertisement described in subsection
16 (b) that refers to a telephone number—

17 “(1) the creditor shall establish the telephone
18 number for a broadcast area not later than the date
19 on which the advertisement is first broadcast in that
20 area;

21 “(2) the required information shall be available
22 by telephone for a broadcast area for a period of not
23 less than 10 days following the date of the final
24 broadcast of the advertisement in that area;

1 “(3) the creditor shall provide all of the infor-
 2 mation that is otherwise required pursuant to sec-
 3 tions 143 and 144(d), and subsections (a) and (e)
 4 of section 147 orally by telephone or, if requested by
 5 the consumer, in written form; and

6 “(4) the consumer shall obtain the required in-
 7 formation by telephone without incurring any long-
 8 distance charges.”.

9 **TITLE V—MISCELLANEOUS**

10 **SEC. 501. POSITIONS OF BOARD OF GOVERNORS OF FED-**

11 **ERAL RESERVE SYSTEM ON THE EXECUTIVE**

12 **SCHEDULE.**

13 (a) IN GENERAL.—

14 (1) POSITIONS AT LEVEL I OF THE EXECUTIVE
 15 SCHEDULE.—Section 5312 of title 5, United States
 16 Code, is amended by adding at the end the follow-
 17 ing:

18 “Chairman, Board of Governors of the Federal
 19 Reserve System.”.

20 (2) POSITIONS AT LEVEL II OF THE EXECUTIVE
 21 SCHEDULE.—Section 5313 of title 5, United States
 22 Code, is amended—

23 (A) by striking “Chairman, Board of Gov-
 24 ernors of the Federal Reserve System.”; and

25 (B) by adding at the end the following:

1 “Members, Board of Governors of the Federal
2 Reserve System.”.

3 (3) POSITIONS AT LEVEL III OF THE EXECU-
4 TIVE SCHEDULE.—Section 5314 of title 5, United
5 States Code, is amended by striking “Members,
6 Board of Governors of the Federal Reserve Sys-
7 tem.”.

8 (b) EFFECTIVE DATE.—This section and the amend-
9 ments made by this section shall take effect on the first
10 day of the first pay period for the Chairman and Members
11 of the Board of Governors of the Federal Reserve System
12 beginning on or after the date of enactment of this section.

13 **SEC. 502. CONSISTENT COVERAGE FOR INDIVIDUALS EN-**
14 **ROLLED IN A HEALTH PLAN ADMINISTERED**
15 **BY THE FEDERAL BANKING AGENCIES.**

16 (a) ENROLLMENT IN CHAPTER 89 PLAN.—For pur-
17 poses of chapter 89 of title 5, United States Code, any
18 period of enrollment shall be deemed to be a period of en-
19 rollment in a health benefits plan under chapter 89 of such
20 title, if such enrollment is—

21 (1) in a health benefits plan administered by
22 the Federal Deposit Insurance Corporation before
23 the termination of such plan on January 3, 1998; or

24 (2) subject to subsection (c), in a health bene-
25 fits plan (not under chapter 89 of such title) with

1 respect to which the eligibility of any employees or
2 retired employees of the Board of Governors of the
3 Federal Reserve System terminates on January 3,
4 1998.

5 (b) ENROLLMENT; CONTINUED COVERAGE.—

6 (1) ENROLLMENT.—Subject to subsection (c),
7 any individual who, on January 3, 1998, is enrolled
8 in a health benefits plan described in paragraph (1)
9 or (2) of subsection (a) may enroll in an approved
10 health benefits plan under chapter 89 of title 5,
11 United States Code, either as an individual or for
12 self and family, if, after taking into account the pro-
13 visions of subsection (a), such individual—

14 (A) meets the requirements of that chapter
15 89 for eligibility to become so enrolled as an
16 employee, annuitant, or former spouse (within
17 the meaning of that chapter); or

18 (B) would meet the requirements of that
19 chapter 89 if, to the extent such requirements
20 involve either retirement system under such
21 title 5, such individual satisfies similar require-
22 ments or provisions of the Retirement Plan for
23 Employees of the Federal Reserve System.

24 (2) DETERMINATIONS.—Any determination
25 under paragraph (1)(B) shall be made under guide-

1 lines established by the Office of Personnel Manage-
2 ment in consultation with the Board of Governors of
3 the Federal Reserve System.

4 (3) CONTINUED COVERAGE.—Subject to sub-
5 section (c), any individual who, on January 3, 1998,
6 is entitled to continued coverage under a health ben-
7 efits plan described in paragraph (1) or (2) of sub-
8 section (a) shall be deemed to be entitled to contin-
9 ued coverage under section 8905a of title 5, United
10 States Code, but only for the same remaining period
11 as would have been allowable under the health bene-
12 fits plan in which such individual was enrolled on
13 January 3, 1998, if—

14 (A) the individual had remained enrolled in
15 that plan; and

16 (B) that plan did not terminate, or the eli-
17 gibility of such individual with respect to that
18 plan did not terminate, as described in sub-
19 section (a).

20 (4) COMPARABLE TREATMENT.—Subject to
21 subsection (c), any individual (other than an individ-
22 ual under paragraph (3)) who, on January 3, 1998,
23 is covered under a health benefits plan described in
24 paragraph (1) or (2) of subsection (a) as an unmar-
25 ried dependent child, but who does not then qualify

1 for coverage under chapter 89 of title 5, United
2 States Code, as a family member (within the mean-
3 ing of that chapter) shall be deemed to be entitled
4 to continued coverage under section 8905a of that
5 title, to the same extent and in the same manner as
6 if such individual had, on January 3, 1998, ceased
7 to meet the requirements for being considered an
8 unmarried dependent child of an enrollee under such
9 chapter.

10 (5) EFFECTIVE DATE.—Coverage under chapter
11 89 of title 5, United States Code, pursuant to an en-
12 rollment under this section shall become effective on
13 January 4, 1998.

14 (c) ELIGIBILITY FOR FEHBP LIMITED TO INDIVID-
15 UALS LOSING ELIGIBILITY UNDER FORMER HEALTH
16 PLAN.—Nothing in subsection (a)(2) or any paragraph of
17 subsection (b) (to the extent that paragraph (2) relates
18 to the plan described in subsection (a)(2)) shall be consid-
19 ered to apply with respect to any individual whose eligi-
20 bility for coverage under the plan does not involuntarily
21 terminate on January 3, 1998.

22 (d) TRANSFERS TO THE EMPLOYEES HEALTH BENE-
23 FITS FUND.—The Federal Deposit Insurance Corporation
24 and the Board of Governors of the Federal Reserve Sys-
25 tem shall transfer to the Employees Health Benefits

1 Fund, under section 8909 of title 5, United States Code,
2 amounts determined by the Director of the Office of Per-
3 sonnel Management, after consultation with the Federal
4 Deposit Insurance Corporation and the Board of Gov-
5 ernors of the Federal Reserve System, to be necessary to
6 reimburse the Fund for the cost of providing benefits
7 under this section not otherwise paid for by the individuals
8 covered by this section. The amounts so transferred shall
9 be held in the Fund and used by the Office of Personnel
10 Management in addition to amounts available under sec-
11 tion 8906(g)(1) of title 5, United States Code.

12 (e) ADMINISTRATION AND REGULATIONS.—The Of-
13 fice of Personnel Management—

14 (1) shall administer the provisions of this sec-
15 tion to provide for—

16 (A) a period of notice and open enrollment
17 for individuals affected by this section; and

18 (B) no lapse of health coverage for individ-
19 uals who enroll in a health benefits plan under
20 chapter 89 of title 5, United States Code, in ac-
21 cordance with this section; and

22 (2) may prescribe regulations to implement this
23 section.

1 **SEC. 503. FEDERAL HOUSING FINANCE BOARD.**

2 Section 2A(b)(2) of the Federal Home Loan Bank
3 Act (12 U.S.C. 1422a(b)(2)) is amended—

4 (1) by striking subparagraph (B); and

5 (2) by redesignating subparagraphs (C) and
6 (D) as subparagraphs (B) and (C), respectively.

7 **TITLE VI—TECHNICAL**
8 **CORRECTIONS**

9 **SEC. 601. TECHNICAL CORRECTION RELATING TO DEPOSIT**
10 **INSURANCE FUNDS.**

11 (a) **IN GENERAL.**—Section 2707 of the Deposit In-
12 surance Funds Act of 1996 (Public Law 104–208; 110
13 Stat. 3009–496) is amended by striking “7(b)(2)(C)” and
14 inserting “7(b)(2)(E)”.

15 (b) **EFFECTIVE DATE.**—The amendment made by
16 subsection (a) shall be deemed to have the same effective
17 date as section 2707 of the Deposit Insurance Funds Act
18 of 1996.

19 **SEC. 602. RULES FOR CONTINUATION OF DEPOSIT INSUR-**
20 **ANCE FOR MEMBER BANKS CONVERTING**
21 **CHARTERS.**

22 Section 8(o) of the Federal Deposit Insurance Act
23 (12 U.S.C. 1818(o)) is amended in the second sentence,
24 by striking “subsection (d) of section 4” and inserting
25 “subsection (c) or (d) of section 4”.

1 **SEC. 603. AMENDMENTS TO THE REVISED STATUTES.**

2 (a) WAIVER OF CITIZENSHIP REQUIREMENT FOR
3 NATIONAL BANK DIRECTORS.—Section 5146 of the Re-
4 vised Statutes of the United States (12 U.S.C. 72) is
5 amended in the first sentence, by inserting before the pe-
6 riod “, and waive the requirement of citizenship in the case
7 of not more than a minority of the total number of direc-
8 tors”.

9 (b) TECHNICAL AMENDMENT TO THE REVISED
10 STATUTES.—Section 329 of the Revised Statutes of the
11 United States (12 U.S.C. 11) is amended by striking “to
12 be interested in any association issuing national currency
13 under the laws of the United States” and inserting “to
14 hold an interest in any national bank”.

15 (c) REPEAL OF UNNECESSARY CAPITAL AND SUR-
16 PLUS REQUIREMENT.—Section 5138 of the Revised Stat-
17 utes of the United States (12 U.S.C. 51) is repealed.

18 **SEC. 604. CONFORMING CHANGE TO THE INTERNATIONAL**
19 **BANKING ACT.**

20 Section 4(b) of the International Banking Act of
21 1978 (12 U.S.C. 3102(b)) is amended in the second sen-
22 tence, by striking paragraph (1) and by redesignating
23 paragraphs (2) through (4) as paragraphs (1) through
24 (3), respectively.

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