

Union Calendar No. 278

107TH CONGRESS
2^D SESSION

H. R. 3717

[Report No. 107-467]

To reform the Federal deposit insurance system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 2002

Mr. BACHUS (for himself, Mr. OXLEY, Mr. GILLMOR, Mr. LEACH, Mrs. ROUKEMA, Mr. ROYCE, Mr. NEY, Mr. KING, Mr. WELDON of Florida, Mr. RILEY, Mr. JONES of North Carolina, Mr. MANZULLO, Mr. TIBERI, Mrs. BIGGERT, Mr. THUNE, and Ms. HART) introduced the following bill; which was referred to the Committee on Financial Services

MAY 16, 2002

Additional sponsors: Mr. LATOURETTE, Mrs. KELLY, Mr. SHOWS, Mr. LUCAS of Kentucky, Mr. MORAN of Kansas, Mr. UPTON, Mr. PICKERING, Mr. GREEN of Wisconsin, Mr. RYUN of Kansas, Mr. LAHOOD, Mr. STENHOLM, Mrs. CAPITO, Mr. GORDON, Mr. SIMMONS, Mr. SHIMKUS, Mr. HOLDEN, Mr. KELLER, Ms. WATSON of California, Mr. COMBEST, Mr. BOSWELL, Mr. BARR of Georgia, Mr. UDALL of Colorado, Mr. BEREUTER, Mr. KINGSTON, Mr. MICA, Mr. NETHERCUTT, Mrs. JONES of Ohio, Mr. HEFLEY, Mr. MCINNIS, Mr. PETERSON of Minnesota, Ms. SANCHEZ, Mr. ROSS, Mr. THOMPSON of Mississippi, Mr. POMEROY, Mr. HILL, Mr. BAIRD, Mr. BARTLETT of Maryland, Mr. TANCREDO, Mr. HOEKSTRA, Mr. CRAMER, Mr. SCHAFFER, Mr. THORNBERRY, Mr. OSBORNE, Mr. GUTKNECHT, Mr. GRAHAM, Mr. KIND, Mr. ADERHOLT, and Ms. DEGETTE

MAY 16, 2002

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on February 12, 2002]

A BILL

To reform the Federal deposit insurance system, 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 *“Federal Deposit Insurance Reform Act of 2002”.*

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

Sec. 1. Short title; table of contents.

Sec. 2. Merging the BIF and SAIF.

Sec. 3. Increase in deposit insurance coverage.

Sec. 4. Setting assessments and repeal of special rules relating to minimum as-
essments and free deposit insurance.

Sec. 5. Assessments on rapid-growth deposits to maintain Fund reserves without
penalizing low-growth institutions.

Sec. 6. Replacement of fixed designated reserve ratio with reserve range.

Sec. 7. Requirements applicable to the risk-based assessment system.

Sec. 8. Refunds, dividends, and credits from Deposit Insurance Fund.

Sec. 9. Deposit Insurance Fund restoration plans.

Sec. 10. Regulations required.

Sec. 11. Studies of FDIC structure and expenses and certain activities and fur-
ther possible changes to deposit insurance system.

Sec. 12. Technical and conforming amendments to the Federal Deposit Insurance
Act relating to the merger of the BIF and SAIF.

Sec. 13. Other technical and conforming amendments relating to the merger of the
BIF and SAIF.

8 **SEC. 2. MERGING THE BIF AND SAIF.**

9 (a) *IN GENERAL.*—

1 (1) *MERGER.*—*The Bank Insurance Fund and*
2 *the Savings Association Insurance Fund shall be*
3 *merged into the Deposit Insurance Fund.*

4 (2) *DISPOSITION OF ASSETS AND LIABILITIES.*—
5 *All assets and liabilities of the Bank Insurance Fund*
6 *and the Savings Association Insurance Fund shall be*
7 *transferred to the Deposit Insurance Fund.*

8 (3) *NO SEPARATE EXISTENCE.*—*The separate ex-*
9 *istence of the Bank Insurance Fund and the Savings*
10 *Association Insurance Fund shall cease on the effec-*
11 *tive date of the merger thereof under this section.*

12 (b) *REPEAL OF OUTDATED MERGER PROVISION.*—*Sec-*
13 *tion 2704 of the Deposit Insurance Funds Act of 1996 (12*
14 *U.S.C. 1821 note) is repealed.*

15 (c) *EFFECTIVE DATE.*—*This section shall take effect*
16 *on the first day of the first calendar quarter that begins*
17 *after the end of the 90-day period beginning on the date*
18 *of the enactment of this Act.*

19 **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

20 (a) *IN GENERAL.*—*Section 11(a)(1) of the Federal De-*
21 *posit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—*

22 (1) *by striking subparagraph (B) and inserting*
23 *the following new subparagraph:*

24 “(B) *NET AMOUNT OF INSURED DEPOSIT.*—

25 *The net amount due to any depositor at an in-*

1 *sured depository institution shall not exceed the*
2 *standard maximum deposit insurance amount as*
3 *determined in accordance with subparagraphs*
4 *(C), (D), (E) and (F) and paragraph (3).”; and*
5 *(2) by adding at the end the following new sub-*
6 *paragraphs:*

7 “(E) *STANDARD MAXIMUM DEPOSIT INSUR-*
8 *ANCE AMOUNT DEFINED.—For purposes of this*
9 *Act, the term ‘standard maximum deposit insur-*
10 *ance amount’ means—*

11 “(i) *until the effective date of final reg-*
12 *ulations prescribed pursuant to section*
13 *10(a)(2) of the Federal Deposit Insurance*
14 *Reform Act of 2002, \$100,000; and*

15 “(ii) *on and after such effective date,*
16 *\$130,000, adjusted as provided under sub-*
17 *paragraph (F).*

18 “(F) *INFLATION ADJUSTMENT.—*

19 “(i) *IN GENERAL.—By April 1 of*
20 *2005, and the 1st day of each subsequent 5-*
21 *year period, the Board of Directors and the*
22 *National Credit Union Administration*
23 *Board shall jointly prescribe the amount by*
24 *which the standard maximum deposit in-*
25 *surance amount and the standard max-*

1 *imum share insurance amount (as defined*
2 *in section 207(k) of the Federal Credit*
3 *Union Act) applicable to any depositor at*
4 *an insured depository institution shall be*
5 *increased by calculating the product of—*

6 *“(I) \$130,000; and*

7 *“(II) the ratio of the value of the*
8 *Personal Consumption Expenditures*
9 *Chain-Type Index (or any successor*
10 *index thereto), published by the De-*
11 *partment of Commerce, as in effect on*
12 *the date this subparagraph takes effect,*
13 *to the value of such index as of Decem-*
14 *ber 31 of the year preceding the year*
15 *in which the adjustment is calculated*
16 *under this clause.*

17 *“(ii) ROUNDING.—If the amount deter-*
18 *mined under clause (i) for any period is*
19 *not a multiple of \$10,000, the amount so*
20 *determined shall be rounded to the nearest*
21 *\$10,000.*

22 *“(iii) PUBLICATION AND REPORT TO*
23 *THE CONGRESS.—Not later than April 5 of*
24 *any calendar year in which an adjustment*
25 *is required to be calculated under clause (i)*

1 to the standard maximum deposit insurance
2 amount and the standard maximum share
3 insurance amount under such clause, the
4 Board of Directors and the National Credit
5 Union Administration Board shall—

6 “(I) publish in the Federal Reg-
7 ister the standard maximum deposit
8 insurance amount, the standard max-
9 imum share insurance amount, and
10 the amount of coverage under para-
11 graph (3)(A) and section 207(k)(3) of
12 the Federal Credit Union Act, as so
13 calculated; and

14 “(II) jointly submit a report to
15 the Congress containing the amounts
16 described in subclause (I).

17 “(iv) 6-MONTH IMPLEMENTATION PE-
18 RIOD.—Unless an Act of Congress enacted
19 before July 1 of the calendar year in which
20 an adjustment is required to be calculated
21 under clause (i) provides otherwise, the in-
22 crease in the standard maximum deposit
23 insurance amount and the standard max-
24 imum share insurance amount shall take ef-

1 *fect on January 1 of the year immediately*
2 *succeeding such calendar year.”.*

3 **(b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT**
4 *PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal De-*
5 *posit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amended*
6 *to read as follows:*

7 **“(D) COVERAGE FOR CERTAIN EMPLOYEE**
8 **BENEFIT PLAN DEPOSITS.—**

9 **“(i) PASS-THROUGH INSURANCE.—The**
10 *Corporation shall provide pass-through de-*
11 *posit insurance for the deposits of any em-*
12 *ployee benefit plan.*

13 **“(ii) PROHIBITION ON ACCEPTANCE OF**
14 **BENEFIT PLAN DEPOSITS.—An insured de-**
15 *pository institution that is not well capital-*
16 *ized or adequately capitalized may not ac-*
17 *cept employee benefit plan deposits.*

18 **“(iii) DEFINITIONS.—For purposes of**
19 *this subparagraph, the following definitions*
20 *shall apply:*

21 **“(I) CAPITAL STANDARDS.—The**
22 *terms ‘well capitalized’ and ‘ade-*
23 *quately capitalized’ have the same*
24 *meanings as in section 38.*

1 “(II) EMPLOYEE BENEFIT
 2 PLAN.—The term ‘employee benefit
 3 plan’ has the same meaning as in
 4 paragraph (8)(B)(ii), and includes any
 5 eligible deferred compensation plan de-
 6 scribed in section 457 of the Internal
 7 Revenue Code of 1986.

8 “(III) PASS-THROUGH DEPOSIT
 9 INSURANCE.—The term ‘pass-through
 10 deposit insurance’ means, with respect
 11 to an employee benefit plan, deposit
 12 insurance coverage provided on a pro
 13 rata basis to the participants in the
 14 plan, in accordance with the interest of
 15 each participant.”.

16 (c) DOUBLING OF DEPOSIT INSURANCE FOR CERTAIN
 17 RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of the Fed-
 18 eral Deposit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is
 19 amended by striking “\$100,000” and inserting “2 times the
 20 standard maximum deposit insurance amount (as deter-
 21 mined under paragraph (1))”.

22 (d) INCREASED INSURANCE COVERAGE FOR MUNIC-
 23 IPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit
 24 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

25 (1) in subparagraph (A)—

1 (A) by moving the margins of clauses (i)
2 through (v) 4 ems to the right;

3 (B) by striking, in the matter following
4 clause (v), “such depositor shall” and all that
5 follows through the period; and

6 (C) by striking the semicolon at the end of
7 clause (v) and inserting a period;

8 (2) by striking “(2)(A) Notwithstanding” and all
9 that follows through “a depositor who is—” and in-
10 sserting the following:

11 “(2) MUNICIPAL DEPOSITORS.—

12 “(A) IN GENERAL.—Notwithstanding any
13 limitation in this Act or in any other provision
14 of law relating to the amount of deposit insur-
15 ance available to any 1 depositor—

16 “(i) a municipal depositor shall, for
17 the purpose of determining the amount of
18 insured deposits under this subsection, be
19 deemed to be a depositor separate and dis-
20 tinct from any other officer, employee, or
21 agent of the United States or any public
22 unit referred to in subparagraph (D); and

23 “(ii) except as provided in subpara-
24 graph (B), the deposits of a municipal de-
25 positor shall be insured in an amount equal

1 to the standard maximum deposit insurance
2 amount (as determined under paragraph
3 (1)).

4 “(B) *IN-STATE MUNICIPAL DEPOSITORS.*—
5 *In the case of the deposits of an in-State munic-*
6 *ipal depositor described in clause (ii), (iii), (iv),*
7 *or (v) of subparagraph (D) at an insured deposi-*
8 *tory institution, such deposits shall be insured in*
9 *an amount not to exceed the lesser of—*

10 “(i) \$5,000,000; or

11 “(ii) *the sum of the standard max-*
12 *imum deposit insurance amount and 80*
13 *percent of the amount of any deposits in ex-*
14 *cess of the standard maximum deposit in-*
15 *surance amount.*

16 “(C) *IN-STATE MUNICIPAL DEPOSITOR DE-*
17 *FINED.*—*For purposes of this paragraph, the*
18 *term ‘in-State municipal depositor’ means a mu-*
19 *nicipal depositor that is located in the same*
20 *State as the office or branch of the insured de-*
21 *pository institution at which the deposits of that*
22 *depositor are held.*

23 “(D) *MUNICIPAL DEPOSITOR.*—*In this*
24 *paragraph, the term ‘municipal depositor’ means*
25 *a depositor that is—”;*

1 (3) by striking “(B) *The*” and inserting the fol-
2 *lowing*:

3 “(E) *AUTHORITY TO LIMIT DEPOSITS.—*
4 *The*”; and

5 (4) by striking “*depositor referred to in subpara-*
6 *graph (A) of this paragraph*” each place such term
7 *appears and inserting “municipal depositor”.*

8 (e) *TECHNICAL AND CONFORMING AMENDMENT RE-*
9 *LATING TO INSURANCE OF TRUST FUNDS.—Paragraphs (1)*
10 *and (3) of section 7(i) of the Federal Deposit Insurance Act*
11 *(12 U.S.C. 1817(i)) are each amended by striking*
12 *“\$100,000” and inserting “the standard maximum deposit*
13 *insurance amount (as determined under section 11(a)(1))”.*

14 (f) *OTHER TECHNICAL AND CONFORMING AMEND-*
15 *MENTS.—*

16 (1) *Section 11(m)(6) of the Federal Deposit In-*
17 *surance Act (12 U.S.C. 1821(m)(6)) is amended by*
18 *striking “\$100,000” and inserting “an amount equal*
19 *to the standard maximum deposit insurance*
20 *amount”.*

21 (2) *Subsection (a) of section 18 of the Federal*
22 *Deposit Insurance Act (12 U.S.C. 1828(a)) is amend-*
23 *ed to read as follows:*

24 “(a) *INSURANCE LOGO.—*

1 “(1) *INSURED DEPOSITORY INSTITUTIONS.*—
2 *Each insured depository institution shall display at*
3 *each place of business maintained by that institution*
4 *a sign or signs relating to the insurance of the depos-*
5 *its of the institution, in accordance with regulations*
6 *to be prescribed by the Corporation.*

7 “(2) *REGULATIONS.*—*The Corporation shall pre-*
8 *scribe regulations to carry out this subsection, includ-*
9 *ing regulations governing the substance of signs re-*
10 *quired by paragraph (1) and the manner of display*
11 *or use of such signs.*

12 “(3) *PENALTIES.*—*For each day that an insured*
13 *depository institution continues to violate this sub-*
14 *section or any regulation issued under this subsection,*
15 *it shall be subject to a penalty of not more than \$100,*
16 *which the Corporation may recover for its use.”.*

17 (3) *Section 43(d) of the Federal Deposit Insur-*
18 *ance Act (12 U.S.C. 1831t(d)) is amended by striking*
19 *“\$100,000” and inserting “an amount equal to the*
20 *standard maximum deposit insurance amount”.*

21 (4) *Section 6 of the International Banking Act*
22 *of 1978 (12 U.S.C. 3104) is amended—*

23 (A) *by striking “\$100,000” each place such*
24 *term appears and inserting “an amount equal to*

1 *the standard maximum deposit insurance*
2 *amount*”; and

3 *(B) by adding at the end the following new*
4 *subsection:*

5 “(e) *STANDARD MAXIMUM DEPOSIT INSURANCE*
6 *AMOUNT DEFINED.*—*For purposes of this section, the term*
7 *‘standard maximum deposit insurance amount’ means the*
8 *amount of the maximum amount of deposit insurance as*
9 *determined under section 11(a)(1) of the Federal Deposit*
10 *Insurance Act.*”.

11 (i) *CONFORMING CHANGE TO CREDIT UNION SHARE*
12 *INSURANCE FUND.*—

13 (1) *IN GENERAL.*—*Section 207(k) of the Federal*
14 *Credit Union Act (12 U.S.C. 1787(k)) is amended—*

15 (A) *by striking “(k)(1)” and all that follows*
16 *through the end of paragraph (1) and inserting*
17 *the following:*

18 “(k) *INSURED AMOUNTS PAYABLE.*—

19 “(1) *NET INSURED AMOUNT.*—

20 “(A) *IN GENERAL.*—*Subject to the provi-*
21 *sions of paragraph (2), the net amount of share*
22 *insurance payable to any member at an insured*
23 *credit union shall not exceed the total amount of*
24 *the shares or deposits in the name of the member*
25 *(after deducting offsets), less any part thereof*

1 *which is in excess of the standard maximum*
2 *share insurance amount, as determined in ac-*
3 *cordance with this paragraph and paragraphs*
4 *(5) and (6), and consistently with actions taken*
5 *by the Federal Deposit Insurance Corporation*
6 *under section 11(a) of the Federal Deposit Insur-*
7 *ance Act.*

8 “(B) *AGGREGATION.—Determination of the*
9 *net amount of share insurance under subpara-*
10 *graph (A), shall be in accordance with such regu-*
11 *lations as the Board may prescribe, and, in de-*
12 *termining the amount payable to any member,*
13 *there shall be added together all accounts in the*
14 *credit union maintained by that member for that*
15 *member’s own benefit, either in the member’s*
16 *own name or in the names of others.*

17 “(C) *AUTHORITY TO DEFINE THE EXTENT*
18 *OF COVERAGE.—The Board may define, with*
19 *such classifications and exceptions as it may*
20 *prescribe, the extent of the share insurance cov-*
21 *erage provided for member accounts, including*
22 *member accounts in the name of a minor, in*
23 *trust, or in joint tenancy.”;*

24 *(B) in paragraph (2)—*

25 *(i) in subparagraph (A)—*

1 (I) in clauses (i) through (v), by
2 moving the margins 4 ems to the right;

3 (II) in the matter following clause
4 (v), by striking “his account” and all
5 that follows through the period; and

6 (III) by striking the semicolon at
7 the end of clause (v) and inserting a
8 period;

9 (ii) by striking “(2)(A) Notwith-
10 standing” and all that follows through “a
11 depositor or member who is—” and insert-
12 ing the following:

13 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

14 “(A) IN GENERAL.—Notwithstanding any
15 limitation in this Act or in any other provision
16 of law relating to the amount of insurance avail-
17 able to any 1 depositor or member, deposits or
18 shares of a municipal depositor or member shall
19 be insured in an amount equal to the standard
20 maximum share insurance amount (as deter-
21 mined under paragraph (5)), except as provided
22 in subparagraph (B).

23 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

24 In the case of the deposits of an in-State munic-
25 ipal depositor described in clause (ii), (iii), (iv),

1 or (v) of subparagraph (E) at an insured credit
2 union, such deposits shall be insured in an
3 amount equal to the lesser of—

4 “(i) \$5,000,000; or

5 “(ii) the sum of the standard max-
6 imum deposit insurance amount and 80
7 percent of the amount of any deposits in ex-
8 cess of the standard maximum deposit in-
9 surance amount.

10 “(C) *RULE OF CONSTRUCTION.*—No provi-
11 sion of this paragraph shall be construed as au-
12 thorizing an insured credit union to accept the
13 deposits of a municipal depositor in an amount
14 greater than such credit union is authorized to
15 accept under any other provision of Federal or
16 State law.

17 “(D) *IN-STATE MUNICIPAL DEPOSITOR DE-*
18 *FINED.*—For purposes of this paragraph, the
19 term ‘in-State municipal depositor’ means a mu-
20 nicipal depositor that is located in the same
21 State as the office or branch of the insured credit
22 union at which the deposits of that depositor are
23 held.

1 “(E) *MUNICIPAL DEPOSITOR.*—*In this*
2 *paragraph, the term ‘municipal depositor’ means*
3 *a depositor that is—”;*

4 *(iii) by striking “(B) The” and insert-*
5 *ing the following:*

6 “(F) *AUTHORITY TO LIMIT DEPOSITS.*—
7 *The”;* and

8 *(iv) by striking “depositor or member*
9 *referred to in subparagraph (A)” and in-*
10 *serting “municipal depositor or member”;*
11 *and*

12 *(C) by adding at the end the following new*
13 *paragraphs:*

14 “(4) *COVERAGE FOR CERTAIN EMPLOYEE BEN-*
15 *EFIT PLAN DEPOSITS.*—

16 “(A) *PASS-THROUGH INSURANCE.*—*The Ad-*
17 *ministration shall provide pass-through share in-*
18 *surance for the deposits or shares of any em-*
19 *ployee benefit plan.*

20 “(B) *PROHIBITION ON ACCEPTANCE OF DE-*
21 *POSITS.*—*An insured credit union that is not*
22 *well capitalized or adequately capitalized may*
23 *not accept employee benefit plan deposits.*

24 “(C) *DEFINITIONS.*—*For purposes of this*
25 *paragraph, the following definitions shall apply:*

1 “(i) *CAPITAL STANDARDS.*—*The terms*
2 *‘well capitalized’ and ‘adequately capital-*
3 *ized’ have the same meanings as in section*
4 *216(c).*

5 “(ii) *EMPLOYEE BENEFIT PLAN.*—*The*
6 *term ‘employee benefit plan’—*

7 “(I) *has the meaning given to*
8 *such term in section 3(3) of the Em-*
9 *ployee Retirement Income Security Act*
10 *of 1974;*

11 “(II) *includes any plan described*
12 *in section 401(d) of the Internal Rev-*
13 *enue Code of 1986; and*

14 “(III) *includes any eligible de-*
15 *ferred compensation plan described in*
16 *section 457 of the Internal Revenue*
17 *Code of 1986.*

18 “(iii) *PASS-THROUGH SHARE INSUR-*
19 *ANCE.*—*The term ‘pass-through share insur-*
20 *ance’ means, with respect to an employee*
21 *benefit plan, insurance coverage provided*
22 *on a pro rata basis to the participants in*
23 *the plan, in accordance with the interest of*
24 *each participant.*

1 “(D) *RULE OF CONSTRUCTION.*—No provi-
2 sion of this paragraph shall be construed as au-
3 thorizing an insured credit union to accept the
4 deposits of an employee benefit plan in an
5 amount greater than such credit union is author-
6 ized to accept under any other provision of Fed-
7 eral or State law.

8 “(5) *STANDARD MAXIMUM SHARE INSURANCE*
9 *AMOUNT DEFINED.*—For purposes of this Act, the
10 term ‘standard maximum share insurance amount’
11 means—

12 “(A) until the effective date of final regula-
13 tions prescribed pursuant to section 10(a)(2) of
14 the *Federal Deposit Insurance Reform Act of*
15 2002, \$100,000; and

16 “(B) on and after such effective date,
17 \$130,000, adjusted as provided under section
18 11(a)(1)(F) of the *Federal Deposit Insurance*
19 *Act.*”.

20 “(2) *DOUBLING OF SHARE INSURANCE FOR CER-*
21 *TAIN RETIREMENT ACCOUNTS.*—Section 207(k)(3) of
22 the *Federal Credit Union Act* (12 U.S.C. 1787(k)(3))
23 is amended by striking “\$100,000” and inserting “2
24 times the standard maximum share insurance
25 amount (as determined under paragraph (1))”.

1 (h) *EFFECTIVE DATE.*—*This section and the amend-*
2 *ments made by this section shall take effect on the date the*
3 *final regulations required under section 10(a)(2) take effect.*

4 **SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL**
5 **RULES RELATING TO MINIMUM ASSESS-**
6 **MENTS AND FREE DEPOSIT INSURANCE.**

7 (a) *SETTING ASSESSMENTS.*—*Section 7(b)(2) of the*
8 *Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is*
9 *amended—*

10 (1) *by striking subparagraphs (A) and (B) and*
11 *inserting the following new subparagraphs:*

12 “(A) *IN GENERAL.*—*The Board of Directors*
13 *shall set assessments for insured depository insti-*
14 *tutions in such amounts as the Board of Direc-*
15 *tors may determine to be necessary or appro-*
16 *priate, subject to subparagraph (D).*

17 “(B) *FACTORS TO BE CONSIDERED.*—*In set-*
18 *ting assessments under subparagraph (A), the*
19 *Board of Directors shall consider the following*
20 *factors:*

21 “(i) *The estimated operating expenses*
22 *of the Deposit Insurance Fund.*

23 “(ii) *The estimated case resolution ex-*
24 *penses and income of the Deposit Insurance*
25 *Fund.*

1 “(iii) *The projected effects of the pay-*
2 *ment of assessments on the capital and*
3 *earnings of insured depository institutions.*

4 “(iv) *the risk factors and other factors*
5 *taken into account pursuant to paragraph*
6 *(1) under the risk-based assessment system,*
7 *including the requirement under such para-*
8 *graph to maintain a risk-based system.*

9 “(v) *Any other factors the Board of Di-*
10 *rectors may determine to be appropriate.”;*

11 *and*

12 (2) *by inserting after subparagraph (C) the fol-*
13 *lowing new subparagraph:*

14 “(D) *BASE RATE FOR ASSESSMENTS.—*

15 “(i) *IN GENERAL.—In setting assess-*
16 *ment rates pursuant to subparagraph (A),*
17 *the Board of Directors shall establish a base*
18 *rate of not more than 1 basis point (exclu-*
19 *sive of any credit or dividend) for those in-*
20 *sured depository institutions in the lowest-*
21 *risk category under the risk-based assess-*
22 *ment system established pursuant to para-*
23 *graph (1).*

24 “(ii) *SUSPENSION.—Clause (i) shall*
25 *not apply during any period in which the*

1 *reserve ratio of the Deposit Insurance Fund*
2 *is less than the amount which is equal to*
3 *1.15 percent of the aggregate estimated in-*
4 *sured deposits.”.*

5 **(b) ASSESSMENT RECORDKEEPING PERIOD SHORT-**
6 *ENED.—Paragraph (5) of section 7(b) of the Federal De-*
7 *posit Insurance Act (12 U.S.C. 1817(b)) is amended to read*
8 *as follows:*

9 **“(5) DEPOSITORY INSTITUTION REQUIRED TO**
10 **MAINTAIN ASSESSMENT-RELATED RECORDS.—***Each*
11 *insured depository institution shall maintain all*
12 *records that the Corporation may require for*
13 *verifying the correctness of any assessment on the in-*
14 *sured depository institution under this subsection*
15 *until the later of—*

16 **“(A) the end of the 3-year period beginning**
17 **on the due date of the assessment; or**

18 **“(B) in the case of a dispute between the in-**
19 **sured depository institution and the Corporation**
20 **with respect to such assessment, the date of a**
21 **final determination of any such dispute.”.**

22 **(c) SHORTENED STATUTE OF LIMITATIONS FOR**
23 **CAUSES OF ACTION RELATING TO ASSESSMENTS.—**

1 (1) *IN GENERAL.*—*Subsection (g) of section 7 of*
2 *the Federal Deposit Insurance Act (12 U.S.C.*
3 *1817(g)) is amended—*

4 (A) *by striking “(g) The Corporation, in a*
5 *suit brought at law or in equity” and inserting*
6 *the following:*

7 “*(g) ACTIONS ON CLAIMS ARISING FROM ASSESS-*
8 *MENTS.—*

9 “*(1) CAUSE OF ACTION ESTABLISHED.—The Cor-*
10 *poration, in an action brought”; and*

11 (B) *by striking all that follows the first sen-*
12 *tence and inserting the following new para-*
13 *graphs:*

14 “*(2) CLAIMS OF INSURED DEPOSITORY INSTITU-*
15 *TIONS.—An action by an insured depository institu-*
16 *tion to recover from the Corporation on a claim relat-*
17 *ing to the alleged overpayment of any assessment may*
18 *not be brought against the Corporation after the end*
19 *of the 3-year period beginning on the date the pay-*
20 *ment of the assessment is due.*

21 “*(3) CLAIMS OF THE CORPORATION.—Subject to*
22 *paragraph (4), an action by the Corporation to re-*
23 *cover from an insured depository institution on a*
24 *claim relating to the alleged nonpayment or under-*
25 *payment of an assessment may not be brought by the*

1 *Corporation after the end of the 3-year period begin-*
2 *ning on the date the payment of the assessment is*
3 *due.*

4 “(4) *FALSE OR FRAUDULENT STATEMENT.—If*
5 *an insured depository institution has made or filed a*
6 *false or fraudulent statement with the intent to evade*
7 *any amount of any assessment, the 3-year period re-*
8 *ferred to in paragraph (3) shall commence on the date*
9 *the Corporation discovers the falsity or fraudulent na-*
10 *ture of the statement.*

11 “(5) *TOLLING OF STATUTE OF LIMITATIONS.—In*
12 *accordance with regulations which the Corporation*
13 *shall prescribe establishing procedures for administra-*
14 *tive review of claims described in paragraphs (2), (3),*
15 *and (4), the period of any administrative review by*
16 *the Corporation of any such claim shall not be taken*
17 *into account for purposes of the 3-year period referred*
18 *to in any such paragraph.*

19 “(6) *FINALITY OF RECORDS.—Deposit informa-*
20 *tion that is relevant to the determination of the*
21 *amount of an assessment and is based on records re-*
22 *quired to be maintained under subsection (b)(5) shall*
23 *become conclusive and not subject to change after the*
24 *expiration of the period described in such subsection.*

1 “(7) *COORDINATION WITH OTHER LAW.*—The
2 *provisions of this subsection shall apply with respect*
3 *to actions described in this subsection, notwith-*
4 *standing any provision of any other Federal or State*
5 *law.”.*

6 (2) *SCOPE OF APPLICATION.*—Paragraph (1) and
7 *the amendments made by paragraph (1) shall apply*
8 *only to assessments on insured depository institutions*
9 *which become due after the date of the enactment of*
10 *this Act.*

11 (d) *INCREASE IN FEES FOR LATE ASSESSMENT PAY-*
12 *MENTS.*—Subsection (h) of section 18 of the *Federal Deposit*
13 *Insurance Act (12 U.S.C. 1828(h)) is amended to read as*
14 *follows:*

15 “(h) *PENALTY FOR FAILURE TO TIMELY PAY ASSESS-*
16 *MENTS.*—

17 “(1) *IN GENERAL.*—Any insured depository in-
18 *stitution which fails or refuses to pay any assessment*
19 *shall be subject to a penalty in an amount not more*
20 *than 1 percent of the amount of the assessment due*
21 *for each day that such violation continues.*

22 “(2) *EXCEPTION IN CASE OF DISPUTE.*—Para-
23 *graph (1) shall not apply if—*

24 “(A) *the failure to pay an assessment is due*
25 *to a dispute between the insured depository insti-*

1 *tution and the Corporation over the amount of*
2 *such assessment; and*

3 *“(B) the insured depository institution de-*
4 *posits security satisfactory to the Corporation for*
5 *payment upon final determination of the issue.*

6 *“(3) AUTHORITY TO MODIFY OR REMIT PEN-*
7 *ALTY.—The Corporation, in the sole discretion of the*
8 *Corporation, may compromise, modify or remit any*
9 *penalty which the Corporation may assess or has al-*
10 *ready assessed under paragraph (1) upon a finding*
11 *that good cause prevented the timely payment of an*
12 *assessment.”.*

13 *(e) ASSESSMENTS FOR LIFELINE ACCOUNTS.—*

14 *(1) IN GENERAL.—Section 232 of the Federal*
15 *Deposit Insurance Corporation Improvement Act of*
16 *1991 (12 U.S.C. 1834) is amended by striking sub-*
17 *section (c).*

18 *(2) CLARIFICATION OF RATE APPLICABLE TO DE-*
19 *POSITS ATTRIBUTABLE TO LIFELINE ACCOUNTS.—Sec-*
20 *tion 7(b)(2)(H) of the Federal Deposit Insurance Act*
21 *(12 U.S.C. 1817(b)(2)(H)) is amended by striking “at*
22 *a rate determined in accordance with such Act” and*
23 *inserting “at 1/2 the assessment rate otherwise appli-*
24 *cable for such insured depository institution”.*

1 (3) *REGULATIONS.*—Section 232(a)(1) of the
2 *Federal Deposit Insurance Corporation Improvement*
3 *Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by*
4 *striking “Board of Governors of the Federal Reserve*
5 *System, and the”.*

6 (f) *TECHNICAL AND CONFORMING AMENDMENTS.*—

7 (1) *Paragraph (3) of section 7(a) of the Federal*
8 *Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is*
9 *amended by striking the 3d sentence and inserting the*
10 *following: “Such reports of condition shall be the*
11 *basis for the certified statements to be filed pursuant*
12 *to subsection (c).”.*

13 (2) *Subparagraphs (B)(ii) and (C) of section*
14 *7(b)(1) of the Federal Deposit Insurance Act (12*
15 *U.S.C. 1817(b)(1)) are each amended by striking*
16 *“semiannual” where such term appears in each such*
17 *subparagraph.*

18 (3) *Section 7(b)(2) of the Federal Deposit Insur-*
19 *ance Act (12 U.S.C. 1817(b)(2)) is amended—*

20 (A) *by striking subparagraphs (E), (F), and*
21 *(G);*

22 (B) *in subparagraph (C), by striking “semi-*
23 *annual”; and*

1 (C) by redesignating subparagraph (H) (as
2 amended by subsection (e)(2) of this section) as
3 subparagraph (E).

4 (4) Section 7(b) of the Federal Deposit Insurance
5 Act (12 U.S.C. 1817(b)) (as amended by subsection
6 (c) of this section) is amended by striking paragraph
7 (4) and redesignating paragraphs (5) (as amended by
8 subsection (b) of this section), (6), and (7) as para-
9 graphs (4), (5), and (6) respectively.

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

12 (A) in paragraph (1)(A), by striking “semi-
13 annual”;

14 (B) in paragraph (2)(A), by striking “semi-
15 annual”; and

16 (C) in paragraph (3), by striking “semi-
17 annual period” and inserting “initial assessment
18 period”.

19 (6) Section 7(g)(6) of the Federal Deposit Insur-
20 ance Act (12 U.S.C. 1817(g)(6)) (as amended by sub-
21 section (c) of this section) is amended by striking
22 “(b)(5)” and inserting “(b)(4)”.

23 (7) Section 8(p) of the Federal Deposit Insur-
24 ance Act (12 U.S.C. 1818(p)) is amended by striking
25 “semiannual”.

1 (8) *Section 8(q) of the Federal Deposit Insurance*
2 *Act (12 U.S.C. 1818(q)) is amended by striking*
3 *“semiannual period” and inserting “assessment pe-*
4 *riod”.*

5 (9) *Section 13(c)(4)(G)(ii)(II) of the Federal De-*
6 *posit Insurance Act (12 U.S.C. 1823(c)(4)(G)(ii)(II))*
7 *is amended by striking “semiannual period” and in-*
8 *serting “assessment period”.*

9 (10) *Section 232(a) of the Federal Deposit Insur-*
10 *ance Corporation Improvement Act of 1991 (12*
11 *U.S.C. 1834(a)) is amended—*

12 (A) *in the matter preceding subparagraph*
13 *(A) of paragraph (2), by striking “the Board*
14 *and”;*

15 (B) *in subparagraph (J) of paragraph (2),*
16 *by striking “the Board” and inserting “the Cor-*
17 *poration”;*

18 (C) *by striking subparagraph (A) of para-*
19 *graph (3) and inserting the following new sub-*
20 *paragraph:*

21 “(A) *CORPORATION.—The term ‘Corpora-*
22 *tion’ means the Federal Deposit Insurance Cor-*
23 *poration.”; and*

1 (D) in subparagraph (C) of paragraph (3),
2 by striking “Board” and inserting “Corpora-
3 tion”.

4 (g) *EFFECTIVE DATE*.—Except as provided in sub-
5 section (c), this section and the amendments made by this
6 section shall take effect on the date that the final regulations
7 required under section 10(a)(5) take effect.

8 **SEC. 5. ASSESSMENTS ON RAPID-GROWTH DEPOSITS TO**
9 **MAINTAIN FUND RESERVES WITHOUT PENAL-**
10 **IZING LOW-GROWTH INSTITUTIONS.**

11 (a) *IN GENERAL*.—Section 5(d) of the Federal Deposit
12 Insurance Act (12 U.S.C. 1815(d)) is amended by adding
13 at the end the following new paragraph:

14 “(4) *NET INCREASE IN NEW DEPOSITS*.—

15 “(A) *IN GENERAL*.—In the case of any in-
16 sured depository institution that experiences a
17 net increase in new insured deposits, during the
18 most recent assessment period, in excess of such
19 percentage as the Corporation may determine to
20 be appropriate, the Board of Directors may, sub-
21 ject to subparagraph (B), impose a fee on the de-
22 pository institution in the manner provided
23 under paragraph (1) with respect to the amount
24 of such net increase in new insured deposits, tak-
25 ing into account the levels of assessments paid by

1 *such insured depository institution in prior as-*
 2 *essment periods.*

3 “(B) *REGULATIONS.*—*The Corporation shall*
 4 *prescribe regulations, after notice and oppor-*
 5 *tunity for comment, establishing procedures for*
 6 *imposing fees under subparagraph (A).”.*

7 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 8 *section (a) shall take effect at the end of the 60-day period*
 9 *beginning on the date of the enactment of this Act.*

10 **SEC. 6. REPLACEMENT OF FIXED DESIGNATED RESERVE**
 11 **RATIO WITH RESERVE RANGE.**

12 (a) *IN GENERAL.*—*Section 7(b)(3) of the Federal De-*
 13 *posit Insurance Act (12 U.S.C. 1817(b)(3)) is amended to*
 14 *read as follows:*

15 “(3) *DESIGNATED RESERVE RATIO.*—

16 “(A) *ESTABLISHMENT.*—

17 “(i) *IN GENERAL.*—*The Board of Di-*
 18 *rectors shall designate, by regulation after*
 19 *notice and opportunity for comment, the re-*
 20 *serve ratio applicable with respect to the*
 21 *Deposit Insurance Fund.*

22 “(ii) *NOT LESS THAN ANNUAL REDE-*
 23 *TERMINATION.*—*A determination under*
 24 *clause (i) shall be made by the Board of Di-*
 25 *rectors at least before the beginning of each*

1 *calendar year, for such calendar year, and*
2 *at such other times as the Board of Direc-*
3 *tors may determine to be appropriate.*

4 “(B) *RANGE.*—*The reserve ratio designated*
5 *by the Board of Directors for any year—*

6 “(i) *may not exceed 1.4 percent of esti-*
7 *mated insured deposits; and*

8 “(ii) *may not be less than 1.15 percent*
9 *of estimated insured deposits.*

10 “(C) *FACTORS.*—*In designating a reserve*
11 *ratio for any year, the Board of Directors*
12 *shall—*

13 “(i) *take into account the risk of losses*
14 *to the Deposit Insurance Fund in such year*
15 *and future years, including historic experi-*
16 *ence and potential and estimated losses*
17 *from insured depository institutions;*

18 “(ii) *take into account economic condi-*
19 *tions generally affecting insured depository*
20 *institutions so as to allow the designated re-*
21 *serve ratio to increase during more favor-*
22 *able economic conditions and to decrease*
23 *during less favorable economic conditions,*
24 *notwithstanding the increased risks of loss*
25 *that may exist during such less favorable*

1 *conditions, as determined to be appropriate*
 2 *by the Board of Directors;*

3 “*(iii) seek to prevent sharp swings in*
 4 *the assessment rates for insured depository*
 5 *institutions; and*

6 “*(iv) take into account such other fac-*
 7 *tors as the Board of Directors may deter-*
 8 *mine to be appropriate, consistent with the*
 9 *requirements of this subparagraph.*

10 “(D) *PUBLICATION OF PROPOSED CHANGE*
 11 *IN RATIO.—In soliciting comment on any pro-*
 12 *posed change in the designated reserve ratio in*
 13 *accordance with subparagraph (A), the Board of*
 14 *Directors shall include in the published proposal*
 15 *a thorough analysis of the data and projections*
 16 *on which the proposal is based.”.*

17 “(b) *TECHNICAL AND CONFORMING AMENDMENT.—Sec-*
 18 *tion 3(y) of the Federal Deposit Insurance Act (12 U.S.C.*
 19 *1813(y)) is amended—*

20 (1) *by striking “(y) The term” and inserting*
 21 “*(y) DEFINITIONS RELATING TO DEPOSIT INSURANCE*
 22 *FUND.—*

23 “*(1) DEPOSIT INSURANCE FUND.—The term”;*
 24 *and*

1 *appropriate, such as reports of condition, inspec-*
2 *tion reports, and other information from all*
3 *Federal banking agencies, any information*
4 *available from State bank supervisors, State*
5 *insurance and securities regulators, the Se-*
6 *curities and Exchange Commission (includ-*
7 *ing information described in section 35),*
8 *the Secretary of the Treasury, the Com-*
9 *modity Futures Trading Commission, the*
10 *Farm Credit Administration, the Federal*
11 *Trade Commission, any Federal reserve*
12 *bank or Federal home loan bank, and other*
13 *regulators of financial institutions, and any*
14 *information available from credit rating en-*
15 *tities, and other private economic or busi-*
16 *ness analysts.*

17 *“(ii) CONSULTATION WITH FEDERAL*
18 *BANKING AGENCIES.—*

19 *“(I) IN GENERAL.—Except as pro-*
20 *vided in subclause (II), in assessing the*
21 *risk of loss to the Deposit Insurance*
22 *Fund with respect to any insured de-*
23 *pository institution, the Corporation*
24 *shall consult with the appropriate Fed-*

1 *eral banking agency of such institu-*
2 *tion.*

3 “(II) *TREATMENT ON AGGREGATE*
4 *BASIS.*—*In the case of insured deposi-*
5 *tory institutions that are well capital-*
6 *ized (as defined in section 38) and, in*
7 *the most recent examination, were*
8 *found to be well managed, the consulta-*
9 *tion under subclause (I) concerning the*
10 *assessment of the risk of loss posed by*
11 *such institutions may be made on an*
12 *aggregate basis.*

13 “(iii) *RULE OF CONSTRUCTION.*—*No*
14 *provision of this paragraph shall be con-*
15 *strued as providing any new authority for*
16 *the Corporation to require submission of in-*
17 *formation by insured depository institutions*
18 *to the Corporation.*

19 “(F) *MODIFICATIONS TO THE RISK-BASED*
20 *ASSESSMENT SYSTEM ALLOWED ONLY AFTER NO-*
21 *TICE AND COMMENT.*—*In revising or modifying*
22 *the risk-based assessment system at any time*
23 *after the date of the enactment of the Federal De-*
24 *posit Insurance Reform Act of 2002, the Board*
25 *of Directors may implement such revisions or*

1 *modification in final form only after notice and*
 2 *opportunity for comment.”.*

3 **SEC. 8. REFUNDS, DIVIDENDS, AND CREDITS FROM DE-**
 4 **POSIT INSURANCE FUND.**

5 *(a) IN GENERAL.—Subsection (e) of section 7 of the*
 6 *Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is*
 7 *amended to read as follows:*

8 “(e) *REFUNDS, DIVIDENDS, AND CREDITS.—*

9 “(1) *REFUNDS OF OVERPAYMENTS.—In the case*
 10 *of any payment of an assessment by an insured de-*
 11 *pository institution in excess of the amount due to the*
 12 *Corporation, the Corporation may—*

13 “(A) *refund the amount of the excess pay-*
 14 *ment to the insured depository institution; or*

15 “(B) *credit such excess amount toward the*
 16 *payment of subsequent assessments until such*
 17 *credit is exhausted.*

18 “(2) *DIVIDENDS FROM EXCESS AMOUNTS IN DE-*
 19 *POSIT INSURANCE FUND.—*

20 “(A) *RESERVE RATIO EQUAL TO OR IN EX-*
 21 *CESS OF 1.4 PERCENT OF ESTIMATED INSURED*
 22 *DEPOSITS.—Whenever the reserve ratio of the De-*
 23 *posit Insurance Fund equals or exceeds 1.4 per-*
 24 *cent of estimated insured deposits, the Corpora-*
 25 *tion shall declare the amount in the Fund in ex-*

1 *cess of the amount required to maintain the re-*
2 *serve ratio at the designated reserve ratio in ef-*
3 *fect at such time, as dividends to be paid to in-*
4 *sured depository institutions.*

5 “(B) *RESERVE RATIO EQUAL TO OR IN EX-*
6 *CESS OF 1.35 PERCENT OF ESTIMATED INSURED*
7 *DEPOSITS AND LESS THAN 1.4 PERCENT.—When-*
8 *ever the reserve ratio of the Deposit Insurance*
9 *Fund equals or exceeds 1.35 percent of estimated*
10 *insured deposits and is less than 1.4 percent of*
11 *such deposits, the Corporation shall declare the*
12 *amount in the Fund that is equal to 50 percent*
13 *of the amount in excess of the amount required*
14 *to maintain the reserve ratio at 1.35 percent of*
15 *the estimated insured deposits as dividends to be*
16 *paid to insured depository institutions.*

17 “(C) *BASIS FOR DISTRIBUTION OF DIVI-*
18 *DENDS.—*

19 “(i) *IN GENERAL.—The Corporation*
20 *shall determine each insured depository in-*
21 *stitution’s relative share of the Deposit In-*
22 *surance Fund, for the purposes of deter-*
23 *mining that institution’s relative percentage*
24 *share of any dividends declared under this*
25 *paragraph, based upon the contributions*

1 *made by such institution (and any prede-*
2 *cessor institution) to such Fund or the*
3 *Bank Insurance Fund or the Savings Asso-*
4 *ciation Insurance Fund, as the case may be.*

5 “(i) *FACTORS.*—*The Corporation shall*
6 *determine, pursuant to clause (i), the rel-*
7 *ative percentage share of any insured depos-*
8 *itory institution in any dividend declared*
9 *under this paragraph based on—*

10 “(I) *the institution’s relative*
11 *share of the Deposit Insurance Fund as*
12 *determined using the assessment base*
13 *of the institution (including any prede-*
14 *cessor institution) on December 31,*
15 *1996, compared to the assessment base*
16 *of all insured depository institutions*
17 *on such date, taking into account such*
18 *other factors as the Corporation may*
19 *determine to be appropriate; and*

20 “(II) *the effect on such share of*
21 *any assessments paid after December*
22 *31, 1996, by such insured depository*
23 *institution (including any predecessor*
24 *institution) to the Deposit Insurance*
25 *Fund or the Bank Insurance Fund or*

1 *the Savings Association Insurance*
2 *Fund, as the case may be, excluding*
3 *that portion of any assessment paid for*
4 *any assessment period that exceeds, if*
5 *any, the amount of the assessment such*
6 *institution would have paid for such*
7 *assessment period if the institution had*
8 *been classified in the lowest-risk cat-*
9 *egory under the risk-based assessment*
10 *established under subsection (b)(1).*

11 “(D) *NOTICE AND OPPORTUNITY FOR COM-*
12 *MENT.—The declaration and payment of divi-*
13 *dends under this paragraph shall be made in*
14 *such manner and on such conditions as the Cor-*
15 *poration shall prescribe by regulation, after no-*
16 *tice and opportunity for comment.*

17 “(3) *CREDIT POOL.—*

18 “(A) *ONE-TIME CREDIT BASED ON TOTAL*
19 *ASSESSMENT BASE AT YEAR-END 1996.—*

20 “(i) *IN GENERAL.—Before the end of*
21 *the 270-day period beginning on the date of*
22 *the enactment of the Federal Deposit Insur-*
23 *ance Reform Act of 2002, the Board of Di-*
24 *rectors shall, by regulation, provide for a*
25 *credit to each eligible insured depository in-*

1 *stitution, based on the assessment base of*
2 *the institution (including any predecessor*
3 *institution) on December 31, 1996, as com-*
4 *pared to the combined aggregate assessment*
5 *base of all eligible insured depository insti-*
6 *tutions, taking into account such factors as*
7 *the Board of Directors may determine to be*
8 *appropriate.*

9 *“(ii) CREDIT LIMIT.—The aggregate*
10 *amount of credits available under clause (i)*
11 *to all eligible insured depository institu-*
12 *tions shall equal the amount that the Cor-*
13 *poration could collect if the Corporation im-*
14 *posed an assessment of 12 basis points on*
15 *the combined assessment base of the Bank*
16 *Insurance Fund and the Savings Associa-*
17 *tion Insurance Fund as of December 31,*
18 *2001.*

19 *“(iii) ELIGIBLE INSURED DEPOSITORY*
20 *INSTITUTION DEFINED.—For purposes of*
21 *this paragraph, the term ‘eligible insured*
22 *depository institution’ means any insured*
23 *depository institution that—*

1 “(I) *was in existence on December*
2 *31, 1996, and paid a deposit insurance*
3 *assessment prior to that date; or*

4 “(II) *is a successor to any insured*
5 *depository institution described in sub-*
6 *clause (II).*

7 “(iv) *APPLICATION OF CREDITS.—*

8 “(I) *IN GENERAL.—The amount of*
9 *a credit to any eligible insured depository*
10 *institution under this paragraph*
11 *may be applied by the Corporation to*
12 *those portions of the assessments im-*
13 *posed on such institution under sub-*
14 *section (b) that become due for assess-*
15 *ment periods beginning after the effec-*
16 *tive date of regulations prescribed*
17 *under clause (i).*

18 “(II) *REGULATIONS.—The regula-*
19 *tions prescribed under clause (i) shall*
20 *establish the qualifications and proce-*
21 *dures governing the application of as-*
22 *essment credits pursuant to subclause*
23 *(I).*

24 “(v) *CRITERIA FOR DETERMINATION.—*

25 *In determining whether to provide assess-*

1 *ment credits under this paragraph and the*
2 *amounts of any such credits, the Board of*
3 *Directors shall take into account the factors*
4 *for designating the reserve ratio under sub-*
5 *section (b)(3) and the factors for setting as-*
6 *essments under subsection (b)(2)(B).*

7 “(vi) *LIMITATION ON AMOUNT OF*
8 *CREDIT FOR CERTAIN DEPOSITORY INSTITU-*
9 *TIONS.—In the case of an insured deposi-*
10 *tory institution that exhibits financial,*
11 *operational, or compliance weaknesses rang-*
12 *ing from moderately severe to unsatisfac-*
13 *tory, or is not adequately capitalized (as de-*
14 *finied in section 38) at the beginning of an*
15 *assessment period, the amount of any credit*
16 *allowed under this paragraph against the*
17 *assessment on that depository institution*
18 *for such period may not exceed the amount*
19 *equal to the average assessment on all in-*
20 *sured depository institutions for such assess-*
21 *ment period.*

22 “(vii) *ADMINISTRATIVE REVIEW.—*

23 “(I) *IN GENERAL.—The regula-*
24 *tions prescribed under clause (i) shall*
25 *include provisions allowing an eligible*

1 *insured depository institution a rea-*
2 *sonable opportunity for a hearing be-*
3 *fore the Corporation to challenge the*
4 *amount of the credit determined under*
5 *this paragraph for such institution.*

6 “(II) *FINALITY OF ADMINISTRA-*
7 *TIVE REVIEW.—Any review under sub-*
8 *clause (i) of any determination of the*
9 *Corporation under this paragraph*
10 *shall be final and not subject to judi-*
11 *cial review.*

12 “(viii) *PREDECESSOR DEFINED.—For*
13 *purposes of this paragraph, the term ‘prede-*
14 *cessor’, when used with respect to any in-*
15 *insured depository institution, includes any*
16 *other insured depository institution ac-*
17 *quired by or merged with such insured de-*
18 *pository institution.*

19 “(B) *ON-GOING CREDIT POOL.—*

20 “(i) *IN GENERAL.—In addition to the*
21 *credit provided pursuant to subparagraph*
22 *(A) and subject to the limitation contained*
23 *in clause (vi) of such subparagraph, the*
24 *Corporation shall, by regulation, establish*
25 *an on-going system of credits to be applied*

1 *against future assessments under subsection*
2 *(b)(1) on the same basis as the dividends*
3 *provided under paragraph (2)(C).*

4 “(i) *LIMITATION ON CREDITS UNDER*
5 *CERTAIN CIRCUMSTANCES.—No credits may*
6 *be allowed by the Corporation under this*
7 *subparagraph during any period in*
8 *which—*

9 “(I) *the reserve ratio of the De-*
10 *posit Insurance Fund is less than the*
11 *designated reserve ratio of such Fund;*
12 *or*

13 “(II) *the designated reserve ratio*
14 *of the Fund is less than 1.25 percent of*
15 *the amount of estimated insured depos-*
16 *its.”.*

17 (b) *DEFINITION OF RESERVE RATIO.—Section 3(y) of*
18 *the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) (as*
19 *amended by section 6(b) of this Act) is amended by adding*
20 *at the end the following new paragraph:*

21 “(3) *RESERVE RATIO.—The term ‘reserve ratio’,*
22 *when used with regard to the Deposit Insurance Fund*
23 *other than in connection with a reference to the des-*
24 *ignated reserve ratio, means the ratio of the net worth*

1 of the Deposit Insurance Fund to the value of the ag-
2 gregate estimated insured deposits.”

3 **SEC. 9. DEPOSIT INSURANCE FUND RESTORATION PLANS.**

4 Section 7(b)(3) of the Federal Deposit Insurance Act
5 (12 U.S.C. 1917(b)(3)) (as amended by section 6(a) of this
6 Act) is amended by adding at the end the following new
7 subparagraph:

8 “(E) DIF RESTORATION PLANS.—

9 “(i) IN GENERAL.—Whenever—

10 “(I) the Corporation projects that
11 the reserve ratio of the Deposit Insur-
12 ance Fund will fall below the des-
13 ignated reserve ratio within 6 months
14 of such determination; or

15 “(II) the reserve ratio of the De-
16 posit Insurance Fund actually falls
17 below the designated reserve ratio with-
18 out any determination under subclause
19 (I) having been made,

20 the Corporation shall establish and imple-
21 ment a Deposit Insurance Fund restoration
22 plan within 30 days that meets the require-
23 ments of clause (ii) or (iii), as the case may
24 be, and such other conditions as the Cor-
25 poration determines to be appropriate.

1 “(ii) *REQUIREMENTS OF PLAN IF RE-*
2 *SERVE RATIO DOES NOT FALL BELOW 1.0*
3 *PERCENT.—If the reserve ratio of the De-*
4 *posit Insurance Fund is not projected to or*
5 *has not fallen below an amount equal to 1.0*
6 *percent of the aggregate estimated insured*
7 *deposits, a Deposit Insurance Fund restora-*
8 *tion plan meets the requirements of this*
9 *clause if the plan provides that the reserve*
10 *ratio of the Fund will meet or exceed the*
11 *designated reserve ratio that was in effect*
12 *before the occurrence of the event described*
13 *in subclause (I) or (II) of clause (i) before*
14 *the end of the 3-year period beginning upon*
15 *implementation of the plan.*

16 “(iii) *REQUIREMENTS OF PLAN IF RE-*
17 *SERVE RATIO FALLS BELOW 1.0 PERCENT.—*
18 *If the reserve ratio of the Deposit Insurance*
19 *Fund has fallen below an amount equal to*
20 *1.0 percent of the aggregate estimated in-*
21 *sured deposits, a Deposit Insurance Fund*
22 *restoration plan meets the requirements of*
23 *this clause if the plan provides that the re-*
24 *serve ratio of the Fund—*

1 “(I) will meet or exceed an
2 amount equal to 1.0 percent of the ag-
3 gregate estimated insured deposits be-
4 fore the end of the 2-year period begin-
5 ning upon implementation of the plan;
6 and

7 “(II) will meet or exceed the des-
8 ignated reserve ratio that was in effect
9 before the occurrence of the event de-
10 scribed in subclause (I) or (II) of
11 clause (i) before the end of the 3-year
12 period beginning on the date the re-
13 serve ratio first meets or exceeds an
14 amount equal to 1.0 percent of the ag-
15 gregate estimated insured deposits after
16 the implementation of the plan.

17 “(iv) *TRANSPARENCY*.—Not more than
18 90 days after the Corporation establishes
19 and implements a restoration plan under
20 clause (i), the Corporation shall publish in
21 the *Federal Register* a detailed analysis of
22 the factors considered and the basis for the
23 actions taken with regard to the plan.”.

1 **SEC. 10. REGULATIONS REQUIRED.**

2 (a) *IN GENERAL.*—Not later than 270 days after the
3 date of the enactment of this Act, the Board of Directors
4 of the Federal Deposit Insurance Corporation shall pre-
5 scribe final regulations, after notice and opportunity for
6 comment—

7 (1) *designating the reserve ratio for the Deposit*
8 *Insurance Fund in accordance with section 7(b)(3) of*
9 *the Federal Deposit Insurance Act (as amended by*
10 *section 6 of this Act);*

11 (2) *implementing increases in deposit insurance*
12 *coverage in accordance with the amendments made by*
13 *section 3 of this Act;*

14 (3) *implementing the dividend requirement*
15 *under section 7(e)(2) of the Federal Deposit Insurance*
16 *Act (as amended by section 8 of this Act).*

17 (4) *implementing the 1-time assessment credit to*
18 *certain insured depository institutions in accordance*
19 *with section 7(e)(3) of the Federal Deposit Insurance*
20 *Act, as amended by section 8 of this Act, including*
21 *the qualifications and procedures under which the*
22 *Corporation would apply assessment credits; and*

23 (5) *providing for assessments under section 7(b)*
24 *of the Federal Deposit Insurance Act, as amended by*
25 *this Act.*

1 (b) *RULE OF CONSTRUCTION.*—No provision of this
2 Act or any amendment made by this Act shall be construed
3 as affecting the authority of the Corporation to set or collect
4 deposit insurance assessments before the effective date of the
5 final regulation prescribed under subsection (a).

6 **SEC. 11. STUDIES OF FDIC STRUCTURE AND EXPENSES AND**
7 **CERTAIN ACTIVITIES AND FURTHER POS-**
8 **SIBLE CHANGES TO DEPOSIT INSURANCE**
9 **SYSTEM.**

10 (a) *STUDY BY COMPTROLLER GENERAL.*—

11 (1) *STUDY REQUIRED.*—The Comptroller General
12 shall conduct a study of the following issues:

13 (A) *The efficiency and effectiveness of the*
14 *administration of the prompt corrective action*
15 *program under section 38 of the Federal Deposit*
16 *Insurance Act by the Federal banking agencies*
17 *(as defined in section 3 of such Act), including*
18 *the degree of effectiveness of such agencies in*
19 *identifying troubled depository institutions and*
20 *taking effective action with respect to such insti-*
21 *tutions, and the degree of accuracy of the risk as-*
22 *essments made by the Corporation.*

23 (B) *The appropriateness of the organiza-*
24 *tional structure of the Federal Deposit Insurance*

1 *Corporation for the mission of the Corporation*
2 *taking into account—*

3 *(i) the current size and complexity of*
4 *the business of insured depository institu-*
5 *tions (as such term is defined in section 3*
6 *of the Federal Deposit Insurance Act);*

7 *(ii) the extent to which the organiza-*
8 *tional structure contributes to or reduces*
9 *operational inefficiencies that increase oper-*
10 *ational costs; and*

11 *(iii) the effectiveness of internal con-*
12 *trols.*

13 *(2) REPORT TO THE CONGRESS.—The Comp-*
14 *troller General shall submit a report to the Congress*
15 *before the end of the 1-year period beginning on the*
16 *date of the enactment of this Act containing the find-*
17 *ings and conclusions of the Comptroller General with*
18 *respect to the study required under paragraph (1) to-*
19 *gether with such recommendations for legislative or*
20 *administrative action as the Comptroller General*
21 *may determine to be appropriate.*

22 *(b) INTERNAL STUDY BY THE FDIC.—*

23 *(1) STUDY REQUIRED.—Concurrently with the*
24 *study required to be conducted by the Comptroller*
25 *General under subsection (a), the Federal Deposit In-*

1 *urance Corporation shall conduct an internal study*
2 *of the same conditions and factors included in the*
3 *study under subsection (a).*

4 (2) *REPORT TO THE CONGRESS.—The Federal*
5 *Deposit Insurance Corporation shall submit a report*
6 *to the Congress before the end of the 1-year period be-*
7 *ginning on the date of the enactment of this Act con-*
8 *taining the findings and conclusions of the Corpora-*
9 *tion with respect to the study required under para-*
10 *graph (1) together with such recommendations for leg-*
11 *islative or administrative action as the Board of Di-*
12 *rectors of the Corporation may determine to be appro-*
13 *priate.*

14 (c) *STUDY OF FURTHER POSSIBLE CHANGES TO DE-*
15 *POSIT INSURANCE SYSTEM.—*

16 (1) *STUDY REQUIRED.—The Board of Directors*
17 *of the Federal Deposit Insurance Corporation and the*
18 *National Credit Union Administration Board shall*
19 *each conduct a study of the following:*

20 (A) *The feasibility of establishing a vol-*
21 *untary deposit insurance system for deposits in*
22 *excess of the maximum amount of deposit insur-*
23 *ance for any depositor and the potential benefits*
24 *and the potential adverse consequences that may*
25 *result from the establishment of any such system.*

1 (B) *The feasibility of privatizing all deposit*
2 *insurance at insured depository institutions and*
3 *insured credit unions.*

4 (2) *REPORT.—Before the end of the 1-year pe-*
5 *riod beginning on the date of the enactment of this*
6 *Act, the Board of Directors of the Federal Deposit In-*
7 *surance Corporation and the National Credit Union*
8 *Administration Board shall each submit a report to*
9 *the Congress on the study required under paragraph*
10 *(1) containing the findings and conclusions of the re-*
11 *porting agency together with such recommendations*
12 *for legislative or administrative changes as the agency*
13 *may determine to be appropriate.*

14 (d) *STUDY REGARDING APPROPRIATE DEPOSIT BASE*
15 *IN DESIGNATING RESERVE RATIO.—*

16 (1) *STUDY REQUIRED.—The Federal Deposit In-*
17 *surance Corporation shall conduct a study of the fea-*
18 *sibility of using actual domestic deposits rather than*
19 *estimated insured deposits in calculating the reserve*
20 *ratio of the Deposit Insurance Fund and designating*
21 *a reserve ratio for such Fund.*

22 (2) *REPORT.—The Federal Deposit Insurance*
23 *Corporation shall submit a report to the Congress be-*
24 *fore the end of the 1-year period beginning on the*
25 *date of the enactment of this Act containing the find-*

1 *ings and conclusions of the Corporation with respect*
2 *to the study required under paragraph (1) together*
3 *with such recommendations for legislative or adminis-*
4 *trative action as the Board of Directors of the Cor-*
5 *poration may determine to be appropriate.*

6 *(e) STUDY OF RESERVE METHODOLOGY AND AC-*
7 *COUNTING FOR LOSS.—*

8 *(1) STUDY REQUIRED.—The Federal Deposit In-*
9 *surance Corporation, in consultation with the Comp-*
10 *troller General, shall conduct a study of the reserve*
11 *methodology and loss accounting used by the Corpora-*
12 *tion during the period beginning on January 1, 1992,*
13 *and ending December 31, 2002, with respect to in-*
14 *surated depository institutions in a troubled condition*
15 *(as defined in the regulations prescribed pursuant to*
16 *section 32(f) of the Federal Deposit Insurance Act).*

17 *(2) FACTORS TO BE INCLUDED.—In conducting*
18 *the study pursuant to paragraph (1), the Federal De-*
19 *posit Insurance Corporation shall—*

20 *(A) consider the overall effectiveness and ac-*
21 *curacy of the methodology used by the Corpora-*
22 *tion for establishing and maintaining reserves*
23 *and estimating and accounting for losses at in-*
24 *surated depository institutions, during the period*
25 *described in such paragraph;*

1 (B) consider the appropriateness and reli-
2 ability of information and criteria used by the
3 Corporation in determining—

4 (i) whether an insured depository in-
5 stitution was in a troubled condition; and

6 (ii) the amount of any loss anticipated
7 at such institution;

8 (C) analyze the actual historical loss experi-
9 ence over the period described in paragraph (1)
10 and the causes of the exceptionally high rate of
11 losses experienced by the Corporation in the final
12 3 years of that period; and

13 (D) rate the Corporation's efforts of the Cor-
14 poration to reduce losses in such 3-year period to
15 minimally acceptable levels and to historical lev-
16 els.

17 (3) *REPORT REQUIRED.*—The Board of Directors
18 of the Federal Deposit Insurance Corporation shall
19 submit a report to the Congress before June 30, 2003,
20 containing the findings and conclusions of the Cor-
21 poration, in consultation with the Comptroller Gen-
22 eral, with respect to the study required under para-
23 graph (1), together with such recommendations for
24 legislative or administrative action as the Board of
25 Directors may determine to be appropriate.

1 **SEC. 12. TECHNICAL AND CONFORMING AMENDMENTS TO**
2 **THE FEDERAL DEPOSIT INSURANCE ACT RE-**
3 **LATING TO THE MERGER OF THE BIF AND**
4 **SAIF.**

5 (a) *IN GENERAL.*—*The Federal Deposit Insurance Act*
6 *(12 U.S.C. 1811 et seq.) is amended—*

7 (1) *in section 3 (12 U.S.C. 1813)—*

8 (A) *by striking subparagraph (B) of sub-*
9 *section (a)(1) and inserting the following new*
10 *subparagraph:*

11 “(B) *includes any former savings associa-*
12 *tion.*”; and

13 (B) *by striking paragraph (1) of subsection*
14 *(y) (as so designated by section 6(b) of this Act)*
15 *and inserting the following new paragraph:*

16 “(1) *DEPOSIT INSURANCE FUND.*—*The term ‘De-*
17 *posit Insurance Fund’ means the Deposit Insurance*
18 *Fund established under section 11 (a)(4).*”;

19 (2) *in section 5(b)(5) (12 U.S.C. 1815(b)(5)), by*
20 *striking “the Bank Insurance Fund or the Savings*
21 *Association Insurance Fund,” and inserting “the De-*
22 *posit Insurance Fund,”;*

23 (3) *in section 5(c)(4), by striking “deposit insur-*
24 *ance fund” and inserting “Deposit Insurance Fund”;*

25 (4) *in section 5(d) (12 U.S.C. 1815(d)), by strik-*
26 *ing paragraphs (2) and (3);*

1 (5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

2 (A) in subparagraph (A), by striking “re-
3 serve ratios in the Bank Insurance Fund and the
4 Savings Association Insurance Fund as required
5 by section 7” and inserting “the reserve ratio of
6 the Deposit Insurance Fund”;

7 (B) by striking subparagraph (B) and in-
8 serting the following:

9 “(2) *FEE CREDITED TO THE DEPOSIT INSUR-*
10 *ANCE FUND.*—*The fee paid by the depository institu-*
11 *tion under paragraph (1) shall be credited to the De-*
12 *posit Insurance Fund.*”;

13 (C) by striking “(1) *UNINSURED INSTITU-*
14 *TIONS.*—”; and

15 (D) by redesignating subparagraphs (A)
16 and (C) as paragraphs (1) and (3), respectively,
17 and moving the left margins 2 ems to the left;

18 (6) in section 5(e) (12 U.S.C. 1815(e))—

19 (A) in paragraph (5)(A), by striking “*Bank*
20 *Insurance Fund or the Savings Association In-*
21 *surance Fund*” and inserting “*Deposit Insurance*
22 *Fund*”;

23 (B) by striking paragraph (6); and

1 (C) by redesignating paragraphs (7), (8),
2 and (9) as paragraphs (6), (7), and (8), respec-
3 tively;

4 (7) in section 6(5) (12 U.S.C. 1816(5)), by strik-
5 ing “Bank Insurance Fund or the Savings Associa-
6 tion Insurance Fund” and inserting “Deposit Insur-
7 ance Fund”;

8 (8) in section 7(b) (12 U.S.C. 1817(b))—

9 (A) in paragraph (1)(C), by striking “de-
10 posit insurance fund” each place that term ap-
11 pears and inserting “Deposit Insurance Fund”;

12 (B) in paragraph (1)(D), by striking “each
13 deposit insurance fund” and inserting “the De-
14 posit Insurance Fund”; and

15 (C) in paragraph (5) (as so redesignated by
16 section 4(f)(4) of this Act)—

17 (i) by striking “any such assessment”
18 and inserting “any such assessment is nec-
19 essary”;

20 (ii) by striking subparagraph (B);

21 (iii) in subparagraph (A)—

22 (I) by striking “(A) is nec-
23 essary—”;

1 (II) by striking “*Bank Insurance*
2 *Fund members*” and inserting “*in-*
3 *sured depository institutions*”; and

4 (III) by redesignating clauses (i),
5 (ii), and (iii) as subparagraphs (A),
6 (B), and (C), respectively, and moving
7 the margins 2 ems to the left; and
8 (iv) in subparagraph (C) (as so reded-
9 ignated)—

10 (I) by inserting “that” before “the
11 Corporation”; and

12 (II) by striking “; and” and in-
13 serting a period;

14 (9) in section 7(j)(7)(F) (12 U.S.C.
15 1817(j)(7)(F)), by striking “*Bank Insurance Fund or*
16 *the Savings Association Insurance Fund*” and insert-
17 ing “*Deposit Insurance Fund*”;

18 (10) in section 8(t)(2)(C) (12 U.S.C.
19 1818(t)(2)(C)), by striking “*deposit insurance fund*”
20 and inserting “*Deposit Insurance Fund*”;

21 (11) in section 11 (12 U.S.C. 1821)—

22 (A) by striking “*deposit insurance fund*”
23 each place that term appears and inserting “*De-*
24 *posit Insurance Fund*”;

1 (B) by striking paragraph (4) of subsection
2 (a) and inserting the following new paragraph:

3 “(4) *DEPOSIT INSURANCE FUND.*—

4 “(A) *ESTABLISHMENT.*—There is estab-
5 lished the *Deposit Insurance Fund*, which the
6 *Corporation* shall—

7 “(i) maintain and administer;

8 “(ii) use to carry out its insurance
9 purposes, in the manner provided by this
10 subsection; and

11 “(iii) invest in accordance with section
12 13(a).

13 “(B) *USES.*—The *Deposit Insurance Fund*
14 shall be available to the *Corporation* for use with
15 respect to insured depository institutions the de-
16 posits of which are insured by the *Deposit Insur-*
17 *ance Fund*.

18 “(C) *LIMITATION ON USE.*—Notwith-
19 standing any provision of law other than section
20 13(c)(4)(G), the *Deposit Insurance Fund* shall
21 not be used in any manner to benefit any share-
22 holder or affiliate (other than an insured depository
23 institution that receives assistance in ac-
24 cordance with the provisions of this Act) of—

1 “(i) any insured depository institution
2 for which the Corporation has been ap-
3 pointed conservator or receiver, in connec-
4 tion with any type of resolution by the Cor-
5 poration;

6 “(ii) any other insured depository in-
7 stitution in default or in danger of default,
8 in connection with any type of resolution
9 by the Corporation; or

10 “(iii) any insured depository institu-
11 tion, in connection with the provision of as-
12 sistance under this section or section 13
13 with respect to such institution, except that
14 this clause shall not prohibit any assistance
15 to any insured depository institution that is
16 not in default, or that is not in danger of
17 default, that is acquiring (as defined in sec-
18 tion 13(f)(8)(B)) another insured depository
19 institution.

20 “(D) DEPOSITS.—All amounts assessed
21 against insured depository institutions by the
22 Corporation shall be deposited into the Deposit
23 Insurance Fund.”;

24 (C) by striking paragraphs (5), (6), and (7)
25 of subsection (a); and

1 (D) by redesignating paragraph (8) of sub-
2 section (a) as paragraph (5);

3 (12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),
4 by striking “, except that—” and all that follows
5 through the end of the paragraph and inserting a pe-
6 riod;

7 (13) in section 11(i)(3) (12 U.S.C. 1821(i)(3))—
8 (A) by striking subparagraph (B);

9 (B) by redesignating subparagraph (C) as
10 subparagraph (B); and

11 (C) in subparagraph (B) (as so redesi-
12 gnated), by striking “subparagraphs (A) and (B)”
13 and inserting “subparagraph (A)”;

14 (14) in section 11(p)(2)(B) (12 U.S.C.
15 1821(p)(2)(B)), by striking “institution, any” and
16 inserting “institution, the”;

17 (15) in section 11A(a) (12 U.S.C. 1821a(a))—

18 (A) in paragraph (2), by striking “LIABIL-
19 ITIES.—” and all that follows through “Except”
20 and inserting “LIABILITIES.—Except”;

21 (B) by striking paragraph (2)(B); and

22 (C) in paragraph (3), by striking “the
23 Bank Insurance Fund, the Savings Association
24 Insurance Fund,” and inserting “the Deposit In-
25 surance Fund”;

1 (16) in section 11A(b) (12 U.S.C. 1821a(b)), by
2 striking paragraph (4);

3 (17) in section 11A(f) (12 U.S.C. 1821a(f)), by
4 striking “Savings Association Insurance Fund” and
5 inserting “Deposit Insurance Fund”;

6 (18) in section 12(f)(4)(E)(iv) (12 U.S.C.
7 1822(f)(4)(E)(iv)), by striking “Federal deposit insur-
8 ance funds” and inserting “the Deposit Insurance
9 Fund (or any predecessor deposit insurance fund)”;

10 (19) in section 13 (12 U.S.C. 1823)—

11 (A) by striking “deposit insurance fund”
12 each place that term appears and inserting “De-
13 posit Insurance Fund”;

14 (B) in subsection (a)(1), by striking “Bank
15 Insurance Fund, the Savings Association Insur-
16 ance Fund,” and inserting “Deposit Insurance
17 Fund”;

18 (C) in subsection (c)(4)(E)—

19 (i) in the subparagraph heading, by
20 striking “FUNDS” and inserting “FUND”;
21 and

22 (ii) in clause (i), by striking “any in-
23 surance fund” and inserting “the Deposit
24 Insurance Fund”;

25 (D) in subsection (c)(4)(G)(ii)—

1 (i) by striking “appropriate insurance
2 fund” and inserting “Deposit Insurance
3 Fund”;

4 (ii) by striking “the members of the in-
5 surance fund (of which such institution is a
6 member)” and inserting “insured depository
7 institutions”;

8 (iii) by striking “each member’s” and
9 inserting “each insured depository institu-
10 tion’s”; and

11 (iv) by striking “the member’s” each
12 place that term appears and inserting “the
13 institution’s”;

14 (E) in subsection (c), by striking paragraph
15 (11);

16 (F) in subsection (h), by striking “Bank In-
17 surance Fund” and inserting “Deposit Insurance
18 Fund”;

19 (G) in subsection (k)(4)(B)(i), by striking
20 “Savings Association Insurance Fund member”
21 and inserting “savings association”; and

22 (H) in subsection (k)(5)(A), by striking
23 “Savings Association Insurance Fund members”
24 and inserting “savings associations”;

1 (20) in section 14(a) (12 U.S.C. 1824(a)), in the
2 5th sentence—

3 (A) by striking “Bank Insurance Fund or
4 the Savings Association Insurance Fund” and
5 inserting “Deposit Insurance Fund”; and

6 (B) by striking “each such fund” and in-
7 serting “the Deposit Insurance Fund”;

8 (21) in section 14(b) (12 U.S.C. 1824(b)), by
9 striking “Bank Insurance Fund or Savings Associa-
10 tion Insurance Fund” and inserting “Deposit Insur-
11 ance Fund”;

12 (22) in section 14(c) (12 U.S.C. 1824(c)), by
13 striking paragraph (3);

14 (23) in section 14(d) (12 U.S.C. 1824(d))—

15 (A) by striking “Bank Insurance Fund
16 member” each place that term appears and in-
17 serting “insured depository institution”;

18 (B) by striking “Bank Insurance Fund
19 members” each place that term appears and in-
20 serting “insured depository institutions”;

21 (C) by striking “Bank Insurance Fund”
22 each place that term appears (other than in con-
23 nection with a reference to a term amended by
24 subparagraph (A) or (B) of this paragraph) and
25 inserting “Deposit Insurance Fund”;

1 (D) by striking the subsection heading and
2 inserting the following:

3 “(d) *BORROWING FOR THE DEPOSIT INSURANCE FUND*
4 *FROM INSURED DEPOSITORY INSTITUTIONS.—*”;

5 (E) in paragraph (3), in the paragraph
6 heading, by striking “BIF” and inserting “THE
7 DEPOSIT INSURANCE FUND”; and

8 (F) in paragraph (5), in the paragraph
9 heading, by striking “BIF MEMBERS” and insert-
10 ing “INSURED DEPOSITORY INSTITUTIONS”;

11 (24) in section 14 (12 U.S.C. 1824), by adding
12 at the end the following new subsection:

13 “(e) *BORROWING FOR THE DEPOSIT INSURANCE FUND*
14 *FROM FEDERAL HOME LOAN BANKS.—*

15 “(1) *IN GENERAL.—*The Corporation may bor-
16 row from the Federal home loan banks, with the con-
17 currence of the Federal Housing Finance Board, such
18 funds as the Corporation considers necessary for the
19 use of the Deposit Insurance Fund.

20 “(2) *TERMS AND CONDITIONS.—*Any loan from
21 any Federal home loan bank under paragraph (1) to
22 the Deposit Insurance Fund shall—

23 “(A) bear a rate of interest of not less than
24 the current marginal cost of funds to that bank,
25 taking into account the maturities involved;

1 “(B) be adequately secured, as determined
2 by the Federal Housing Finance Board;

3 “(C) be a direct liability of the Deposit In-
4 surance Fund; and

5 “(D) be subject to the limitations of section
6 15(c).”;

7 (25) in section 15(c)(5) (12 U.S.C. 1825(c)(5))—

8 (A) by striking “the Bank Insurance Fund
9 or Savings Association Insurance Fund, respec-
10 tively” each place that term appears and insert-
11 ing “the Deposit Insurance Fund”; and

12 (B) in subparagraph (B), by striking “the
13 Bank Insurance Fund or the Savings Associa-
14 tion Insurance Fund, respectively” and inserting
15 “the Deposit Insurance Fund”;

16 (26) in section 17(a) (12 U.S.C. 1827(a))—

17 (A) in the subsection heading, by striking
18 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
19 SURANCE FUND”; and

20 (B) in paragraph (1)—

21 (i) by striking “the Bank Insurance
22 Fund, the Savings Association Insurance
23 Fund,” each place that term appears and
24 inserting “the Deposit Insurance Fund”;
25 and

1 (ii) in subparagraph (D), by striking
2 “each insurance fund” and inserting “the
3 Deposit Insurance Fund”;

4 (27) in section 17(d) (12 U.S.C. 1827(d)), by
5 striking “, the Bank Insurance Fund, the Savings As-
6 sociation Insurance Fund,” each place that term ap-
7 pears and inserting “the Deposit Insurance Fund”;

8 (28) in section 18(m)(3) (12 U.S.C.
9 1828(m)(3))—

10 (A) by striking “Savings Association Insur-
11 ance Fund” in the 1st sentence of subparagraph
12 (A) and inserting “Deposit Insurance Fund”;

13 (B) by striking “Savings Association Insur-
14 ance Fund member” in the last sentence of sub-
15 paragraph (A) and inserting “savings associa-
16 tion”; and

17 (C) by striking “Savings Association Insur-
18 ance Fund or the Bank Insurance Fund” in sub-
19 paragraph (C) and inserting “Deposit Insurance
20 Fund”;

21 (29) in section 18(o) (12 U.S.C. 1828(o)), by
22 striking “deposit insurance funds” and “deposit in-
23 surance fund” each place those terms appear and in-
24 serting “Deposit Insurance Fund”;

1 (30) in section 18(p) (12 U.S.C. 1828(p)), by
2 striking “deposit insurance funds” and inserting “De-
3 posit Insurance Fund”;

4 (31) in section 24 (12 U.S.C. 1831a)—

5 (A) in subsections (a)(1) and (d)(1)(A), by
6 striking “appropriate deposit insurance fund”
7 each place that term appears and inserting “De-
8 posit Insurance Fund”;

9 (B) in subsection (e)(2)(A), by striking
10 “risk to” and all that follows through the period
11 and inserting “risk to the Deposit Insurance
12 Fund.”; and

13 (C) in subsections (e)(2)(B)(ii) and
14 (f)(6)(B), by striking “the insurance fund of
15 which such bank is a member” each place that
16 term appears and inserting “the Deposit Insur-
17 ance Fund”;

18 (32) in section 28 (12 U.S.C. 1831e), by striking
19 “affected deposit insurance fund” each place that
20 term appears and inserting “Deposit Insurance
21 Fund”;

22 (33) by striking section 31 (12 U.S.C. 1831h);

23 (34) in section 36(i)(3) (12 U.S.C. 1831m(i)(3)),
24 by striking “affected deposit insurance fund” and in-
25 serting “Deposit Insurance Fund”;

1 (35) in section 37(a)(1)(C) (12 U.S.C.
2 1831n(a)(1)(C)), by striking “insurance funds” and
3 inserting “Deposit Insurance Fund”;

4 (36) in section 38 (12 U.S.C. 1831o), by striking
5 “the deposit insurance fund” each place that term ap-
6 pears and inserting “the Deposit Insurance Fund”;

7 (37) in section 38(a) (12 U.S.C. 1831o(a)), in
8 the subsection heading, by striking “FUNDS” and in-
9 serting “FUND”;

10 (38) in section 38(k) (12 U.S.C. 1831o(k))—

11 (A) in paragraph (1), by striking “a de-
12 posit insurance fund” and inserting “the Deposit
13 Insurance Fund”;

14 (B) in paragraph (2), by striking “A de-
15 posit insurance fund” and inserting “The De-
16 posit Insurance Fund”; and

17 (C) in paragraphs (2)(A) and (3)(B), by
18 striking “the deposit insurance fund’s outlays”
19 each place that term appears and inserting “the
20 outlays of the Deposit Insurance Fund”; and

21 (39) in section 38(o) (12 U.S.C. 1831o(o))—

22 (A) by striking “ASSOCIATIONS.—” and all
23 that follows through “Subsections (e)(2)” and in-
24 serting “ASSOCIATIONS.—Subsections (e)(2)”;

1 *ing “affected deposit insurance fund” and inserting “De-*
 2 *posit Insurance Fund”.*

3 (c) *ADVANCES TO CRITICALLY UNDERCAPITALIZED*
 4 *DEPOSITORY INSTITUTIONS.*—*Section 10B(b)(3)(A)(ii) of*
 5 *the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is*
 6 *amended by striking “any deposit insurance fund in” and*
 7 *inserting “the Deposit Insurance Fund of”.*

8 (d) *AMENDMENTS TO THE BALANCED BUDGET AND*
 9 *EMERGENCY DEFICIT CONTROL ACT OF 1985.*—*Section*
 10 *255(g)(1)(A) of the Balanced Budget and Emergency Def-*
 11 *icit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is*
 12 *amended—*

13 (1) *by striking “Bank Insurance Fund” and in-*
 14 *serting “Deposit Insurance Fund”; and*

15 (2) *by striking “Federal Deposit Insurance Cor-*
 16 *poration, Savings Association Insurance Fund (51-*
 17 *4066-0-3-373);”.*

18 (e) *AMENDMENTS TO THE FEDERAL HOME LOAN*
 19 *BANK ACT.*—*The Federal Home Loan Bank Act (12 U.S.C.*
 20 *1421 et seq.) is amended—*

21 (1) *in section 11(k) (12 U.S.C. 1431(k))—*

22 (A) *in the subsection heading, by striking*
 23 *“SAIF” and inserting “THE DEPOSIT INSUR-*
 24 *ANCE FUND”; and*

1 (B) by striking “Savings Association Insur-
2 ance Fund” each place such term appears and
3 inserting “Deposit Insurance Fund”;

4 (2) in section 21 (12 U.S.C. 1441)—

5 (A) in subsection (f)(2), by striking “, ex-
6 cept that” and all that follows through the end
7 of the paragraph and inserting a period; and

8 (B) in subsection (k), by striking paragraph
9 (4);

10 (3) in section 21A(b)(4)(B) (12 U.S.C.
11 1441a(b)(4)(B)), by striking “affected deposit insur-
12 ance fund” and inserting “Deposit Insurance Fund”;

13 (4) in section 21A(b)(6)(B) (12 U.S.C.
14 1441a(b)(6)(B))—

15 (A) in the subparagraph heading, by strik-
16 ing “SAIF-INSURED BANKS” and inserting
17 “CHARTER CONVERSIONS”; and

18 (B) by striking “Savings Association Insur-
19 ance Fund member” and inserting “savings as-
20 sociation”;

21 (5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C.
22 1441a(b)(10)(A)(iv)(II)), by striking “Savings Asso-
23 ciation Insurance Fund” and inserting “Deposit In-
24 surance Fund”;

1 (6) in section 21A(n)(6)(E)(iv) (12 U.S.C.
2 1441(n)(6)(E)(iv)), by striking “Federal deposit in-
3 surance funds” and inserting “the Deposit Insurance
4 Fund”;

5 (7) in section 21B(e) (12 U.S.C. 1441b(e))—

6 (A) in paragraph (5), by inserting “as of
7 the date of funding” after “Savings Association
8 Insurance Fund members” each place that term
9 appears; and

10 (B) by striking paragraphs (7) and (8); and

11 (8) in section 21B(k) (12 U.S.C. 1441b(k))—

12 (A) by inserting before the colon “, the fol-
13 lowing definitions shall apply”;

14 (B) by striking paragraph (8); and

15 (C) by redesignating paragraphs (9) and
16 (10) as paragraphs (8) and (9), respectively.

17 (f) AMENDMENTS TO THE HOME OWNERS’ LOAN
18 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et
19 seq.) is amended—

20 (1) in section 5 (12 U.S.C. 1464)—

21 (A) in subsection (c)(5)(A), by striking
22 “that is a member of the Bank Insurance Fund”;

23 (B) in subsection (c)(6), by striking “As
24 used in this subsection—” and inserting “For

1 *purposes of this subsection, the following defini-*
2 *tions shall apply:*”;

3 (C) *in subsection (o)(1), by striking “that is*
4 *a Bank Insurance Fund member”;*

5 (D) *in subsection (o)(2)(A), by striking “a*
6 *Bank Insurance Fund member until such time*
7 *as it changes its status to a Savings Association*
8 *Insurance Fund member” and inserting “insured*
9 *by the Deposit Insurance Fund”;*

10 (E) *in subsection (t)(5)(D)(iii)(II), by strik-*
11 *ing “affected deposit insurance fund” and insert-*
12 *ing “Deposit Insurance Fund”;*

13 (F) *in subsection (t)(7)(C)(i)(I), by striking*
14 *“affected deposit insurance fund” and inserting*
15 *“Deposit Insurance Fund”; and*

16 (G) *in subsection (v)(2)(A)(i), by striking*
17 *“the Savings Association Insurance Fund” and*
18 *inserting “or the Deposit Insurance Fund”; and*
19 (2) *in section 10 (12 U.S.C. 1467a)—*

20 (A) *in subsection (c)(6)(D), by striking*
21 *“this title” and inserting “this Act”;*

22 (B) *in subsection (e)(1)(B), by striking*
23 *“Savings Association Insurance Fund or Bank*
24 *Insurance Fund” and inserting “Deposit Insur-*
25 *ance Fund”;*

1 (C) in subsection (e)(2), by striking “Sav-
2 ings Association Insurance Fund or the Bank
3 Insurance Fund” and inserting “Deposit Insur-
4 ance Fund”;

5 (D) in subsection (e)(4)(B), by striking
6 “subsection (1)” and inserting “subsection (l)”;

7 (E) in subsection (g)(3)(A), by striking “(5)
8 of this section” and inserting “(5) of this sub-
9 section”;

10 (F) in subsection (i), by redesignating para-
11 graph (5) as paragraph (4);

12 (G) in subsection (m)(3), by striking sub-
13 paragraph (E) and by redesignating subpara-
14 graphs (F), (G), and (H) as subparagraphs (E),
15 (F), and (G), respectively;

16 (H) in subsection (m)(7)(A), by striking
17 “during period” and inserting “during the pe-
18 riod”; and

19 (I) in subsection (o)(3)(D), by striking “sec-
20 tions 5(s) and (t) of this Act” and inserting
21 “subsections (s) and (t) of section 5”.

22 (g) AMENDMENTS TO THE NATIONAL HOUSING ACT.—
23 The National Housing Act (12 U.S.C. 1701 et seq.) is
24 amended—

1 (1) in section 317(b)(1)(B) (12 U.S.C.
2 1723i(b)(1)(B)), by striking “Bank Insurance Fund
3 for banks or through the Savings Association Insur-
4 ance Fund for savings associations” and inserting
5 “Deposit Insurance Fund”; and

6 (2) in section 536(b)(1)(B)(ii) (12 U.S.C. 1735f-
7 14(b)(1)(B)(ii)), by striking “Bank Insurance Fund
8 for banks and through the Savings Association Insur-
9 ance Fund for savings associations” and inserting
10 “Deposit Insurance Fund”.

11 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
12 REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—
13 *The Financial Institutions Reform, Recovery, and Enforce-*
14 *ment Act of 1989 (12 U.S.C. 1811 note) is amended—*

15 (1) in section 951(b)(3)(B) (12 U.S.C.
16 1833a(b)(3)(B)), by inserting “and after the merger of
17 such funds, the Deposit Insurance Fund,” after “the
18 Savings Association Insurance Fund,”; and

19 (2) in section 1112(c)(1)(B) (12 U.S.C.
20 3341(c)(1)(B)), by striking “Bank Insurance Fund,
21 the Savings Association Insurance Fund,” and insert-
22 ing “Deposit Insurance Fund”.

23 (i) AMENDMENT TO THE BANK HOLDING COMPANY
24 ACT OF 1956.—*The Bank Holding Company Act of 1956*
25 *(12 U.S.C. 1841 et seq.) is amended—*

1 (1) *in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by*
2 *striking “Savings Association Insurance Fund” and*
3 *inserting “Deposit Insurance Fund”; and*

4 (2) *in section 3(d)(1)(D)(iii) (12 U.S.C.*
5 *1842(d)(1)(D)(iii)), by striking “appropriate deposit*
6 *insurance fund” and inserting “Deposit Insurance*
7 *Fund”.*

8 (j) *AMENDMENTS TO THE GRAMM-LEACH-BLILEY*
9 *ACT.—Section 114 of the Gramm-Leach-Bliley Act (12*
10 *U.S.C. 1828a) is amended by striking “any Federal deposit*
11 *insurance fund” in subsection (a)(1)(B), paragraphs (2)(B)*
12 *and (4)(B) of subsection (b), and subsection (c)(1)(B), each*
13 *place that term appears and inserting “the Deposit Insur-*
14 *ance Fund”.*

15 (k) *EFFECTIVE DATE.—This section and the amend-*
16 *ments made by this section shall take effect on the first day*
17 *of the first calendar quarter that begins after the end of*
18 *the 90-day period beginning on the date of the enactment*
19 *of this Act.*

Union Calendar No. 278

107TH CONGRESS
2^D SESSION

H. R. 3717

[Report No. 107-467]

A BILL

To reform the Federal deposit insurance system,
and for other purposes.

MAY 16, 2002

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed