

## Union Calendar No. 33

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1185

[Report No. 109-67]

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

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2005

Mr. BACHUS (for himself, Ms. HOOLEY, Mr. OXLEY, Mr. FRANK of Massachusetts, Mr. GILLMOR, Mr. KANJORSKI, Ms. PRYCE of Ohio, Mr. LEACH, Mrs. MALONEY, Mr. JONES of North Carolina, Mr. MOORE of Kansas, Mr. RYUN of Kansas, Mr. ISRAEL, Mr. NEY, Mr. TIBERI, Mrs. BIGGERT, Mr. GUTIERREZ, Mr. DAVIS of Alabama, Mr. HINOJOSA, Mr. KING of New York, Mrs. MCCARTHY, Mr. LATOURETTE, Mr. MANZULLO, Mr. NEUGEBAUER, Mr. FORD, Mr. TOWNS, Mr. RENZI, Mr. CLAY, Mr. GARY G. MILLER of California, Mr. MCHENRY, and Mr. BARTLETT of Maryland) introduced the following bill; which was referred to the Committee on Financial Services

APRIL 29, 2005

Additional sponsors: Mr. ADERHOLT, Ms. GINNY BROWN-WAITE of Florida, Mr. LUCAS, Mr. CROWLEY, Mr. MEEKS of New York, Ms. VELÁZQUEZ, Mr. PRICE of Georgia, Mrs. MUSGRAVE, Mr. CHABOT, and Mr. BEAUPREZ

APRIL 29, 2005

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 March 9, 2005]

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## 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 2005”.*

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. Replacement of fixed designated reserve ratio with reserve range.*

*Sec. 6. Requirements applicable to the risk-based assessment system.*

*Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.*

*Sec. 8. Deposit Insurance Fund restoration plans.*

*Sec. 9. Regulations required.*

*Sec. 10. Studies of FDIC structure and expenses and certain activities and fur-*  
*ther possible changes to deposit insurance system.*

*Sec. 11. Bi-annual FDIC survey and report on increasing the deposit base by en-*  
*couraging use of depository institutions by the unbanked.*

*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                           *9(a)(2) of the Federal Deposit Insurance*  
14                           *Reform Act of 2005, \$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                           *2007, 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 of December*  
12                           *31 of the year preceding the year in*  
13                           *which the adjustment is calculated*  
14                           *under this clause, to the value of such*  
15                           *index as of the date this subparagraph*  
16                           *takes effect.*

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 (E); 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 (E) at an insured deposi-*  
8           *tory institution, such deposits shall be insured in*  
9           *an amount not to exceed the lesser of—*

10                   “(i) \$2,000,000; 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) *MUNICIPAL DEPOSIT PARITY.*—*No*  
17           *State may deny to insured depository institu-*  
18           *tions within its jurisdiction the authority to ac-*  
19           *cept deposits insured under this paragraph, or*  
20           *prohibit the making of such deposits in such in-*  
21           *stitutions by any in-State municipal depositor.*

22           “(D) *IN-STATE MUNICIPAL DEPOSITOR DE-*  
23           *FINED.*—*For purposes of this paragraph, the*  
24           *term ‘in-State municipal depositor’ means a mu-*  
25           *nicipal depositor that is located in the same*

1           *State as the office or branch of the insured de-*  
2           *pository institution at which the deposits of that*  
3           *depositor are held.*

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

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

9           “(F) *AUTHORITY TO LIMIT DEPOSITS.*—  
10           *The”;* and

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

14           (e) *TECHNICAL AND CONFORMING AMENDMENT RE-*  
15           *LATING TO INSURANCE OF TRUST FUNDS.*—*Paragraphs (1)*  
16           *and (3) of section 7(i) of the Federal Deposit Insurance Act*  
17           *(12 U.S.C. 1817(i)) are each amended by striking*  
18           *“\$100,000” and inserting “the standard maximum deposit*  
19           *insurance amount (as determined under section 11(a)(1))”.*

20           (f) *OTHER TECHNICAL AND CONFORMING AMEND-*  
21           *MENTS.*—

22           (1) *Section 11(m)(6) of the Federal Deposit In-*  
23           *surance Act (12 U.S.C. 1821(m)(6)) is amended by*  
24           *striking “\$100,000” and inserting “an amount equal*

1       to the standard maximum deposit insurance  
2       amount”.

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

6       “(a) *INSURANCE LOGO.*—

7               “(1) *INSURED DEPOSITORY INSTITUTIONS.*—

8                       “(A) *IN GENERAL.*—Each insured deposi-  
9       tory institution shall display at each place of  
10      business maintained by that institution a sign  
11      or signs relating to the insurance of the deposits  
12      of the institution, in accordance with regulations  
13      to be prescribed by the Corporation.

14                      “(B) *STATEMENT TO BE INCLUDED.*—Each  
15      sign required under subparagraph (A) shall in-  
16      clude a statement that insured deposits are  
17      backed by the full faith and credit of the United  
18      States Government.

19               “(2) *REGULATIONS.*—The Corporation shall pre-  
20      scribe regulations to carry out this subsection, includ-  
21      ing regulations governing the substance of signs re-  
22      quired by paragraph (1) and the manner of display  
23      or use of such signs.

24               “(3) *PENALTIES.*—For each day that an insured  
25      depository institution continues to violate this sub-

1        *section or any regulation issued under this subsection,*  
2        *it shall be subject to a penalty of not more than \$100,*  
3        *which the Corporation may recover for its use.”.*

4            *(3) Section 43(d) of the Federal Deposit Insur-*  
5        *ance Act (12 U.S.C. 1831t(d)) is amended by striking*  
6        *“\$100,000” and inserting “an amount equal to the*  
7        *standard maximum deposit insurance amount”.*

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

10            *(A) by striking “\$100,000” each place such*  
11        *term appears and inserting “an amount equal to*  
12        *the standard maximum deposit insurance*  
13        *amount”; and*

14            *(B) by adding at the end the following new*  
15        *subsection:*

16        *“(e) STANDARD MAXIMUM DEPOSIT INSURANCE*  
17        *AMOUNT DEFINED.—For purposes of this section, the term*  
18        *‘standard maximum deposit insurance amount’ means the*  
19        *amount of the maximum amount of deposit insurance as*  
20        *determined under section 11(a)(1) of the Federal Deposit*  
21        *Insurance Act.”.*

22            *(g) CONFORMING CHANGE TO CREDIT UNION SHARE*  
23        *INSURANCE FUND.—*

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

1           (A) by striking “(k)(1)” and all that follows  
2           through the end of paragraph (1) and inserting  
3           the following:

4           “(k) *INSURED AMOUNTS PAYABLE.*—

5           “(1) *NET INSURED AMOUNT.*—

6           “(A) *IN GENERAL.*—Subject to the provi-  
7           sions of paragraph (2), the net amount of share  
8           insurance payable to any member at an insured  
9           credit union shall not exceed the total amount of  
10          the shares or deposits in the name of the member  
11          (after deducting offsets), less any part thereof  
12          which is in excess of the standard maximum  
13          share insurance amount, as determined in ac-  
14          cordance with this paragraph and paragraphs  
15          (5) and (6), and consistently with actions taken  
16          by the Federal Deposit Insurance Corporation  
17          under section 11(a) of the Federal Deposit Insur-  
18          ance Act.

19          “(B) *AGGREGATION.*—Determination of the  
20          net amount of share insurance under subpara-  
21          graph (A), shall be in accordance with such regu-  
22          lations as the Board may prescribe, and, in de-  
23          termining the amount payable to any member,  
24          there shall be added together all accounts in the  
25          credit union maintained by that member for that

1 member's own benefit, either in the member's  
2 own name or in the names of others.

3 “(C) *AUTHORITY TO DEFINE THE EXTENT*  
4 *OF COVERAGE.*—*The Board may define, with*  
5 *such classifications and exceptions as it may*  
6 *prescribe, the extent of the share insurance cov-*  
7 *erage provided for member accounts, including*  
8 *member accounts in the name of a minor, in*  
9 *trust, or in joint tenancy.”;*

10 (B) *in paragraph (2)*—

11 (i) *in subparagraph (A)*—

12 (I) *in clauses (i) through (v), by*  
13 *moving the margins 4 ems to the right;*

14 (II) *in the matter following clause*  
15 *(v), by striking “his account” and all*  
16 *that follows through the period; and*

17 (III) *by striking the semicolon at*  
18 *the end of clause (v) and inserting a*  
19 *period;*

20 (ii) *by striking “(2)(A) Notwith-*  
21 *standing” and all that follows through “a*  
22 *depositor or member who is—” and insert-*  
23 *ing the following:*

24 “(2) *MUNICIPAL DEPOSITORS OR MEMBERS.*—

1           “(A) *IN GENERAL.*—Notwithstanding any  
2           *limitation in this Act or in any other provision*  
3           *of law relating to the amount of insurance avail-*  
4           *able to any 1 depositor or member, deposits or*  
5           *shares of a municipal depositor or member shall*  
6           *be insured in an amount equal to the standard*  
7           *maximum share insurance amount (as deter-*  
8           *mined under paragraph (5)), except as provided*  
9           *in subparagraph (B).*

10           “(B) *IN-STATE MUNICIPAL DEPOSITORS.*—  
11           *In the case of the deposits of an in-State munic-*  
12           *ipal depositor described in clause (ii), (iii), (iv),*  
13           *or (v) of subparagraph (E) at an insured credit*  
14           *union, such deposits shall be insured in an*  
15           *amount equal to the lesser of—*

16                   “(i) \$2,000,000; or

17                   “(ii) *the sum of the standard max-*  
18                   *imum deposit insurance amount and 80*  
19                   *percent of the amount of any deposits in ex-*  
20                   *cess of the standard maximum deposit in-*  
21                   *surance amount.*

22           “(C) *RULE OF CONSTRUCTION.*—No provi-  
23           *sion of this paragraph shall be construed as au-*  
24           *thorizing an insured credit union to accept the*  
25           *deposits of a municipal depositor in an amount*

1 greater than such credit union is authorized to  
 2 accept under any other provision of Federal or  
 3 State law.

4 “(D) *IN-STATE MUNICIPAL DEPOSITOR DE-*  
 5 *FINED.*—For purposes of this paragraph, the  
 6 term ‘in-State municipal depositor’ means a mu-  
 7 nicipal depositor that is located in the same  
 8 State as the office or branch of the insured credit  
 9 union at which the deposits of that depositor are  
 10 held.

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

14 (iii) by striking “(B) The” and insert-  
 15 ing the following:

16 “(F) *AUTHORITY TO LIMIT DEPOSITS.*—  
 17 The”; and

18 (iv) by striking “depositor or member  
 19 referred to in subparagraph (A)” and in-  
 20 serting “municipal depositor or member”;  
 21 and

22 (C) by adding at the end the following new  
 23 paragraphs:

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

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

5           “(B) *PROHIBITION ON ACCEPTANCE OF DE-*  
6           *POSITS.*—*An insured credit union that is not*  
7           *well capitalized or adequately capitalized may*  
8           *not accept employee benefit plan deposits.*

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

11           “(i) *CAPITAL STANDARDS.*—*The terms*  
12           *‘well capitalized’ and ‘adequately capital-*  
13           *ized’ have the same meanings as in section*  
14           *216(c).*

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

17           *“(I) has the meaning given to*  
18           *such term in section 3(3) of the Em-*  
19           *ployee Retirement Income Security Act*  
20           *of 1974;*

21           *“(II) includes any plan described*  
22           *in section 401(d) of the Internal Rev-*  
23           *enue Code of 1986; and*

24           *“(III) includes any eligible de-*  
25           *ferred compensation plan described in*

1                    *section 457 of the Internal Revenue*  
2                    *Code of 1986.*

3                    “(iii) *PASS-THROUGH SHARE INSUR-*  
4                    *ANCE.—The term ‘pass-through share insur-*  
5                    *ance’ means, with respect to an employee*  
6                    *benefit plan, insurance coverage provided*  
7                    *on a pro rata basis to the participants in*  
8                    *the plan, in accordance with the interest of*  
9                    *each participant.*

10                   “(D) *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 an employee benefit plan in an*  
14                   *amount greater than such credit union is author-*  
15                   *ized to accept under any other provision of Fed-*  
16                   *eral or State law.*

17                   “(5) *STANDARD MAXIMUM SHARE INSURANCE*  
18                   *AMOUNT DEFINED.—For purposes of this Act, the*  
19                   *term ‘standard maximum share insurance amount’*  
20                   *means—*

21                   “(A) *until the effective date of final regula-*  
22                   *tions prescribed pursuant to section 9(a)(2) of*  
23                   *the Federal Deposit Insurance Reform Act of*  
24                   *2005, \$100,000; and*

1           “(B) on and after such effective date,  
2           \$130,000, adjusted as provided under section  
3           11(a)(1)(F) of the Federal Deposit Insurance  
4           Act.”.

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

11          (h) *EFFECTIVE DATE.*—This section and the amend-  
12          ments made by this section shall take effect on the date the  
13          final regulations required under section 9(a)(2) take effect.

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

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

20               (1) by striking subparagraphs (A) and (B) and  
21               inserting the following new subparagraphs:

22                       “(A) *IN GENERAL.*—The Board of Directors  
23                       shall set assessments for insured depository insti-  
24                       tutions in such amounts as the Board of Direc-

1           *tors may determine to be necessary or appro-*  
2           *priate, subject to subparagraph (D).*

3           “(B) *FACTORS TO BE CONSIDERED.*—*In set-*  
4           *ting assessments under subparagraph (A), the*  
5           *Board of Directors shall consider the following*  
6           *factors:*

7                   “(i) *The estimated operating expenses*  
8                   *of the Deposit Insurance Fund.*

9                   “(ii) *The estimated case resolution ex-*  
10                   *penditures and income of the Deposit Insurance*  
11                   *Fund.*

12                   “(iii) *The projected effects of the pay-*  
13                   *ment of assessments on the capital and*  
14                   *earnings of insured depository institutions.*

15                   “(iv) *the risk factors and other factors*  
16                   *taken into account pursuant to paragraph*  
17                   *(1) under the risk-based assessment system,*  
18                   *including the requirement under such para-*  
19                   *graph to maintain a risk-based system.*

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

22                   *and*

23           (2) *by inserting after subparagraph (C) the fol-*  
24           *lowing new subparagraph:*

25                   “(D) *BASE RATE FOR ASSESSMENTS.*—

1           “(i) *IN GENERAL.*—*In setting assess-*  
2           *ment rates pursuant to subparagraph (A),*  
3           *the Board of Directors shall establish a base*  
4           *rate of not more than 1 basis point (exclu-*  
5           *sive of any credit or dividend) for those in-*  
6           *sured depository institutions in the lowest-*  
7           *risk category under the risk-based assess-*  
8           *ment system established pursuant to para-*  
9           *graph (1). No insured depository institution*  
10           *shall be barred from the lowest-risk category*  
11           *solely because of size.*

12           “(ii) *SUSPENSION.*—*Clause (i) shall*  
13           *not apply during any period in which the*  
14           *reserve ratio of the Deposit Insurance Fund*  
15           *is less than the amount which is equal to*  
16           *1.15 percent of the aggregate estimated in-*  
17           *sured deposits.”.*

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

22           “(5) *DEPOSITORY INSTITUTION REQUIRED TO*  
23           *MAINTAIN ASSESSMENT-RELATED RECORDS.*—*Each*  
24           *insured depository institution shall maintain all*  
25           *records that the Corporation may require for*

1       *verifying the correctness of any assessment on the in-*  
 2       *sured depository institution under this subsection*  
 3       *until the later of—*

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

6               “(B) *in the case of a dispute between the in-*  
 7               *sured depository institution and the Corporation*  
 8               *with respect to such assessment, the date of a*  
 9               *final determination of any such dispute.”.*

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

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

16               “(1) *IN GENERAL.—Subject to paragraph (3),*  
 17               *any insured depository institution which fails or re-*  
 18               *fuses to pay any assessment shall be subject to a pen-*  
 19               *alty in an amount not more than 1 percent of the*  
 20               *amount of the assessment due for each day that such*  
 21               *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) SPECIAL RULE FOR SMALL ASSESSMENT*  
7            *AMOUNTS.—If the amount of the assessment which an*  
8            *insured depository institution fails or refuses to pay*  
9            *is less than \$10,000 at the time of such failure or re-*  
10           *fusals, the amount of any penalty to which such insti-*  
11           *tution is subject under paragraph (1) shall not exceed*  
12           *\$100 for each day that such violation continues.*

13           *“(4) AUTHORITY TO MODIFY OR REMIT PEN-*  
14           *ALTY.—The Corporation, in the sole discretion of the*  
15           *Corporation, may compromise, modify or remit any*  
16           *penalty which the Corporation may assess or has al-*  
17           *ready assessed under paragraph (1) upon a finding*  
18           *that good cause prevented the timely payment of an*  
19           *assessment.”.*

20           *(d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—*

21           *(1) IN GENERAL.—Section 232 of the Federal*  
22           *Deposit Insurance Corporation Improvement Act of*  
23           *1991 (12 U.S.C. 1834) is amended by striking sub-*  
24           *section (c).*

1           (2) *CLARIFICATION OF RATE APPLICABLE TO DE-*  
2           *POSITS ATTRIBUTABLE TO LIFELINE ACCOUNTS.*—*Sec-*  
3           *tion 7(b)(2)(H) of the Federal Deposit Insurance Act*  
4           *(12 U.S.C. 1817(b)(2)(H)) is amended by striking “at*  
5           *a rate determined in accordance with such Act” and*  
6           *inserting “at 1/2 the assessment rate otherwise appli-*  
7           *cable for such insured depository institution”.*

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

13          (e) *TECHNICAL AND CONFORMING AMENDMENTS.*—

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

20                 (2) *Subparagraphs (B)(ii) and (C) of section*  
21                 *7(b)(1) of the Federal Deposit Insurance Act (12*  
22                 *U.S.C. 1817(b)(1)) are each amended by striking*  
23                 *“semiannual” where such term appears in each such*  
24                 *subparagraph.*

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

3           (A) *by striking subparagraphs (E), (F), and*  
4 *(G);*

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

7           (C) *by redesignating subparagraph (H) (as*  
8 *amended by subsection (e)(2) of this section) as*  
9 *subparagraph (E).*

10          (4) *Section 7(b) of the Federal Deposit Insurance*  
11 *Act (12 U.S.C. 1817(b)) is amended by striking para-*  
12 *graph (4) and redesignating paragraphs (5) (as*  
13 *amended by subsection (b) of this section), (6), and*  
14 *(7) as paragraphs (4), (5), and (6) respectively.*

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

17           (A) *in paragraph (1)(A), by striking “semi-*  
18 *annual”;*

19           (B) *in paragraph (2)(A), by striking “semi-*  
20 *annual”; and*

21           (C) *in paragraph (3), by striking “semi-*  
22 *annual period” and inserting “initial assessment*  
23 *period”.*

1           (6) *Section 8(p) of the Federal Deposit Insur-*  
2 *ance Act (12 U.S.C. 1818(p)) is amended by striking*  
3 *“semiannual”.*

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

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

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

15                   (A) *in the matter preceding subparagraph*  
16 *(A) of paragraph (2), by striking “the Board*  
17 *and”;*

18                   (B) *in subparagraph (J) of paragraph (2),*  
19 *by striking “the Board” and inserting “the Cor-*  
20 *poration”;*

21                   (C) *by striking subparagraph (A) of para-*  
22 *graph (3) and inserting the following new sub-*  
23 *paragraph:*

1           “(A) CORPORATION.—The term ‘Corpora-  
2           tion’ means the Federal Deposit Insurance Cor-  
3           poration.”; and

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

7           (f) EFFECTIVE DATE.—This section and the amend-  
8           ments made by this section shall take effect on the date that  
9           the final regulations required under section 9(a)(5) take ef-  
10          fect.

11       **SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE**  
12                               **RATIO WITH RESERVE RANGE.**

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

16                       “(3) DESIGNATED RESERVE RATIO.—

17                               “(A) ESTABLISHMENT.—

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

23                                       “(ii) NOT LESS THAN ANNUAL REDE-  
24                                       TERMINATION.—A determination under  
25                                       clause (i) shall be made by the Board of Di-

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

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

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

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

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

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

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

1           that may exist during such less favorable  
2           conditions, as determined to be appropriate  
3           by the Board of Directors;

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

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

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

18          (b) TECHNICAL AND CONFORMING AMENDMENT.—Sec-  
19          tion 3(y) of the Federal Deposit Insurance Act (12 U.S.C.  
20          1813(y)) is amended—

21                 (1) by striking “(y) The term” and inserting(y)  
22          Definitions Relating to Deposit Insurance 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 depository*  
5                    *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 2005, 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. 7. 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 IN EXCESS OF 1.4*  
 21 *PERCENT OF ESTIMATED INSURED DEPOSITS.—*

22 *Whenever the reserve ratio of the Deposit Insur-*  
 23 *ance Fund exceeds 1.4 percent of estimated in-*  
 24 *sured deposits, the Corporation shall declare the*  
 25 *amount in the Fund in excess of the amount re-*

1           *quired to maintain the reserve ratio at 1.4 per-*  
2           *cent of estimated insured deposits, as dividends*  
3           *to be paid to insured depository institutions.*

4           “(B) *RESERVE RATIO EQUAL TO OR IN EX-*  
5           *CESS OF 1.35 PERCENT OF ESTIMATED INSURED*  
6           *DEPOSITS AND NOT MORE THAN 1.4 PERCENT.—*

7           *Whenever the reserve ratio of the Deposit Insur-*  
8           *ance Fund equals or exceeds 1.35 percent of esti-*  
9           *mated insured deposits and is not more than 1.4*  
10          *percent of such deposits, the Corporation shall*  
11          *declare the amount in the Fund that is equal to*  
12          *50 percent of the amount in excess of the amount*  
13          *required to maintain the reserve ratio at 1.35*  
14          *percent of the estimated insured deposits as divi-*  
15          *dends to be paid to insured depository institu-*  
16          *tions.*

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

19                 “(i) *IN GENERAL.—Solely for the pur-*  
20                 *poses of dividend distribution under this*  
21                 *paragraph and credit distribution under*  
22                 *paragraph (3)(B), the Corporation shall de-*  
23                 *termine each insured depository institu-*  
24                 *tion’s relative contribution to the Deposit*  
25                 *Insurance Fund (or any predecessor deposit*

1           *insurance fund) for calculating such insti-*  
2           *tution's share of any dividend or credit de-*  
3           *clared under this paragraph or paragraph*  
4           *(3)(B), taking into account the factors de-*  
5           *scribed in clause (ii).*

6           “(ii) *FACTORS FOR DISTRIBUTION.—In*  
7           *implementing this paragraph and para-*  
8           *graph (3)(B) in accordance with regula-*  
9           *tions, the Corporation shall take into ac-*  
10          *count the following factors:*

11           “(I) *The ratio of the assessment*  
12          *base of an insured depository institu-*  
13          *tion (including any predecessor) on*  
14          *December 31, 1996, to the assessment*  
15          *base of all eligible insured depository*  
16          *institutions on that date.*

17           “(II) *The total amount of assess-*  
18          *ments paid on or after January 1,*  
19          *1997, by an insured depository institu-*  
20          *tion (including any predecessor) to the*  
21          *Deposit Insurance Fund (and any*  
22          *predecessor deposit insurance fund).*

23           “(III) *That portion of assessments*  
24          *paid by an insured depository institu-*  
25          *tion (including any predecessor) that*

1 *reflects higher levels of risk assumed by*  
2 *such institution.*

3 *“(IV) Such other factors as the*  
4 *Corporation may determine to be ap-*  
5 *propriate.*

6 *“(D) NOTICE AND OPPORTUNITY FOR COM-*  
7 *MENT.—The Corporation shall prescribe by regu-*  
8 *lation, after notice and opportunity for com-*  
9 *ment, the method for the calculation, declaration,*  
10 *and payment of dividends under this paragraph.*

11 *“(3) CREDIT POOL.—*

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

14 *“(i) IN GENERAL.—Before the end of*  
15 *the 270-day period beginning on the date of*  
16 *the enactment of the Federal Deposit Insur-*  
17 *ance Reform Act of 2005, the Board of Di-*  
18 *rectors shall, by regulation, provide for a*  
19 *credit to each eligible insured depository in-*  
20 *stitution, based on the assessment base of*  
21 *the institution (including any predecessor*  
22 *institution) on December 31, 1996, as com-*  
23 *pared to the combined aggregate assessment*  
24 *base of all eligible insured depository insti-*  
25 *tutions, taking into account such factors as*

1           *the Board of Directors may determine to be*  
2           *appropriate.*

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

13           “(iii) *ELIGIBLE INSURED DEPOSITORY*  
14           *INSTITUTION DEFINED.*—*For purposes of*  
15           *this paragraph, the term ‘eligible insured*  
16           *depository institution’ means any insured*  
17           *depository institution that—*

18                   “(I) *was in existence on December*  
19                   *31, 1996, and paid a deposit insurance*  
20                   *assessment prior to that date; or*

21                   “(II) *is a successor to any insured*  
22                   *depository institution described in sub-*  
23                   *clause (I).*

24           “(iv) *APPLICATION OF CREDITS.*—

1                   “(I) *IN GENERAL.*—*The amount of*  
2                   *a credit to any eligible insured deposi-*  
3                   *tory institution under this paragraph*  
4                   *shall be applied by the Corporation,*  
5                   *subject to subsection (b)(3)(E), to the*  
6                   *assessments imposed on such institu-*  
7                   *tion under subsection (b) that become*  
8                   *due for assessment periods beginning*  
9                   *after the effective date of regulations*  
10                   *prescribed under clause (i).*

11                   “(II) *REGULATIONS.*—*The regula-*  
12                   *tions prescribed under clause (i) shall*  
13                   *establish the qualifications and proce-*  
14                   *dures governing the application of as-*  
15                   *essment credits pursuant to subclause*  
16                   *(I).*

17                   “(v) *LIMITATION ON AMOUNT OF CRED-*  
18                   *IT FOR CERTAIN DEPOSITORY INSTITU-*  
19                   *TIONS.*—*In the case of an insured deposi-*  
20                   *tory institution that exhibits financial,*  
21                   *operational, or compliance weaknesses rang-*  
22                   *ing from moderately severe to unsatisfac-*  
23                   *tory, or is not adequately capitalized (as de-*  
24                   *finied in section 38) at the beginning of an*  
25                   *assessment period, the amount of any credit*

1           *allowed under this paragraph against the*  
2           *assessment on that depository institution*  
3           *for such period may not exceed the amount*  
4           *calculated by applying to that depository*  
5           *institution the average assessment rate on*  
6           *all insured depository institutions for such*  
7           *assessment period.*

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

15           “(B) *ON-GOING CREDIT POOL.*—

16           “(i) *IN GENERAL.*—*In addition to the*  
17           *credit provided pursuant to subparagraph*  
18           *(A) and subject to the limitation contained*  
19           *in clause (v) of such subparagraph, the Cor-*  
20           *poration shall, by regulation, establish an*  
21           *on-going system of credits to be applied*  
22           *against future assessments under subsection*  
23           *(b)(1) on the same basis as the dividends*  
24           *provided under paragraph (2)(C).*

1           “(ii) *LIMITATION ON CREDITS UNDER*  
2           *CERTAIN CIRCUMSTANCES.—No credits may*  
3           *be awarded by the Corporation under this*  
4           *subparagraph during any period in*  
5           *which—*

6                     “(I) *the reserve ratio of the De-*  
7                     *posit Insurance Fund is less than the*  
8                     *designated reserve ratio of such Fund;*  
9                     *or*

10                    “(II) *the reserve ratio of the Fund*  
11                    *is less than 1.25 percent of the amount*  
12                    *of estimated insured deposits.*

13           “(iii) *CRITERIA FOR DETERMINA-*  
14           *TION.—In determining the amounts of any*  
15           *assessment credits under this subparagraph,*  
16           *the Board of Directors shall take into ac-*  
17           *count the factors for designating the reserve*  
18           *ratio under subsection (b)(3) and the factors*  
19           *for setting assessments under subsection*  
20           *(b)(2)(B).*

21           “(4) *ADMINISTRATIVE REVIEW.—*

22                     “(A) *IN GENERAL.—The regulations pre-*  
23                     *scribed under paragraph (2)(D) and subpara-*  
24                     *graphs (A) and (B) of paragraph (3) shall in-*  
25                     *clude provisions allowing an insured depository*

1            *institution a reasonable opportunity to challenge*  
 2            *administratively the amount of the credit or div-*  
 3            *idend determined under paragraph (2) or (3) for*  
 4            *such institution.*

5            “(B) *ADMINISTRATIVE REVIEW.*—*Any re-*  
 6            *view under subparagraph (A) of any determina-*  
 7            *tion of the Corporation under paragraph (2) or*  
 8            *(3) shall be final and not subject to judicial re-*  
 9            *view.”.*

10          (b) *DEFINITION OF RESERVE RATIO.*—*Section 3(y) of*  
 11          *the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) (as*  
 12          *amended by section 5(b) of this Act) is amended by adding*  
 13          *at the end the following new paragraph:*

14                  “(3) *RESERVE RATIO.*—*The term ‘reserve ratio’,*  
 15                  *when used with regard to the Deposit Insurance Fund*  
 16                  *other than in connection with a reference to the des-*  
 17                  *ignated reserve ratio, means the ratio of the net worth*  
 18                  *of the Deposit Insurance Fund to the value of the ag-*  
 19                  *gregate estimated insured deposits.”.*

20          **SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.**

21          *Section 7(b)(3) of the Federal Deposit Insurance Act*  
 22          *(12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of this*  
 23          *Act) is amended by adding at the end the following new*  
 24          *subparagraph:*

25                  “(E) *DIF RESTORATION PLANS.*—

1 “(i) *IN GENERAL.—Whenever—*

2 “(I) *the Corporation projects that*  
3 *the reserve ratio of the Deposit Insur-*  
4 *ance Fund will, within 6 months of*  
5 *such determination, fall below the min-*  
6 *imum amount specified in subpara-*  
7 *graph (B)(ii) for the designated reserve*  
8 *ratio; or*

9 “(II) *the reserve ratio of the De-*  
10 *posit Insurance Fund actually falls*  
11 *below the minimum amount specified*  
12 *in subparagraph (B)(ii) for the des-*  
13 *ignated reserve ratio without any de-*  
14 *termination under subclause (I) having*  
15 *been made,*

16 *the Corporation shall establish and imple-*  
17 *ment a Deposit Insurance Fund restoration*  
18 *plan within 90 days that meets the require-*  
19 *ments of clause (ii) and such other condi-*  
20 *tions as the Corporation determines to be*  
21 *appropriate.*

22 “(ii) *REQUIREMENTS OF RESTORATION*  
23 *PLAN.—A Deposit Insurance Fund restora-*  
24 *tion plan meets the requirements of this*  
25 *clause if the plan provides that the reserve*

1           *ratio of the Fund will meet or exceed the*  
2           *minimum amount specified in subpara-*  
3           *graph (B)(ii) for the designated reserve*  
4           *ratio before the end of the 10-year period be-*  
5           *ginning upon the implementation of the*  
6           *plan.*

7           “(iii) *RESTRICTION ON ASSESSMENT*  
8           *CREDITS.—As part of any restoration plan*  
9           *under this subparagraph, the Corporation*  
10           *may elect to restrict the application of as-*  
11           *essment credits provided under subsection*  
12           *(e)(3) for any period that the plan is in ef-*  
13           *fect.*

14           “(iv) *LIMITATION ON RESTRICTION.—*  
15           *Notwithstanding clause (iii), while any res-*  
16           *toration plan under this subparagraph is in*  
17           *effect, the Corporation shall apply credits*  
18           *provided to an insured depository institu-*  
19           *tion under subsection (e)(3) against any as-*  
20           *essment imposed on the institution for any*  
21           *assessment period in an amount equal to*  
22           *the lesser of—*

23                           “(I) *the amount of the assessment;*

24                           *or*

1                   “(II) the amount equal to 3 basis  
2                   points of the institution’s assessment  
3                   base.

4                   “(v) *TRANSPARENCY*.—Not more than  
5                   30 days after the Corporation establishes  
6                   and implements a restoration plan under  
7                   clause (i), the Corporation shall publish in  
8                   the *Federal Register* a detailed analysis of  
9                   the factors considered and the basis for the  
10                  actions taken with regard to the plan.”.

11 **SEC. 9. REGULATIONS REQUIRED.**

12                  (a) *IN GENERAL*.—Not later than 270 days after the  
13                  date of the enactment of this Act, the Board of Directors  
14                  of the Federal Deposit Insurance Corporation shall pre-  
15                  scribe final regulations, after notice and opportunity for  
16                  comment—

17                         (1) designating the reserve ratio for the Deposit  
18                         Insurance Fund in accordance with section 7(b)(3) of  
19                         the Federal Deposit Insurance Act (as amended by  
20                         section 5 of this Act);

21                         (2) implementing increases in deposit insurance  
22                         coverage in accordance with the amendments made by  
23                         section 3 of this Act;



1           (A) *The efficiency and effectiveness of the*  
2 *administration of the prompt corrective action*  
3 *program under section 38 of the Federal Deposit*  
4 *Insurance Act by the Federal banking agencies*  
5 *(as defined in section 3 of such Act), including*  
6 *the degree of effectiveness of such agencies in*  
7 *identifying troubled depository institutions and*  
8 *taking effective action with respect to such insti-*  
9 *tutions, and the degree of accuracy of the risk as-*  
10 *essments made by the Corporation.*

11           (B) *The appropriateness of the organiza-*  
12 *tional structure of the Federal Deposit Insurance*  
13 *Corporation for the mission of the Corporation*  
14 *taking into account—*

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

19                   (ii) *the extent to which the organiza-*  
20 *tional structure contributes to or reduces*  
21 *operational inefficiencies that increase oper-*  
22 *ational costs; and*

23                   (iii) *the effectiveness of internal con-*  
24 *trols.*

1           (2) *REPORT TO THE CONGRESS.*—The Comptroller General shall submit a report to the Congress  
2 before the end of the 1-year period beginning on the  
3 date of the enactment of this Act containing the find-  
4 ings and conclusions of the Comptroller General with  
5 respect to the study required under paragraph (1) to-  
6 gether with such recommendations for legislative or  
7 administrative action as the Comptroller General  
8 may determine to be appropriate.

9  
10       (b) *STUDY OF FURTHER POSSIBLE CHANGES TO DE-*  
11 *POSIT INSURANCE SYSTEM.*—

12           (1) *STUDY REQUIRED.*—The Board of Directors  
13 of the Federal Deposit Insurance Corporation and the  
14 National Credit Union Administration Board shall  
15 each conduct a study of the following:

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

22           (B) *The feasibility of privatizing all deposit*  
23 *insurance at insured depository institutions and*  
24 *insured credit unions.*

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

11           (c) *STUDY REGARDING APPROPRIATE DEPOSIT BASE*  
12 *IN DESIGNATING RESERVE RATIO.*—

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

19           (2) *REPORT.*—*The Federal Deposit Insurance*  
20 *Corporation shall submit a report to the Congress be-*  
21 *fore the end of the 1-year period beginning on the*  
22 *date of the enactment of this Act containing the find-*  
23 *ings and conclusions of the Corporation with respect*  
24 *to the study required under paragraph (1) together*  
25 *with such recommendations for legislative or adminis-*

1        *trative action as the Board of Directors of the Cor-*  
2        *poration may determine to be appropriate.*

3        *(d) STUDY OF RESERVE METHODOLOGY AND AC-*  
4        *COUNTING FOR LOSS.—*

5                *(1) STUDY REQUIRED.—The Federal Deposit In-*  
6        *surance Corporation shall conduct a study of the re-*  
7        *serve methodology and loss accounting used by the*  
8        *Corporation during the period beginning on January*  
9        *1, 1992, and ending December 31, 2004, with respect*  
10       *to insured depository institutions in a troubled condi-*  
11       *tion (as defined in the regulations prescribed pursu-*  
12       *ant to section 32(f) of the Federal Deposit Insurance*  
13       *Act). The Corporation shall obtain comments on the*  
14       *design of the study from the Comptroller General.*

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

18                        *(A) consider the overall effectiveness and ac-*  
19       *curacy of the methodology used by the Corpora-*  
20       *tion for establishing and maintaining reserves*  
21       *and estimating and accounting for losses at in-*  
22       *surated depository institutions, during the period*  
23       *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 efforts of the Corporation to re-  
14           duce losses in such 3-year period to minimally  
15           acceptable levels and to historical levels.

16           (3) *REPORT REQUIRED.*—The Board of Directors  
17           of the Federal Deposit Insurance Corporation shall  
18           submit a report to the Congress before the end of the  
19           6-month period beginning on the date of the enact-  
20           ment of this Act, containing the findings and conclu-  
21           sions of the Corporation with respect to the study re-  
22           quired under paragraph (1), together with such rec-  
23           ommendations for legislative or administrative action  
24           as the Board of Directors may determine to be appro-  
25           priate. Before submitting the report to Congress, the

1        *Board of Directors shall provide a draft of the report*  
 2        *to the Comptroller General for comment.*

3        **SEC. 11. BI-ANNUAL FDIC SURVEY AND REPORT ON IN-**  
 4                                **CREASING THE DEPOSIT BASE BY ENCOUR-**  
 5                                **AGING USE OF DEPOSITORY INSTITUTIONS**  
 6                                **BY THE UNBANKED.**

7        *The Federal Deposit Insurance Act (12 U.S.C. 1811*  
 8        *et seq.) is amended by adding at the end the following new*  
 9        *section:*

10        **“SEC. 49. BI-ANNUAL FDIC SURVEY AND REPORT ON EN-**  
 11                                **COURAGING USE OF DEPOSITORY INSTITU-**  
 12                                **TIONS BY THE UNBANKED.**

13        *“(a) SURVEY REQUIRED.—*

14                        *“(1) IN GENERAL.—The Corporation shall con-*  
 15        *duct a bi-annual survey on efforts by insured deposi-*  
 16        *tory institutions to bring those individuals and fami-*  
 17        *lies who have rarely, if ever, held a checking account,*  
 18        *a savings account or other type of transaction or*  
 19        *check cashing account at an insured depository insti-*  
 20        *tution (hereafter in this section referred to as the*  
 21        *‘unbanked’) into the conventional finance system.*

22                        *“(2) FACTORS AND QUESTIONS TO CONSIDER.—*  
 23        *In conducting the survey, the Corporation shall take*  
 24        *the following factors and questions into account:*

1           “(A) *To what extent do insured depository*  
2           *institutions promote financial education and fi-*  
3           *nancial literacy outreach?*

4           “(B) *Which financial education efforts ap-*  
5           *pear to be the most effective in bringing*  
6           *‘unbanked’ individuals and families into the*  
7           *conventional finance system?*

8           “(C) *What efforts are insured institutions*  
9           *making at converting ‘unbanked’ money order,*  
10          *wire transfer, and international remittance cus-*  
11          *tomers into conventional account holders?*

12          “(D) *What cultural, language and identi-*  
13          *fication issues as well as transaction costs ap-*  
14          *pear to most prevent ‘unbanked’ individuals*  
15          *from establishing conventional accounts?*

16          “(E) *What is a fair estimate of the size and*  
17          *worth of the ‘unbanked’ market in the United*  
18          *States?*

19          “(b) *REPORTS.—The Chairperson of the Board of Di-*  
20          *rectors shall submit a bi-annual report to the Committee*  
21          *on Financial Services of the House of Representatives and*  
22          *the Committee on Banking, Housing, and Urban Affairs*  
23          *of the Senate containing the Corporation’s findings and*  
24          *conclusions with respect to the survey conducted pursuant*  
25          *to subsection (a), together with such recommendations for*

1 *legislative or administrative action as the Chairperson may*  
2 *determine to be appropriate.”.*

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

7 (a) *IN GENERAL.*—*The Federal Deposit Insurance Act*  
8 *(12 U.S.C. 1811 et seq.) is amended—*

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

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

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

15 (B) *by striking paragraph (1) of subsection*  
16 *(y) (as so designated by section 5(b) of this Act)*  
17 *and inserting the following new paragraph:*

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

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

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

3           (4) in section 5(d) (12 U.S.C. 1815(d)), by strik-  
4           ing paragraphs (2) and (3) (and any funds resulting  
5           from the application of such paragraph (2) prior to  
6           its repeal shall be deposited into the general fund of  
7           the Deposit Insurance Fund);

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

9           (A) in subparagraph (A), by striking “re-  
10           serve ratios in the Bank Insurance Fund and the  
11           Savings Association Insurance Fund as required  
12           by section 7” and inserting “the reserve ratio of  
13           the Deposit Insurance Fund”;

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

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

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

22           (D) by redesignating subparagraphs (A)  
23           and (C) as paragraphs (1) and (3), respectively,  
24           and moving the left margins 2 ems to the left;

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

1           (A) in paragraph (5)(A), by striking “Bank  
2           Insurance Fund or the Savings Association In-  
3           surance Fund” and inserting “Deposit Insurance  
4           Fund”;

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

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

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

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

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

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

20           (C) in paragraph (5) (as so redesignated by  
21           section 4(e)(4) of this Act)—

22           (i) by striking “any such assessment”  
23           and inserting “any such assessment is nec-  
24           essary”;

25           (ii) by striking subparagraph (B);

1                   (iii) in subparagraph (A)—

2                   (I) by striking “(A) is nec-  
3                   essary—”;

4                   (II) by striking “Bank Insurance  
5                   Fund members” and inserting “in-  
6                   sured depository institutions”; and

7                   (III) by redesignating clauses (i),  
8                   (ii), and (iii) as subparagraphs (A),  
9                   (B), and (C), respectively, and moving  
10                  the margins 2 ems to the left; and

11                  (iv) in subparagraph (C) (as so reded-  
12                  ignated)—

13                  (I) by inserting “that” before “the  
14                  Corporation”; and

15                  (II) by striking “; and” and in-  
16                  serting a period;

17                  (9) in section 7(j)(7)(F) (12 U.S.C.  
18                  1817(j)(7)(F)), by striking “Bank Insurance Fund or  
19                  the Savings Association Insurance Fund” and insert-  
20                  ing “Deposit Insurance Fund”;

21                  (10) in section 8(t)(2)(C) (12 U.S.C.  
22                  1818(t)(2)(C)), by striking “deposit insurance fund”  
23                  and inserting “Deposit Insurance Fund”;

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

1           (A) by striking “deposit insurance fund”  
2 each place that term appears and inserting “De-  
3 posit Insurance Fund”;

4           (B) by striking paragraph (4) of subsection  
5 (a) and inserting the following new paragraph:  
6 “(4) DEPOSIT INSURANCE FUND.—

7           “(A) ESTABLISHMENT.—There is estab-  
8 lished the Deposit Insurance Fund, which the  
9 Corporation shall—

10           “(i) maintain and administer;

11           “(ii) use to carry out its insurance  
12 purposes, in the manner provided by this  
13 subsection; and

14           “(iii) invest in accordance with section  
15 13(a).

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

21           “(C) LIMITATION ON USE.—Notwith-  
22 standing any provision of law other than section  
23 13(c)(4)(G), the Deposit Insurance Fund shall  
24 not be used in any manner to benefit any share-  
25 holder or affiliate (other than an insured deposi-

1            *tory institution that receives assistance in ac-*  
2            *cordance with the provisions of this Act) of—*

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

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

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

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

1           (C) by striking paragraphs (5), (6), and (7)  
2 of subsection (a); and

3           (D) by redesignating paragraph (8) of sub-  
4 section (a) as paragraph (5);

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

9           (13) in section 11(i)(3) (12 U.S.C. 1821(i)(3))—

10           (A) by striking subparagraph (B);

11           (B) by redesignating subparagraph (C) as  
12 subparagraph (B); and

13           (C) in subparagraph (B) (as so redesign-  
14 ated), by striking “subparagraphs (A) and (B)”  
15 and inserting “subparagraph (A)”;

16           (14) in section 11(p)(2)(B) (12 U.S.C.  
17 1821(p)(2)(B)), by striking “institution, any” and  
18 inserting “institution, the”;

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

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

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

24           (C) in paragraph (3), by striking “the  
25 Bank Insurance Fund, the Savings Association

1           *Insurance Fund,*” and inserting “*the Deposit In-*  
2           *urance Fund*”;

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

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

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

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

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

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

20           (C) in subsection (c)(4)(E)—

21           (i) in the subparagraph heading, by  
22           striking “*funds*” and inserting “*fund*”; and

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

1                   (D) in subsection (c)(4)(G)(ii)—

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

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

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

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

15                   (E) in subsection (c), by striking paragraph  
16 (11);

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

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

23                   (H) in subsection (k)(5)(A), by striking  
24 “Savings Association Insurance Fund members”  
25 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 amend-  
12 ed—

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. 33

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 1185**

[Report No. 109-67]

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**A BILL**

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

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APRIL 29, 2005

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