other paragraphs of section 16, see Codification note set out under section 411 of this title.

AMENDMENTS

1980—Pub. L. 96–221 substituted references to depository institutions for references to member banks wherever appearing and inserted references to applicability to other items, including negotiable orders of withdrawal and share drafts.

CHANGE OF NAME

Section 203(a) of act Aug. 23, 1935, changed name of Federal Reserve Board to Board of Governors of the Federal Reserve System.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96–221 effective on first day of sixth month which begins after Mar. 31, 1980, see section 108 of Pub. L. 96–221, set out as a note under section 248 of this title.

§ 361. Bills receivable, bills of exchange, acceptances; regulations by Board of Governors

The discount and rediscount and the purchase and sale by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this chapter, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Board of Governors of the Federal Reserve System.

(Dec. 23, 1913, ch. 6, § 13 (par.), 38 Stat. 264; Sept. 7, 1916, ch. 461, 39 Stat. 753; Aug. 23, 1935, ch. 614, § 203(a), 49 Stat. 704.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original ''this Act'', meaning act Dec. 23, 1913, ch. 6, 38 Stat. 251, as amended, known as the Federal Reserve Act. For complete classification of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

CODIFICATION

Section is based on the tenth par. of section 13 of act Dec. 23, 1913, as amended. The tenth par. constituted the eighth par. of section 13 in 1916 (39 Stat. 753), became the ninth par. in 1923 (42 Stat. 1478), and became the tenth par. in 1932 (47 Stat. 715). For further details, see Codification notes under sections 342 to 344 of this title.

CHANGE OF NAME

Section 203(a) of act Aug. 23, 1935, changed the name of the Federal Reserve Board to Board of Governors of the Federal Reserve System.

§§ 362 to 364. Omitted

CODIFICATION

Section 362, act June 1, 1955, ch. 113, title I, 69 Stat. 72, which related to reimbursement of Federal Reserve banks and branches for necessary expenses incident to deposit of withheld taxes in Government depositories, was from the Treasury-Post Office Appropriation Act, 1956, and was not repeated in subsequent appropriation acts.

Similar provisions were contained in the following prior appropriation acts:

May 28, 1954, ch. 242, title I, 68 Stat. 144.
June 18, 1953, ch. 132, title I, 67 Stat 67.
June 30, 1952, ch. 523, title I, 66 Stat. 289.
Aug. 11, 1951, ch. 301, title I, 65 Stat. 182.
Sept. 6, 1950, ch. 896, Ch. IV, title I, 64 Stat. 634.
June 30, 1949, ch. 286, title I, 63 Stat. 358.
June 14, 1948, ch. 466, title I, 62 Stat. 409.

Section 363, act June 1, 1955, ch. 113, title I, 69 Stat. 72, which related to reimbursement of Federal Reserve banks and branches for necessary expenses incident to verification and destruction of unfit United States paper currency, was from the Treasury-Post Office Appropriation Act, 1956, and was not repeated in subsequent appropriation acts.

Similar provisions were contained in the following prior appropriation act: May 28, 1954, ch. 242, title I, 68 Stat. 144.

Section 364, act Sept. 26, 1970, Pub. L. 91–422, title II, 84 Stat. 875, which related to reimbursement of Federal Reserve banks and branches for expenditures as fiscal agents of the United States on account of Post Office Department operations, was from the Treasury, Post Office, and Executive Office Appropriation Act, 1971, and was not repeated in subsequent appropriation acts.

SUBCHAPTER X—POWERS AND DUTIES OF MEMBER BANKS

§ 371. Real estate loans

(a) Authorization to make real estate loans; orders, rules, and regulations of Comptroller of the Currency

Any national banking association may make, arrange, purchase or sell loans or extensions of credit secured by liens on interests in real estate, subject to section 1828(*o*) of this title and such restrictions and requirements as the Comptroller of the Currency may prescribe by regulation or order.

(b) Eligibility for discount as commercial paper of notes representing loans financing construction of residential or farm buildings; prerequisites

Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities not to exceed nine months shall be eligible for discount as commercial paper within the terms of the first paragraph of section 343 of this title if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

(Dec. 23, 1913, ch. 6, § 24, 38 Stat. 273; Sept. 7, 1916, ch. 461, 39 Stat. 754; Feb. 25, 1927, ch. 191, § 16, 44 Stat. 1232; June 27, 1934, ch. 847, § 505, 48 Stat. 1263; Aug. 23, 1935, ch. 614, title II, § 208, title III, § 328, 49 Stat. 706, 717; Mar. 28, 1941, ch. 31, § 8, 55 Stat. 62; July 22, 1937, ch. 517, § 15(a), as added Aug. 14, 1946, ch. 964, § 5, 60 Stat. 1079; May 25, 1948, ch. 334, § 9, 62 Stat. 265; Oct. 25, 1949, ch. 729, § 6, 63 Stat. 906; Apr. 20, 1950, ch. 94, title V, § 502, 64 Stat. 80; Sept. 1, 1951, ch. 378, title II, § 207, title V, § 503, 65 Stat. 303, 312; Aug. 15, 1953, ch. 510, 67 Stat. 613; July 22, 1954, ch. 561, 68 Stat. 525; Aug. 28, 1937, ch. 870, § 10(f), as added Aug. 17, 1954, ch. 751, § 1(4), 68 Stat. 736; Aug. 11, 1955, ch. 781, §§ 1, 2, 69 Stat. 633, 634; Pub. L. 85–536, § 3, July 18, 1958, 72 Stat. 396; Pub. L. 86–251, § 4, Sept. 9, 1959, 73 Stat. 489; Pub. L. 87–70, title VIII, § 804(c), title IX, § 902, June 30, 1961, 75 Stat. 188, 191; Pub. L. 87–717, Sept. 28, 1962, 76 Stat. 662; Pub. L. 88–341, June 30, 1964, 78 Stat. 233; Pub. L. 88–560, title X, § 1004, Sept. 2, 1964, 78 Stat. 807; Pub. L. 89–117, title II, § 201(b)(2), title XI, § 1111, Aug. 10, 1965, 79 Stat. 465, 509; Pub. L. 89–754,

title V, § 504(a)(2), Nov. 3, 1966, 80 Stat. 1277; Pub. L. 90–19, § 26, May 25, 1967, 81 Stat. 28; Pub. L. 90–448, title IV, § 416(b), title XVII, § 1718, Aug. 1, 1968, 82 Stat. 518, 609; Pub. L. 91–351, title VII, § 704, July 24, 1970, 84 Stat. 462; Pub. L. 91–609, title VII, § 727(c), Dec. 31, 1970, 84 Stat. 1803; Pub. L. 93–383, title VII, § 711, title VIII, § 802(i)(1), Aug. 22, 1974, 88 Stat. 716, 725; Pub. L. 97–320, title IV, § 403(a), Oct. 15, 1982, 96 Stat. 1510; Pub. L. 102–242, title III, § 304(b), Dec. 19, 1991, 105 Stat. 2354.)

AMENDMENTS

1991—Subsec. (a). Pub. L. 102–242 substituted ''section 1828(*o*) of this title and such restrictions and requirements as the Comptroller of the Currency may prescribe by regulation or order'' for ''such terms, conditions, and limitations as may be prescribed by the Comptroller of the Currency by order, rule, or regulation''.

1982—Subsec. (a). Pub. L. 97–320 amended subsec. (a) generally. Prior to amendment subsec. (a) read as follows:

''(1) Any national banking association may make real estate loans, secured by liens upon unimproved real estate, upon improved real estate, including improved farmland and improved business and residential properties, and upon real estate to be improved by a building or buildings to be constructed or in the process of construction, in an amount which when added to the amount unpaid upon prior mortgages, liens, encumbrances, if any, upon such real estate does not exceed the respective proportions of appraised value as provided in this section. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument, which shall constitute a lien on real estate in fee or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least ten years beyond the maturity date of the loan, and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan hereafter made shall not exceed 66⅔ per centum of the appraised value if such real estate is unimproved, 75 per centum of the appraised value if such real estate is improved by off-site improvements such as streets, water, sewers, or other utilities, 75 per centum of the appraised value if such real estate is in the process of being improved by a building or buildings to be constructed or in the process of construction, or 90 per centum of the appraised value if such real estate is improved by a building or buildings. If any such loan exceeds 75 per centum of the appraised value of the real estate or if the real estate is improved with a one- to four-family dwelling, installment payments shall be required which are sufficient to amortize the entire principal of the loan within a period of not more than thirty years.

''(2) The limitations and restrictions set forth in paragraph (1) shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans (A) which are insured under the provisions of the National Housing Act [12 U.S.C. 1701 et seq.], (B) which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act of August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, [42 U.S.C. 1471 et seq.], or (C) which are guaranteed by the Secretary of Housing and Urban Development, for the payment of the obligations of which the full faith and credit of the United States is pledged, and such limitations and restrictions shall not apply to real estate loans which are fully guaranteed or insured by a State, or any agency or instrumentality thereof, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan, or to any loan at least 20 per centum of which is guaranteed under chapter 37 of title 38, or to obligations guaranteed under section 1440 of title 42.

''(3) Loans which are guaranteed or insured as described in paragraph (2) shall not be taken into account in determining the amount of real estate loans which a national banking association may make in relation to its capital and surplus or its time and savings deposits or in determining, the amount of real estate loans secured by other than first liens. Where the collateral for any loan consists partly of real estate security and partly of other security, including a guaranty or endorsement by or an obligation or commitment of a person other than the borrower, only the amount by which the loan exceeds the value as collateral of such other security shall be considered a loan upon the security of real estate, and in no event shall a loan be considered as a real estate loan where there is a valid and binding agreement which is entered into by a financially responsible lender or other party either directly with the association or which is for the benefit of or has been assigned to the association and pursuant to which agreement the lender or other party is required to advance to the association within sixty months from the date of the making of such loan the full amount of the loan to be made by the association upon the security of real estate. Except as otherwise provided, no such association shall make real estate loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of the amount of its time and savings deposits, whichever is greater: *Provided*, That the amount unpaid upon real estate loans secured by other than first liens, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, shall not exceed in an aggregate sum 20 per centum of the amount of the capital stock of such association paid in and unimpaired plus 20 per centum of the amount of its unimpaired surplus fund.''

Subsec. (b). Pub. L. 97–320 redesignated subsec. (d) as (b) and struck out former subsec. (b) ''Any national banking association may make real estate loans secured by liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, shall not exceed 66⅔ per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, exceed 66⅔ per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate at least 6⅔ per centum per annum. All such loans secured by liens upon forest tracts shall be included in the permissible aggregate of all real estate loans and, when secured by other than first liens, in the permissible aggregate of all real estate loans secured by other than first liens, prescribed in subsection (a) of this section, but no national banking association shall make forest tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.''

Subsec. (c). Pub. L. 97–320 struck out subsec. (c) ''Loans made to finance the construction of a building

or buildings and having maturities of not to exceed sixty months where there is a valid and binding agreement entered into by a financially responsible lender or other party to advance the full amount of the bank's loan upon completion of the building or buildings, and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed sixty months, may be considered as real estate loans if the loans qualify under this section, or such loans may be classed as commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed, at the option of each national banking association that may have an interest in such loan: *Provided*, That no national banking association shall invest in, or be liable on, any such loans classed as commercial loans under this subsection in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund.''

Subsec. (d). Pub. L. 97–320 redesignated subsec. (d) as (b).

Subsec. (e). Pub. L. 97–320 struck out subsec. (e) ''Loans made to any borrower (i) where the association looks for repayment by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (ii) secured by an assignment of rents under a lease, and where, in either case described in clause (i) or (ii) above, the association wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, and loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred or guaranteed basis under the Small Business Act [15 U.S.C. 631 et seq.], shall not be considered as real estate loans within the meaning of this section but shall be classed as commercial loans.''

Subsec. (f). Pub. L. 97–320 struck out subsec. (f) ''Any national banking association may make loans upon the security of real estate that do not comply with the limitations and restrictions in this section, if the total unpaid amount loaned, exclusive of loans which subsequently comply with such limitations and restrictions, does not exceed 10 per centum of the amount that a national banking association may invest in real estate loans. The total unpaid amount so loaned shall be included in the aggregate sum that such association may invest in real estate loans.''

Subsec. (g). Pub. L. 97–320 struck out subsec. (g) ''Loans made pursuant to this section shall be subject to such conditions and limitations as the Comptroller of the Currency may prescribe by rule or regulation.''

1974—Subsec. (a). Pub. L. 93–383, §§711, 802(i)(1), designated unlettered first par. as subsec. (a), substantially revised provisions relating to real estate loans by associations, and inserted reference to obligations guaranteed by section 1440 of title 42.

Subsecs. (b) to (f). Pub. L. 93–383, §711, designated unlettered second, third, fourth, and fifth pars. as subsecs. (b) to (f) and substantially revised provisions relating to real estate loans secured by liens upon forest tracts, loans made to finance the construction of buildings, notes representing loans, repayment of loans, and waiver of restrictions and limitations.

Subsec. (g). Pub. L. 93–383, §711, added subsec. (g) authorizing the Comptroller of the Currency to prescribe rules and regulations relating to loans.

1970—Pub. L. 91–609 authorized national banks to invest in obligations guaranteed under part B of the Urban Growth and New Community Development Act of 1970.

Pub. L. 91–351 substituted in cl. (3) of third sentence of first par. ''90 per centum'' for ''80 per centum'' and ''thirty years'' for ''twenty-five years'', and in first sentence of third par. ''sixty months'' for ''thirty-six months'' wherever appearing.

1968—Pub. L. 90–448, §416(b), substituted ''any national banking association may make loans or purchase obligations for land development which are secured by mortgages insured under title X of the National Housing Act or guaranteed under title IV of the Housing and Urban Development Act of 1968'' for ''any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act'' in first par.

Pub. L. 90–448, §1718, substituted ''in whole or in part and at any time or times prior to the maturity of such obligation'' for ''when the entire amount of such obligation is sold to the association'' wherever appearing in first and second pars., ''thirty-six months'' for ''twenty-four months'' in two places in second par., and ''Loans made to any borrower (i) where the association looks for repayment by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (ii) where the association relies on other security as collateral for the loans (including but not limited to a guaranty of a third party), and where, in either case described in clause (i) or (ii) above, the association wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, such loans shall not be considered as real estate loans within the meaning of this section but shall be classed as ordinary nonreal-estate loans'' for ''Loans made to manufacturing and industrial businesses where the association looks for repayment out of the operations of the borrower's business, relying primarily on the borrower's general credit standing and forecast of operations, with or without other security, but wishes to take a mortgage on the borrower's real estate as a precaution against contingencies, shall not be considered as real estate loans within the meaning of this section but shall be classed as ordinary commercial loans'' in last par.

1967—Pub. L. 90–19 substituted ''Secretary of Housing and Urban Development'' for ''Housing and Home Finance Administrator'' in first sentence of fourth par.

1966—Pub. L. 89–754 permitted national banking associations to make loans for group practice facilities which are secured by mortgages insured under subchapter IX–B of chapter 13 of this title.

1965—Pub. L. 89–117 permitted national banking associations to make loans for land development which are secured by mortgages insured under title X of the National Housing Act and increased from 18 months to 24 months the maximum maturity of industrial, commercial, and residential construction loans.

1964—Pub. L. 88–560 substituted in cl. (3) of third sentence of first par. ''80'' for ''75'' per centum and ''twenty-five'' for ''20'' years.

Pub. L. 88–341 substituted ''60 per centum of the appraised fair market value of the growing timber, lands, and improvements thereon'' for ''40 per centum of the appraised value of the economically marketable timber'', ''60 per centum of the original appraised total value of the property'' for ''40 per centum of the original appraised value of the economically marketable timber'', increased the permissible loan term from 2 to 3 years in the case of unamortized loans, from 10 to 15 years in the case of amortized loans, and decreased the annual rate from 10 to 6⅔ per centum.

1962—Pub. L. 87–717 increased aggregate real estate loan limitation from 60 to 70 per centum of a bank's time and savings deposits, and limitation on maturities for loans made to finance the construction of residential or farm buildings, from nine months or less to eighteen months or less.

1961—Pub. L. 87–70 inserted '', or title V of the Housing Act of 1949, as amended'' after ''sections 590r to 590x–3 of title 16'' in first par., and in next to last par. inserted provisions permitting home improvement loans which are insured under section 1709(k) or 1715k(h) of this title to be made without regard to the first lien requirements of this section.

1959—Pub. L. 86–251, §4(a), substituted in second sentence of first par., ''under a lease which does not expire for at least 10 years beyond the maturity date of the loan'' for ''(1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease hav-

ing a period of not less than fifty years to run from the date the loan is made or acquired by the national banking association''.

Pub. L. 86–251, § 4(b)(1), (2), added cl. (3) in third sentence of first par., redesignated former cl. (3) as cl. (4), and prohibited the application of the described limitations and restrictions to State-guaranteed loans.

Pub. L. 86–251, § 4(c), inserted provisions in third par. classifying certain loans for construction of industrial or commercial buildings as ordinary commercial loans and authorized investments in or liability on loans in an amount that includes 100 per centum of its unimpaired surplus fund.

Pub. L. 86–251, § 4(d), added par. classifying certain loans to manufacturing and industrial businesses as ordinary commercial loans.

1958—Pub. L. 85–536 amended fourth par. by striking out ''or the Small Business Administration'' after ''Housing and Home Finance Administrator'' and ''or the Small Business Act of 1953'' after ''or 1701g–1 of this title'', and inserting provisions exempting loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred basis from the restrictions or limitations of this section imposed upon loans secured by real estate.

1955—Act Aug. 11, 1955, § 1, amended first par. generally to increase the percentage of the loan to the appraised value of the property from 60 to 66⅔ percent in the case of 40 percent amortized residential mortgage loans not exceeding a 10-year maturity, and to permit national banks to make a residential real-estate loan in an amount not to exceed 66⅔ percent of the appraised value of the property and for a term not longer than 20 years.

Act Aug. 11, 1955, § 2, amended third par. by increasing from 6 to 9 months construction loans for the purpose of financing residential or farm buildings.

1954—Act Aug. 17, 1954, amended third sentence of first par. by inserting '', or sections 590r to 590x–3 of title 16'' after ''sections 1001–1005d of title 7''.

Act July 22, 1954, amended fourth par. by inserting references to the Small Business Administration and to the Small Business Act of 1953.

1953—Act Aug. 15, 1953, amended section by inserting new second par. to permit the making of real estate loans secured by first liens upon forest tracts which are properly managed.

1951—Act Sept. 1, 1951, § 207, amended third sentence of first par. by inserting a reference to subchapter X of chapter 13 of this title.

Act Sept. 1, 1951, § 503, amended third par. by inserting a reference to the Housing and Home Finance Administrator, and references to sections 1701g and 1701g–1 of this title.

1950—Act Apr. 20, 1950, amended third sentence of first par. by substituting ''1748–1748g, or 1706c of this title'' for ''or 1748–1748g of this title''.

1949—Joint Res. Oct. 25, 1949, amended first par. by striking out second sentence and inserting new second sentence, and by inserting ''sections 1707–1715, 1736–1742, and 1748–1748g of this title'' for ''sections 1707–1715 and 1736–1742 of this title''.

1948—Act May 25, 1948, amended third par. by striking out references to certain lending authority which the Corporation was granted under section 604(a) of title 15, as amended in 1947, and which it does not now have.

1946—Act Aug. 14, 1946, amended first par. by inserting ''or which are insured by the Secretary of Agriculture pursuant to sections 1001–1005d of title 7''.

1941—Act Mar. 28, 1941, amended third sentence of first par. by inserting reference to sections 1736 to 1742 of this title.

1935—Act Aug. 23, 1935, amended first par. and added third par.

1934—Act June 27, 1934, amended first par. and added second par.

1927—Act Feb. 25, 1927, amended first par.

EFFECTIVE DATE OF 1982 AMENDMENT

Section 403(c) of Pub. L. 97–320 provided that: ''This section [amending this section and section 92 of this title] shall take effect upon the expiration of one hundred and eighty days after the date of its enactment [Oct. 15, 1982].''

REPEALS

Repealing provisions of Consolidated Farmers Home Administration Act of 1961 as not having the effect of repealing the amendments to this section enacted by act July 22, 1937, § 15(a), as added Aug. 14, 1946, and Aug. 28, 1937, § 10(f), as added Aug. 17, 1954, see section 341(a) of Pub. L. 87–128, title III, Aug. 8, 1961, 75 Stat. 318, set out as a References in Other Laws note under section 1921 of Title 7, Agriculture.

EXCEPTION AS TO TRANSFER OF FUNCTIONS

Functions vested by any provision of law in Comptroller of the Currency, referred to in this section, not included in transfer of functions to Secretary of the Treasury, see note set out under section 1 of this title.

§ 371a. Payment of interest on demand deposits

No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided*, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith which is in force on the date on which the bank becomes subject to the provisions of this section; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this section, and every member bank shall take such action as may be necessary to conform to this section as soon as possible consistently with its contractual obligations: *Provided further*, That this section shall not apply to any deposit of such bank which is payable only at an office thereof located outside of the States of the United States and the District of Columbia: *Provided further*, That until the expiration of two years after August 23, 1935, this section shall not apply (1) to any deposit made by a savings bank as defined in section 12B of this Act, as amended, or by a mutual savings bank, or (2) to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, or to any deposit of trust funds if the payment of interest with respect to such deposit of public funds or of trust funds is required by State law. So much of existing law as requires the payment of interest with respect to any funds deposited by the United States, by any Territory, District, or possession thereof, or by any public instrumentality, agency, or officer of the foregoing, as is inconsistent with the provisions of this section is repealed. Notwithstanding any other provision of this section, a member bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board.

(Dec. 23, 1913, ch. 6, § 19(i), formerly § 19 par. (12), as added June 16, 1933, ch. 89, § 11(b), 48 Stat. 181;