

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 66½ 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 66½ 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;

amended Aug. 23, 1935, ch. 614, title III, §324(c), 49 Stat. 714; Proc. No. 2695, eff. July 4, 1946, 11 F.R. 7517, 60 Stat. 1352; renumbered §19(i), Pub. L. 89-597, §2(b), Sept. 21, 1966, 80 Stat. 824; Pub. L. 96-161, title I, §101(a), Dec. 28, 1979, 93 Stat. 1233; Pub. L. 96-221, title III, §§302(a), 307, Mar. 31, 1980, 94 Stat. 145, 147.)

## REFERENCES IN TEXT

Section 12B of this Act [Federal Reserve Act], as amended, referred to in text, formerly classified to section 264 of this title, has been withdrawn from the Federal Reserve Act and incorporated in the Federal Deposit Insurance Act which is classified to chapter 16 (§1811 et seq.) of this title.

This section, referred to in the last sentence, means section 19 of act Dec. 23, 1913, as amended, which is classified to sections 142, 371a, 371b, 371b-1, 374, 374a, 461, 463 to 466, 505, and 506 of this title.

## CODIFICATION

Words “(including the Philippine Islands)” following “or any possession thereof” were omitted from text on authority of Proc. No. 2695, which granted independence to the Philippine Islands pursuant to section 1394 of Title 22. Proc. No. 2695 is set out as a note under section 1394 of Title 22, Foreign Relations and Intercourse.

## AMENDMENTS

1980—Pub. L. 96-221, §§302(a), 307, inserted provision identical to provision added by Pub. L. 96-161 respecting authorization of member banks to permit withdrawals to be made automatically from savings deposits consisting 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 transfer or payments in connection with checks or drafts drawn upon the bank, and repealed the amendment made by Pub. L. 96-161. See Repeals and Effective Date of 1980 Amendment notes below.

1979—Pub. L. 96-161 inserted provision allowing member banks to 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.

1935—Act Aug. 23, 1935, affected three provisos and added last sentence.

## EFFECTIVE DATE OF 1980 AMENDMENT

Section 306 of title III of Pub. L. 96-221 provided that: “The amendments made by sections 302, 304, and 305 of this title [amending this section and sections 1464, 1752, 1757, 1763, 1785, and 1828 of this title] shall take effect at the close of March 31, 1980, and the amendments made by section 303 of this title [amending section 1832 of this title] shall take effect on December 31, 1980.”

## EFFECTIVE AND TERMINATION DATES OF 1979 AMENDMENT

Section 104 of Pub. L. 96-161 which provided that the amendments made by sections 101-103 [amending this section and sections 1464, 1752, 1757, and 1828 of this title] shall take effect on Dec. 31, 1979, and shall remain in effect until the close of Mar. 31, 1980, was omitted from the Code in view of the repeal of the amendments made by sections 101-103 of Pub. L. 96-161 by Pub. L. 96-221, title III, §307, Mar. 31, 1980, 94 Stat. 147.

## REPEALS

Amendment by section 101 of Pub. L. 96-161, cited as a credit to this section, was repealed at the close of

Mar. 31, 1980, by section 307 of Pub. L. 96-221, and substantially identical provisions were enacted by section 302 of Pub. L. 96-221, such amendments to take effect at the close of Mar. 31, 1980.

**§371b. Rate of interest on time deposits; payment of time deposits before maturity; waiver of notice requirements for withdrawal of savings deposits**

The Board may from time to time, after consulting with the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, prescribe rules governing the advertisement of interest on deposits by member banks on time and savings deposits. The provisions of this section shall not apply to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia. During the period commencing on October 15, 1962, and ending on October 15, 1968, the provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

(Dec. 23, 1913, ch. 6, §19(j), formerly §19 (par. 13), as added June 16, 1933, ch. 89, §11(b), 48 Stat. 182; amended Aug. 23, 1935, ch. 614, title III, §324(c), 49 Stat. 714; Pub. L. 87-827, §1, Oct. 15, 1962, 76 Stat. 953; Pub. L. 89-79, §1, July 21, 1965, 79 Stat. 244; renumbered §19(j) and amended Pub. L. 89-597, §2(b), (c), Sept. 21, 1966, 80 Stat. 824; Pub. L. 90-505, §2(a), Sept. 21, 1968, 82 Stat. 856; Pub. L. 96-221, title II, §207(b)(4)-(6), Mar. 31, 1980, 94 Stat. 144.)

## AMENDMENTS

1980—Pub. L. 96-221 struck out provisions relating to payment of interest on deposits, prescribing of different limitations by the Board for different classes of deposits, and payment of time deposits before maturity.

1968—Pub. L. 90-505 gave Board power to prescribe rules governing the payment and advertising of interest on deposits.

1966—Pub. L. 89-597, §2(c), made authority of Board to prescribe maximum permissible rates of interest that may be paid by member banks on time and savings deposits discretionary rather than mandatory, required prior consultations with the FDIC Board and the FHLB Board, authorized different rate limitations for different classes of deposits, for deposits of different amounts, or according to such other reasonable bases as the Board may deem desirable in the public interest, and struck out provision for rate limitation according to the varying discount rates of member banks in the several Federal Reserve districts.

1965—Pub. L. 89-79 extended until Oct. 15, 1968, the period during which the provisions of this paragraph do not apply to the rate of interest payable by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

1962—Pub. L. 87-827 inserted sentence making this paragraph inapplicable, during the period commencing on October 15, 1962, and ending upon the expiration of three years after such date, to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such,