

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3474

To reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 1993

Mr. GONZALEZ introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions, 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 **TITLE I—REGULATORY REFORM**

#### 4 **SEC. 100. SHORT TITLE.**

5 This title may be cited as the “Regulatory Reform  
6 Act of 1993”.

1 **Subtitle A—Amendments Relating**  
2 **to the Federal Deposit Insur-**  
3 **ance Corporation Improvement**  
4 **Act of 1991**

5 **SEC. 101. AUDIT COSTS.**

6 (a) HOLDING COMPANY AUDIT REQUIREMENTS.—

7 Section 36(i) of the Federal Deposit Insurance Act (12

8 U.S.C. 1831m(i)) is amended by striking paragraph (2)

9 and inserting the following:

10 “(2) the institution is described in 1 of the fol-  
11 lowing subparagraphs:

12 “(A) The institution has total assets, as of  
13 the beginning of such fiscal year, of less than  
14 \$5,000,000,000.

15 “(B) The institution has—

16 “(i) total assets, as of the beginning  
17 of such fiscal year, of more than  
18 \$5,000,000,000 and less than  
19 \$9,000,000,000; and

20 “(ii) a CAMEL composite rating of 1  
21 or 2 under the Uniform Financial Institu-  
22 tions Rating System (or an equivalent rat-  
23 ing by any such agency under a com-  
24 parable rating system) as of the most re-  
25 cent examination of such institution by the

1 Corporation or the appropriate Federal  
2 banking agency.

3 “(C) The institution

4 “(i) has—

5 “(I) total assets, as of the begin-  
6 ning of such fiscal year, of more than  
7 \$9,000,000,000; and

8 “(II) a CAMEL composite rating  
9 of 1 or 2 under the Uniform Financial  
10 Institutions Rating System (or an  
11 equivalent rating by any such agency  
12 under a comparable rating system) as  
13 of the most recent examination of  
14 such institution by the Corporation or  
15 the appropriate Federal banking agen-  
16 cy; and

17 “(ii) is in compliance with the require-  
18 ments of subsection (b) (without regard to  
19 any exemption such institution may have  
20 from the requirements of such subsection  
21 under this subsection).

22 Notwithstanding paragraph (2), the audit committee of  
23 the holding company of an institution that the Corporation  
24 determines to be a large institution shall not include any  
25 large customers of the institution.”.

1 (b) WRITTEN NOTICE OF REQUIREMENT FOR AUDIT  
2 OF QUARTERLY REPORTS.—Section 36(g)(2) of the Fed-  
3 eral Deposit Insurance Act (12 U.S.C. 1831m(g)(2)) is  
4 amended by adding at the end the following new subpara-  
5 graph:

6 “(D) NOTICE TO INSTITUTION.—The Cor-  
7 poration shall promptly notify an insured depos-  
8 itory institution, in writing, of a determination  
9 pursuant to subparagraph (A) to require a re-  
10 view of such institution’s quarterly financial re-  
11 ports.”.

12 **SEC. 102. 18-MONTH EXAMINATION RULE FOR CERTAIN**  
13 **SMALL INSTITUTIONS.**

14 Section 10(d)(4) of the Federal Deposit Insurance  
15 Act (12 U.S.C. 1820(d)(4)) is amended—

16 (1) in subparagraph (A), by striking  
17 “\$100,000,000” and inserting “\$250,000,000”;

18 (2) in subparagraph (C), by striking “and” at  
19 the end;

20 (3) by redesignating subparagraph (D) as sub-  
21 paragraph (E); and

22 (4) by inserting after subparagraph (C) the fol-  
23 lowing new subparagraph:

24 “(D) the insured institution is not cur-  
25 rently subject to a formal enforcement proceed-

1           ing or order by the Corporation or the appro-  
2           priate Federal banking agency; and”.

3 **SEC. 103. STANDARDS FOR SAFETY AND SOUNDNESS.**

4           (a) ELIMINATION OF STOCK VALUATION PROVI-  
5 SION.—Section 39(b)(1) of the Federal Deposit Insurance  
6 Act (12 U.S.C. 1831p-1(b)(1), as added by section 132(a)  
7 of the Federal Deposit Insurance Corporation Improve-  
8 ments Act of 1991) is amended—

9           (1) in subparagraph (A), by adding “and” at  
10          the end; and

11          (2) by striking subparagraph (C).

12          (b) HOLDING COMPANIES EXCLUDED FROM SCOPE  
13 OF STANDARDS.—Section 39 of the Federal Deposit In-  
14 surance Act (12 U.S.C. 1831a) is amended—

15          (1) in subsections (a) and (b), by striking “and  
16          depository institution holding companies”;

17          (2) in paragraphs (1)(A) and (2) of subsection  
18          (e), by striking “or depository institution holding  
19          company”; and

20          (3) in subsection (e), by striking “or company”  
21          each place such term appears.

22          (c) ESTABLISHING STANDARDS IN GUIDELINES.—  
23 Section 39(d)(1) of the Federal Deposit Insurance Act is  
24 amended—

1 (1) in the 1st sentence, by inserting “or guide-  
2 line” before the period; and

3 (2) in the 2d sentence, by inserting “or guide-  
4 lines” after “Such regulations”.

5 (d) EFFECTIVE DATE.—The amendments made by  
6 subsection (a) shall be construed to have the same effec-  
7 tive date as section 39 of the Federal Deposit Insurance  
8 Act, as provided in section 132(c) of the Federal Deposit  
9 Insurance Corporation Improvements Act of 1991.

10 **SEC. 104. CLARIFYING AMENDMENT RELATING TO DATA**  
11 **COLLECTION.**

12 Section 7(a)(9) of the Federal Deposit Insurance Act  
13 (12 U.S.C. 1817(a)(9)) is amended by adding at the end  
14 the following new sentence: “In prescribing reporting and  
15 other requirements pursuant to this paragraph, the Cor-  
16 poration shall minimize the regulatory burden imposed  
17 upon insured depository institutions to the greatest extent  
18 possible while taking into account the benefit of the infor-  
19 mation to the Corporation in enabling the Corporation to  
20 more accurately determine the total amount of insured de-  
21 posits in the banking system.”.

1       **Subtitle B—General Regulatory**  
2                                   **Reform**

3       **SEC. 111. STATE REGULATION OF REAL ESTATE APPRAIS-**  
4                                   **ALS.**

5           Section 1122 of the Financial Institutions Reform,  
6       Recovery, and Enforcement Act of 1989 (12 U.S.C. 3351)  
7       is amended—

8           (1) by redesignating subsections (b) through (e)  
9           as subsections (c) through (f), respectively;

10          (2) by inserting after subsection (a) the follow-  
11       ing new subsection:

12       “(b) RECIPROCITY.—The Appraisal Subcommittee  
13       shall encourage the States to develop reciprocity agree-  
14       ments that readily authorize an appraiser who—

15           “(1) is licensed or certified in 1 State; and

16           “(2) is in good standing with the State ap-  
17       praiser certifying or licensing agency in such State,  
18       to perform appraisals in other States.”; and

19       (3) in subsection (a)—

20           (A) by redesignating paragraphs (1)  
21           through (3) as subparagraphs (A) through (C),  
22           and moving the left margin of such subpara-  
23           graphs (as so redesignated) 2 ems to the right;

24           (B) by striking “PRACTICE.—A State” and  
25       inserting “PRACTICE.—

1 “(1) IN GENERAL.—A State”; and

2 (C) by adding at the end the following new  
3 paragraph:

4 “(2) FEES FOR TEMPORARY PRACTICE.—A  
5 State appraiser certifying or licensing agency shall  
6 not impose excessive fees or burdensome require-  
7 ments, as determined by the Appraisal Subcommit-  
8 tee, for temporary practice under this subsection.”.

9 **SEC. 112. COLLATERALIZATION OF PUBLIC DEPOSITS.**

10 Section 13(e) of the Federal Deposit Insurance Act  
11 (12 U.S.C. 1823(e)) is amended—

12 (1) by redesignating paragraphs (1) through  
13 (4) as subparagraphs (A) through (D), respectively,  
14 and moving the left margin of such subparagraphs  
15 (as so redesignated) 2 ems to the right;

16 (2) by striking “CORPORATION.—No agree-  
17 ment” and inserting “CORPORATION.—

18 “(1) IN GENERAL.—No agreement”; and

19 (3) by adding at the end the following new  
20 paragraph:

21 “(2) PUBLIC DEPOSITS.—An agreement to pro-  
22 vide for the lawful collateralization of deposits of a  
23 Federal, State, or local governmental entity or of  
24 any depositor referred to in section 11(a)(2) shall  
25 not be deemed to be invalid pursuant to paragraph

1 (1)(B) solely because of changes in the collateral  
2 made in accordance with such agreement that do not  
3 substantially alter the degree of collateralization of  
4 such deposits.”.

5 **SEC. 113. BANK DEPOSIT FINANCIAL ASSISTANCE PRO-**  
6 **GRAM.**

7 Effective December 19, 1994, section 7(i)(1) of the  
8 Federal Deposit Insurance Act (12 U.S.C. 1817(i)(1)) is  
9 amended by inserting “, or pursuant to any revocable trust  
10 established under the Bank Deposit Financial Assistance  
11 Program of the Department of Energy,” after “written  
12 trust agreement”.

13 **SEC. 114. COORDINATED AND UNIFIED EXAMINATIONS.**

14 Section 10(d) of the Federal Deposit Insurance Act  
15 (12 U.S.C. 1820(d)) is amended by adding at the end the  
16 following new paragraphs:

17 “(6) COORDINATED EXAMINATIONS.—To mini-  
18 mize the disruptive effects of examinations on the  
19 operations of insured depository institutions, each  
20 appropriate Federal banking agency shall, to the ex-  
21 tent practicable and consistent with safety and  
22 soundness principles and the public interest—

23 “(A) coordinate examinations to be con-  
24 ducted by that agency at an insured depository  
25 institution and any affiliate of such institution;

1           “(B) coordinate with the other appropriate  
2           Federal banking agencies in the conduct of  
3           such examinations;

4           “(C) work to coordinate the conduct of all  
5           examinations made pursuant to this subsection  
6           with the appropriate State bank supervisor; and

7           “(D) obtain and use copies of reports of  
8           examinations of insured depository institutions  
9           made by any other appropriate Federal banking  
10          agency or appropriate State bank supervisor.

11          “(7) SAFETY AND SOUNDNESS EXAMS.—Not-  
12          withstanding any provision of paragraph (6) or any  
13          system established pursuant to such paragraph, any  
14          appropriate Federal banking agency may conduct a  
15          separate examination of an insured depository insti-  
16          tution at any time for safety and soundness pur-  
17          poses.”.

18   **SEC. 115. COORDINATION OF FEDERAL AND STATE RE-**  
19                   **PORTING REQUIREMENTS TO REDUCE DU-**  
20                   **PLICATIVE EFFORTS.**

21          (a) STATE ACCESS TO FEDERAL AGENCY RE-  
22          PORTS.—The 1st sentence of section 7(a)(2)(A) of the  
23          Federal Deposit Insurance Act (12 U.S.C. 1817(a)(2)(A))  
24          is amended by inserting “and, with respect to any State

1 depository institution, any appropriate State bank super-  
2 visor for such institution” after “The Corporation”.

3 (b) STATE COORDINATION WITH FEDERAL REPORT-  
4 ING REQUIREMENTS.—The Federal banking agencies and  
5 State bank supervisors shall, to the greatest extent prac-  
6 ticable—

7 (1) coordinate the number, types, and frequency  
8 of reports required to be submitted to such agencies  
9 and supervisors by insured depository institutions  
10 and the type and amount of information required to  
11 be included in such reports; and

12 (2) obtain and use copies of reports of condition  
13 and other reports submitted by such institutions to  
14 any such agency or supervisor.

15 **SEC. 116. LIMITING POTENTIAL LIABILITY ON FOREIGN AC-**  
16 **COUNTS.**

17 (a) AMENDMENT TO THE FEDERAL RESERVE ACT.—  
18 The Federal Reserve Act (12 U.S.C. 221 et seq.) is  
19 amended by inserting after section 25B the following new  
20 section:

21 **“SEC. 25C. POTENTIAL LIABILITY ON FOREIGN ACCOUNTS.**

22 “(a) IN GENERAL.—A member bank shall not be re-  
23 quired to repay any deposit made at a foreign branch of  
24 the bank if the branch cannot repay the deposit due to—

1           “(1) an act of war, insurrection or civil strife;  
2       or

3           “(2) an action by a foreign government or in-  
4       strumentality (whether de jure or de facto) in the  
5       country in which the branch is located,

6 unless the member bank has expressly agreed in writing  
7 to repay the deposit under those circumstances.

8       “(b) REGULATIONS.—The Board may prescribe such  
9 regulations as the Board may determine to be necessary  
10 to carry out this section.”.

11       (b) CONFORMING AMENDMENTS TO THE FEDERAL  
12 DEPOSIT INSURANCE ACT.—

13           (1) IN GENERAL.—Section 18 of the Federal  
14       Deposit Insurance Act (12 U.S.C. 1828) is amended  
15       by adding at the end the following new subsection:

16       “(q) SOVEREIGN RISK.—Section 25C of the Federal  
17       Reserve Act shall apply to every nonmember insured bank  
18       in the same manner and to the same extent as if the  
19       nonmember insured bank were a member bank.”.

20           (2) CONFORMING AMENDMENT.—Subparagraph  
21       (A) of section 3(l)(5) of the Federal Deposit Insur-  
22       ance Act (12 U.S.C. 1813(l)(5)) is amended to read  
23       as follows:

24           “(A) any obligation of a depository institu-  
25       tion which is carried on the books and records

1 of an office of such bank or savings association  
2 located outside of any State, unless—

3 “(i) such obligation would be a deposit  
4 if it were carried on the books and records  
5 of the depository institution, and would be  
6 payable at, an office located in any State;  
7 and

8 “(ii) the contract evidencing the obli-  
9 gation provides by express terms, and not  
10 by implication, for payment at an office of  
11 the depository institution located in any  
12 State; and”.

13 (c) EXISTING CLAIMS NOT AFFECTED—Section 25C  
14 of the Federal Reserve Act (as added by subsection (a))  
15 shall not be applied retroactively and shall not be con-  
16 strued to affect or apply to any claim or cause of action  
17 (to which such section would otherwise apply) which arises  
18 from events or circumstances that occurred before the date  
19 of enactment of this Act.

20 **SEC. 117. EXPEDITED PROCEDURES FOR FORMING A BANK**  
21 **HOLDING COMPANY.**

22 The 2d sentence of section 3(a) of the Bank Holding  
23 Company Act of 1956 (12 U.S.C. 1842(a)) is amended—

24 (1) by striking “or (B)” and inserting “(B)”;  
25 and

1           (2) by inserting before the period the following:  
2           “; or (C) the acquisition, by a company, of control  
3           of a bank in a reorganization in which a person or  
4           group of persons exchange their shares of the bank  
5           for shares of a newly formed bank holding company  
6           and receive after the reorganization substantially the  
7           same proportional share interest in the holding com-  
8           pany as they held in the bank except for changes in  
9           shareholders’ interests resulting from the exercise of  
10          dissenting shareholders’ rights under State or Fed-  
11          eral law if—

12                           “(i) immediately following the acqui-  
13                           sition—

14                                   “(I) the bank holding company  
15                                   meets the capital and other financial  
16                                   standards prescribed by the Board by  
17                                   regulation for such a bank holding  
18                                   company; and

19                                   “(II) the bank is adequately cap-  
20                                   italized (as defined in section 38 of  
21                                   the Federal Deposit Insurance Act);

22                                   “(ii) the holding company does not en-  
23                                   gage in any activities other than those of  
24                                   managing and controlling banks as a result  
25                                   of the reorganization;



- 1 (9) Section 5174 (12 U.S.C. 108).
- 2 (10) Section 5182 (12 U.S.C. 109).
- 3 (11) Section 5183 (12 U.S.C. 110).
- 4 (12) Section 5195 (12 U.S.C. 123).
- 5 (13) Section 5184 (12 U.S.C. 124).
- 6 (14) Section 5226 (12 U.S.C. 131).
- 7 (15) Section 5227 (12 U.S.C. 132).
- 8 (16) Section 5228 (12 U.S.C. 133).
- 9 (17) Section 5229 (12 U.S.C. 134).
- 10 (18) Section 5230 (12 U.S.C. 137).
- 11 (19) Section 5231 (12 U.S.C. 138).
- 12 (20) Section 5232 (12 U.S.C. 135).
- 13 (21) Section 5233 (12 U.S.C. 136).
- 14 (22) Section 5185 (12 U.S.C. 151).
- 15 (23) Section 5186 (12 U.S.C. 152).
- 16 (24) Section 5160 (12 U.S.C. 168).
- 17 (25) Section 5161 (12 U.S.C. 169).
- 18 (26) Section 5162 (12 U.S.C. 170).
- 19 (27) Section 5163 (12 U.S.C. 171).
- 20 (28) Section 5164 (12 U.S.C. 172).
- 21 (29) Section 5165 (12 U.S.C. 173).
- 22 (30) Section 5166 (12 U.S.C. 174).
- 23 (31) Section 5167 (12 U.S.C. 175).
- 24 (32) Section 5222 (12 U.S.C. 183).
- 25 (33) Section 5223 (12 U.S.C. 184).

1 (34) Section 5224 (12 U.S.C. 185).

2 (35) Section 5225 (12 U.S.C. 186).

3 (36) Section 5237 (12 U.S.C. 195).

4 (b) REPEAL OF OTHER OBSOLETE PROVISIONS IN  
5 BANKING LAWS.—The following provisions of law are  
6 hereby repealed:

7 (1) Section 26 of the Federal Deposit Insurance  
8 Act (12 U.S.C. 1831c).

9 (2) Section 12 of the Act entitled “An Act To  
10 define and fix the standard of value, to maintain the  
11 parity of all forms of money issued or coined by the  
12 United States, to refund the public debt, and for  
13 other purposes.” and approved March 14, 1900 (12  
14 U.S.C. 101).

15 (3) Section 3 of the Act entitled “An Act To  
16 amend the laws relating to the denominations of cir-  
17 culating notes by national banks and to permit the  
18 issuance of notes of small denominations, and for  
19 other purposes.” and approved October 5, 1917 (12  
20 U.S.C. 103).

21 (4) The following sections of the Act entitled  
22 “An Act fixing the amount of United States notes,  
23 providing for a redistribution of the national-bank  
24 currency, and for other purposes.” and approved  
25 June 20, 1874:

1 (A) Section 5 (12 U.S.C. 105).

2 (B) Section 3 (12 U.S.C. 121).

3 (C) Section 8 (12 U.S.C. 126).

4 (D) Section 4 (12 U.S.C. 176).

5 (5) The following sections of the Act entitled  
6 “An Act to enable national-banking associations to  
7 extend their corporate existence, and for other pur-  
8 poses.” and approved July 12, 1882:

9 (A) Section 8 (12 U.S.C. 177).

10 (B) Section 9 (12 U.S.C. 178).

11 (6) The Act entitled “An Act to amend the na-  
12 tional bank act in providing for the redemption of  
13 national bank notes stolen from or lost by banks of  
14 issue.” and approved July 28, 1892 (12 U.S.C.  
15 125).

16 (7) The Act entitled “An Act authorizing the  
17 conversion of national gold banks.” and approved  
18 February 14, 1880 (12 U.S.C. 153).

19 (c) AMENDMENTS TO OTHER LAWS.—

20 (1) The Act entitled “An Act to provide for the  
21 redemption of national-bank notes, Federal Reserve  
22 bank notes, and Federal Reserve notes which cannot  
23 be identified as to the bank of issue.” and approved  
24 June 13, 1933, is amended—

25 (A) in the 1st section (12 U.S.C. 121a)—

1 (i) by striking “whenever any na-  
2 tional-bank notes, Federal Reserve bank  
3 notes,” and inserting “whenever any Fed-  
4 eral Reserve bank notes”; and

5 (ii) by striking “, and the notes, other  
6 than Federal Reserve notes, so redeemed  
7 shall be forwarded to the Comptroller of  
8 the Currency for cancellation and destruc-  
9 tion”; and

10 (B) in section 2 (12 U.S.C. 122a)—

11 (i) by striking “National-bank notes  
12 and”; and

13 (ii) by striking “national-bank notes  
14 and”.

15 (2) The 1st section of the Act entitled “An Act  
16 making appropriations for sundry civil expenses of  
17 the Government for the fiscal year ending June thir-  
18 tieth, eighteen hundred and seventy-six, and for  
19 other purposes.” and approved March 3, 1875, is  
20 amended in the 1st paragraph which appears under  
21 the heading “NATIONAL CURRENCY” by striking  
22 “Secretary of the Treasury: *Provided, That*” and all  
23 that follows through the period and inserting “Sec-  
24 retary of the Treasury.”.

1           (3) The Act entitled “An Act to simplify the ac-  
2           counts of the Treasurer of the United States, and  
3           for other purposes.” and approved October 10, 1940  
4           (12 U.S.C. 177a) is amended by striking all after  
5           the enacting clause and inserting the following:  
6           “That the cost of transporting and redeeming out-  
7           standing national bank notes and Federal Reserve  
8           bank notes as may be presented to the Treasurer of  
9           the United States for redemption shall be paid from  
10          the regular annual appropriation for the Department  
11          of the Treasury.”.

12          (4) Section 5234 of the Revised Statutes (12  
13          U.S.C. 192) is amended by striking “has refused to  
14          pay its circulating notes as therein mentioned, and”.

15          (5) Section 5236 of the Revised Statutes (12  
16          U.S.C. 194) is amended by striking “, after full pro-  
17          vision has been first made for refunding to the  
18          United States any deficiency in redeeming the notes  
19          of such association”.

20          (6) Section 5238 of the Revised Statutes (12  
21          U.S.C. 196) is amended by striking the 1st sentence.

22          (d) AMENDMENTS TO OUTDATED DIVIDEND PROVI-  
23          SIONS.—

1           (1) WITHDRAWAL OF CAPITAL.—Section 5204  
2 of the Revised Statutes (12 U.S.C. 56) is amend-  
3 ed—

4           (A) in the second sentence, by striking  
5 “net profits then on hand, deducting therefrom  
6 its losses and bad debts” and inserting “undi-  
7 vided profits, subject to other applicable provi-  
8 sions of law”; and

9           (B) by striking the third sentence.

10          (2) DECLARATION OF DIVIDENDS.—Section  
11 5199 of the Revised Statutes (12 U.S.C. 60) is  
12 amended—

13          (A) in the 1st sentence, by striking “net  
14 profits of the association” and inserting “undi-  
15 vided profits of the association, subject to the  
16 limitations in subsection (b),”;

17          (B) by striking “net profits” each subse-  
18 quent place such term appears and inserting  
19 “net income”; and

20          (C) by striking subsection (c).

1           **Subtitle C—Other Regulatory**  
2                           **Reform**

3   **SEC. 121. ELIMINATION OF DUPLICATIVE DISCLOSURES**  
4                           **FOR HOME EQUITY LOANS.**

5           Section 4(a) of the Real Estate Settlement Proce-  
6   dures Act (12 U.S.C. 2603(a)) is amended by adding at  
7   the end the following: “In the case of a federally related  
8   mortgage loan secured by a subordinate lien on residential  
9   property, disclosures made under section 127A(a) of the  
10   Truth in Lending Act may be used in lieu of the disclo-  
11   sures required under this section if—

12                   “(1) the disclosures made pursuant to such sec-  
13                   tion 127A(a) contain all of the information that is  
14                   required under this section; and

15                   “(2) the information is disclosed in a manner  
16                   that is no less conspicuous than is required under  
17                   this section.”.

18   **SEC. 122. HOME OWNERSHIP DEBT COUNSELING NOTIFICA-**  
19                           **TION.**

20           Section 106(c)(5)(B)(ii) of the Housing and Urban  
21   Development Act of 1968 (12 U.S.C. 1701x(c)(5)(B)(ii))  
22   is amended to read as follows:

23                   “(ii) before—

24                                   “(I) the end of the 45-day period  
25                                   beginning on the date on which the

1 failure referred to in such subpara-  
2 graph occurs, except that creditors  
3 shall not be required to provide such  
4 notification pursuant to this subclause  
5 more than once annually; and

6 “(II) any foreclosure on the prop-  
7 erty securing the loan.”.

8 **SEC. 123. CLARIFICATION OF RESPA DISCLOSURE RE-**  
9 **QUIREMENTS.**

10 Section 6(a)(1)(B) of the Real Estate Settlement  
11 Procedures Act of 1974 (12 U.S.C. 2605(a)(1)(B)) is  
12 amended—

13 (1) by striking “(B) for each of the most re-  
14 cent” and inserting “(B) at the choice of the person  
15 making a federally related mortgage loan—

16 “(i) for each of the most recent”;

17 (2) by redesignating clauses (i) and (ii) as  
18 subclauses (I) and (II), respectively, and moving the  
19 left margin of such subclauses (as so redesignated)  
20 2 ems to the right;

21 (3) by striking “and” at the end of subclause  
22 (II) (as so redesignated by paragraph (2) of this sec-  
23 tion and inserting “or”; and

1           (4) by inserting after clause (i) (as so des-  
2           ignated by paragraph (1) of this section the follow-  
3           ing new clause:

4                       “(ii) a statement that the person mak-  
5                       ing the loan has previously assigned, sold,  
6                       or transferred the servicing of federally re-  
7                       lated mortgage loans; and”.

8   **SEC. 124. EXEMPTION OF BUSINESS LOANS FROM REAL ES-**  
9                       **TATE SETTLEMENT PROCEDURES ACT RE-**  
10                      **QUIREMENTS.**

11       The Real Estate Settlement Procedures Act of 1974  
12 (12 U.S.C. 2601 et seq.) is amended by inserting after  
13 section 6 the following new section:

14   **“SEC. 7. EXEMPTED TRANSACTIONS.**

15       “‘This Act shall not apply to credit transactions in-  
16       volving extensions of credit—

17                   “(1) primarily for business, commercial, or ag-  
18                   ricultural purposes; or

19                   “(2) to government or governmental agencies or  
20                   instrumentalities.”.

21   **SEC. 125. SPECIAL RULES FOR DISCLOSURES FOR RADIO**  
22                      **ADVERTISING OF CREDIT PLANS, DEPOSITS,**  
23                      **AND CONSUMER LEASES.**

24       (a) OPEN END CREDIT PLANS.—Section 143 of the  
25 Truth in Lending Act (15 U.S.C. 1663) is amended—

1           (1) by striking “No advertisement” and insert-  
2           ing “(a) IN GENERAL.—No advertisement”; and

3           (2) by adding at the end the following new sub-  
4           sections:

5           “(b) RADIO ADVERTISEMENTS.—An advertisement  
6 by radio broadcast to aid, promote, or assist, directly or  
7 indirectly, the extension of consumer credit under an open  
8 end credit plan meets the requirements of subsection (a)  
9 if the advertisement, clearly and conspicuously—

10           “(1) states any periodic rate that may be ap-  
11           plied under the plan, expressed as an annual per-  
12           centage rate;

13           “(2) states that a variable periodic rate applies  
14           under the plan, if such a rate applies; and

15           “(3) includes—

16           “(A) a referral to—

17           “(i) a toll-free telephone number that  
18           may be used by consumers to obtain the  
19           information required under subsection (a)  
20           in accordance with subsection (c); or

21           “(ii) an advertisement that—

22           “(I) appears in a publication in  
23           general circulation in the community  
24           served by the radio station (on which  
25           such advertisement is broadcast) dur-

1                   ing the period beginning 7 days before  
2                   the broadcast and ending 7 days after  
3                   the broadcast; and

4                   “(II) includes the information re-  
5                   quired to be disclosed under sub-  
6                   section (a); and

7                   “(B) in any case to which subparagraph  
8                   (A)(ii) applies, the name and date of the publi-  
9                   cation.

10                  “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE  
11                  NUMBER.—

12                   “(1) IN GENERAL.—In the case of an advertise-  
13                   ment described in subsection (b) or section 144(e) or  
14                   147(b) which includes a referral to a toll-free tele-  
15                   phone number in accordance with such subsection or  
16                   section, a creditor that offers the credit which such  
17                   advertisement aids, supports, or assists shall—

18                   “(A) establish the telephone number by not  
19                   later than the date on which any advertisement  
20                   is broadcast which includes a referral to the  
21                   number; and

22                   “(B) maintain the telephone number at  
23                   least until the end of the 7-day period begin-  
24                   ning on the date of any such broadcast.

25                   “(2) AVAILABILITY OF INFORMATION.—

1           “(A) IN GENERAL.—The creditor referred  
2           to in subparagraph (A) shall provide the infor-  
3           mation required under subsection (a) with re-  
4           spect to the open end credit plan for which the  
5           toll-free telephone line is established to any per-  
6           son who calls such number in response to an  
7           advertisement by radio broadcast.

8           “(B) FORM OF INFORMATION.—The infor-  
9           mation required to be provided under subpara-  
10          graph (A) may be provided orally or by offering  
11          to mail a written copy of such information to  
12          such person.”.

13          (b) CREDIT OTHER THAN UNDER OPEN END CRED-  
14          IT PLANS.—Section 144 of the Truth in Lending Act (15  
15          U.S.C. 1664) is amended—

16               (1) in subsection (a) by inserting “APPLICA-  
17               TION GENERALLY.—” before “Except as provided”;

18               (2) in subsection (b) by inserting “LIMITATION  
19               ON APPLICATION.—” before “The provisions”;

20               (3) in subsection (c) by inserting “DISCLO-  
21               SURES REGARDING FINANCE CHARGES.—” before  
22               “If any”;

23               (4) in subsection (d) by inserting “OTHER RE-  
24               QUIRED DISCLOSURES.—“If any advertisement”;  
25               and

1           (5) by adding at the end the following new sub-  
2           section:

3           “(e) RADIO ADVERTISEMENTS.—An advertisement  
4 by radio broadcast to aid, promote, or assist, directly or  
5 indirectly, any consumer credit sale, loan, or other exten-  
6 sion of credit subject to this title, other than an open end  
7 consumer credit plan, meets the requirements of sub-  
8 section (d) if the advertisement, clearly and conspicu-  
9 ously—

10           “(1) states the rate of the finance charge;

11           “(2) states that the rate of finance charge may  
12 be increased after the date on which credit is ex-  
13 tended, if such an increase is authorized under the  
14 terms of the extension of credit to which the adver-  
15 tisement relates; and

16           “(3) includes—

17           “(A) a referral to—

18           “(i) a toll-free telephone number that  
19 may be used by consumers to obtain, in ac-  
20 cordance with section 143(c), the informa-  
21 tion required under subsection (d); or

22           “(ii) an advertisement that—

23           “(I) appears in a publication in  
24 general circulation in the community  
25 served by the radio station (on which

1 such advertisement is broadcast) dur-  
2 ing the period beginning 7 days before  
3 the broadcast and ending 7 days after  
4 the broadcast; and

5 “(II) includes the information re-  
6 quired to be disclosed under sub-  
7 section (d); and

8 “(B) in any case to which subparagraph  
9 (A)(ii) applies, the name and date of the publi-  
10 cation.”.

11 (c) CREDIT PLANS SECURED BY CONSUMER’S PRIN-  
12 CIPAL DWELLING.—Section 147 of the Truth in Lending  
13 Act (15 U.S.C. 1665b) is amended—

14 (1) by redesignating subsections (b), (c), (d),  
15 (e), and (f) as subsections (c), (d), (e), (f), and (g),  
16 respectively; and

17 (2) by inserting after subsection (a) the follow-  
18 ing:

19 “(b) RADIO ADVERTISEMENTS.—An advertisement  
20 by radio broadcast to aid, promote, or assist, directly or  
21 indirectly, the extension of consumer credit under an open  
22 end credit plan secured by a consumer’s principal dwelling  
23 meets the requirements of subsection (a) if the advertise-  
24 ment, clearly and conspicuously—

1           “(1) contains the information described in para-  
2           graphs (2) and (3) of subsection (a); and

3           “(2) includes—

4           “(A) a referral to—

5           “(i) a toll-free telephone number that  
6           may be used by consumers to obtain the  
7           information required under subsection (a)  
8           in accordance with section 143(c); or

9           “(ii) an advertisement that—

10           “(I) appears in a publication in  
11           general circulation in the community  
12           served by the radio station (on which  
13           such advertisement is broadcast) dur-  
14           ing the period beginning 7 days before  
15           the broadcast and ending 7 days after  
16           the broadcast; and

17           “(II) includes the information re-  
18           quired to be disclosed under sub-  
19           section (a); and

20           “(B) in any case to which subparagraph  
21           (A)(ii) applies, the name and date of the publi-  
22           cation.”.

23           (d) DEPOSITS SUBJECT TO TRUTH IN SAVINGS.—  
24           Section 263(b) of the Truth in Savings Act (12 U.S.C.  
25           4302(b)) is amended—

1           (1) by striking “EXCEPTION.—The Board  
2 may—” and inserting “EXCEPTION.—

3           “(1) IN GENERAL.—The Board may”; and

4           (2) by adding at the end the following new  
5 paragraph:

6           “(2) RADIO ADVERTISEMENTS.—Paragraphs  
7 (4), (5), and (6) of subsection (a) shall not apply  
8 with respect to an advertisement, announcement, or  
9 solicitation (which is otherwise subject to such sub-  
10 section) by radio broadcast.”.

11          (e) CONSUMER LEASES.—Section 184 of the Truth  
12 in Leasing Act is amended—

13           (1) by redesignating subsection (b) as sub-  
14 section (d); and

15           (2) by inserting after subsection (a) the follow-  
16 ing new subsections:

17          “(b) RADIO ADVERTISEMENTS.—An advertisement  
18 by radio broadcast to aid, promote, or assist, directly or  
19 indirectly, any consumer lease meets the requirements of  
20 subsection (a) if the advertisement, clearly and conspicu-  
21 ously—

22           “(1) states the information described in para-  
23 graphs (1) and (2) of subsection (a);

1           “(2) states the sum of the amount financed and  
2 the finance charge, which shall be described as the  
3 ‘total of payments’; and

4           “(3) includes—

5               “(A) a referral to—

6                   “(i) a toll-free telephone number that  
7 may be used by consumers to obtain the  
8 information required under subsection (a)  
9 in accordance with subsection (c); or

10               “(ii) an advertisement that—

11                   “(I) appears in a publication in  
12 general circulation in the community  
13 served by the radio station (on which  
14 such advertisement is broadcast) dur-  
15 ing the period beginning 7 days before  
16 the broadcast and ending 7 days after  
17 the broadcast; and

18                   “(II) includes the information re-  
19 quired to be disclosed under sub-  
20 section (a); and

21           “(B) in any case to which subparagraph  
22 (A)(ii) applies, the name and date of the publi-  
23 cation.

24           “(c) ESTABLISHMENT OF TOLL-FREE TELEPHONE  
25 NUMBER.—

1           “(1) IN GENERAL.—In the case of an advertise-  
2           ment described in subsection (b) which includes a re-  
3           ferral to a toll-free telephone number in accordance  
4           with such subsection, a lessor who offers the  
5           consumer lease which such advertisement aids, sup-  
6           ports, or assists shall—

7                   “(A) establish the telephone number by not  
8                   later than the date on which an advertisement  
9                   is broadcast which includes a referral to the  
10                  number; and

11                  “(B) maintain the telephone number at  
12                  least until the end of the 7-day period begin-  
13                  ning on the date of any such broadcast.

14           “(2) AVAILABILITY OF INFORMATION.—

15                   “(A) IN GENERAL.—The lessor referred to  
16                   in subparagraph (A) shall provide the informa-  
17                   tion required under subsection (a) with respect  
18                   to the consumer lease for which the toll-free  
19                   telephone line is established to any person who  
20                   calls such number in response to an advertise-  
21                   ment by radio broadcast.

22                   “(B) FORM OF INFORMATION.—The infor-  
23                   mation required to be provided under subpara-  
24                   graph (A) may be provided orally or by offering

1 to mail a written copy of such information to  
2 such person.”.

3 **Subtitle D—Reports, Studies,**  
4 **Streamlined Regulatory Re-**  
5 **quirements**

6 **SEC. 131. STUDY ON CAPITAL STANDARDS AND THEIR IM-**  
7 **PACT ON THE ECONOMY.**

8 (a) IN GENERAL.—The Secretary of the Treasury, in  
9 consultation with the Federal banking agencies, shall con-  
10 duct a study of the effect that the implementation of risk-  
11 based capital standards, including the Basle international  
12 capital standards, is having on—

13 (1) the safety and soundness of insured deposi-  
14 tory institutions;

15 (2) the availability of credit, particularly to in-  
16 dividuals and small businesses; and

17 (3) economic growth.

18 (b) REPORT.—

19 (1) IN GENERAL.—Before the end of the 1-year  
20 period beginning on the date of the enactment of  
21 this Act, the Secretary of the Treasury shall submit  
22 report on the findings and conclusions of the Sec-  
23 retary with respect to the study conducted under  
24 subsection (a) to the Committee on Banking, Fi-  
25 nance and Urban Affairs of the House of Represent-

1       atives and the Committee on Banking, Housing, and  
2       Urban Affairs of the Senate.

3           (2) RECOMMENDATIONS.—The report shall con-  
4       tain any recommendations with respect to capital  
5       standards that the Secretary of the Treasury may  
6       determine to be appropriate.

7           (c) DEFINITIONS.—For purposes of this section, the  
8       terms “Federal banking agency” and “insured depository  
9       institution” have the meanings given to such terms in sec-  
10      tion 3 of the Federal Deposit Insurance Act.

11      **SEC. 132. STUDY OF THE CONSUMER CREDIT SYSTEM.**

12           (a) IN GENERAL.—The Secretary of the Treasury, in  
13      consultation with the Board of Governors of the Federal  
14      Reserve System, the Administrator of the Small Business  
15      Administration, the Secretary of Housing and Urban De-  
16      velopment, and the other Federal banking agencies, shall  
17      conduct a study of the manner in which and the extent  
18      to which credit is made available for consumers and small  
19      businesses in order to identify procedures which have the  
20      effect of—

21           (1) reducing the amount of credit available for  
22      such purposes or the number of persons eligible for  
23      such credit; and

24           (2) increasing the level of consumer inconven-  
25      ience, cost, and time delays in connection with the

1 extension consumer and small business credit with-  
2 out any corresponding benefit with respect to the  
3 protection of consumers or small businesses or the  
4 safety and soundness of insured depository institu-  
5 tions.

6 (b) REPORT.—

7 (1) IN GENERAL.—Before the end of the 1-year  
8 period beginning on the date of the enactment of  
9 this Act, the Secretary of the Treasury shall submit  
10 report on the findings and conclusions of the Sec-  
11 retary with respect to the study conducted under  
12 subsection (a) to the Committee on Banking, Fi-  
13 nance and Urban Affairs of the House of Represent-  
14 atives and the Committee on Banking, Housing, and  
15 Urban Affairs of the Senate.

16 (2) RECOMMENDATIONS.—The report shall con-  
17 tain any recommendations for administrative action  
18 that the Secretary of the Treasury may determine to  
19 be appropriate.

20 **SEC. 133. STUDIES ON THE IMPACT OF THE PAYMENT OF**  
21 **INTEREST ON RESERVES.**

22 (a) FEDERAL RESERVE STUDY.—Not later than 180  
23 days after the date of enactment of this Act, the Board  
24 of Governors of the Federal Reserve System, in consulta-  
25 tion with the Federal Deposit Insurance Corporation and

1 the National Credit Union Administration, shall conduct  
2 a study and report to Congress on—

3 (1) the necessity, for monetary policy purposes,  
4 of continuing to require insured depository institu-  
5 tions to maintain sterile reserves;

6 (2) the appropriateness of paying a market rate  
7 of interest to insured depository institutions on ster-  
8 ile reserves or, in the alternative, providing for pay-  
9 ment of such interest into the appropriate deposit  
10 insurance fund;

11 (3) the monetary impact that the failure to pay  
12 interest on sterile reserves has had on insured depos-  
13 itory institutions, including an estimate of the total  
14 dollar amount of interest and the potential income  
15 lost by insured depository institutions; and

16 (4) the impact that the failure to pay interest  
17 on sterile reserves has had on the ability of the  
18 banking industry to compete with nonbanking pro-  
19 viders of financial services and with foreign banks.

20 (b) BUDGETARY IMPACT STUDY.—Not later than  
21 180 days after the date of enactment of this Act, the Di-  
22 rector of the Office of Management and Budget and the  
23 Director of the Congressional Budget Office, in consulta-  
24 tion with the Committees on the Budget of the Senate and

1 the House of Representatives, shall each conduct a study  
2 and report to the Congress on the budgetary impact of—

3 (1) paying a market rate of interest to insured  
4 depository institutions on sterile reserves; and

5 (2) paying such interest into the respective  
6 deposit insurance funds.

7 (c) INSURED DEPOSITORY INSTITUTION DEFINED.—

8 For purposes of this section, the term “insured depository  
9 institution”—

10 (1) has the meaning given to such term in sec-  
11 tion 3(c) of the Federal Deposit Insurance Act; and

12 (2) includes an insured credit union (as defined  
13 in section 101 of the Federal Credit Union Act).

14 **SEC. 134. STREAMLINING OF REGULATORY REQUIRE-**  
15 **MENTS.**

16 (a) REVIEW OF REGULATIONS; REGULATORY UNI-  
17 FORMITY.—During the 2-year period beginning on the  
18 date of enactment of this Act, each Federal banking agen-  
19 cy shall, consistent with principles of safety and soundness  
20 and the public interest—

21 (1) conduct a review of the regulations and  
22 written policies of that agency to—

23 (A) streamline those regulations and poli-  
24 cies in order to improve efficiency, reduce un-

1 necessary costs, and eliminate unwarranted con-  
2 straints on credit availability;

3 (B) remove inconsistencies and outmoded  
4 and duplicative requirements; and

5 (C) with respect to regulations prescribed  
6 pursuant to section 18(o) of the Federal De-  
7 posit Insurance Act, consider the impact that  
8 such standards have on the availability of credit  
9 for small business, residential, and agricultural  
10 purposes, and on low- and moderate-income  
11 communities;

12 (2) work jointly with the other Federal banking  
13 agencies to make uniform all regulations and guide-  
14 lines implementing common statutory or supervisory  
15 policies; and

16 (3) review the continuing appropriateness of  
17 collecting data for purposes of the Fair Housing Act  
18 which is not required to be collected under the Home  
19 Mortgage Disclosure Act of 1975.

20 (b) REPORT TO CONGRESS.—The Federal banking  
21 agencies shall submit a joint report to the Congress annu-  
22 ally for 3 years following the date of the enactment of this  
23 Act detailing the progress of the agencies in carrying out  
24 the requirements of subsection (a).

1 **SEC. 135. CALL REPORT SIMPLIFICATION.**

2 (a) MODERNIZATION OF CALL REPORT FILING AND  
3 DISCLOSURE SYSTEM.—In order to reduce the adminis-  
4 trative requirements pertaining to bank reports of condi-  
5 tion, savings association financial reports, and bank hold-  
6 ing company consolidated financial statements, and to im-  
7 prove the timeliness of such reports and statements, the  
8 Federal banking agencies shall—

9 (1) work jointly to develop a system under  
10 which—

11 (A) insured depository institutions and  
12 their affiliates may file such reports and state-  
13 ments electronically; and

14 (B) the Federal banking agencies may  
15 make such reports and statements available to  
16 the public electronically; and

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

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

1           (1) to adopt a single form for the filing of core  
2 information required to be submitted under Federal  
3 law to all such agencies in the reports and state-  
4 ments referred to in subsection (a); and

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

9           (c) REVIEW OF CALL REPORT SCHEDULE.—Each  
10 Federal banking agency shall—

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

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

17 **SEC. 136. ADMINISTRATIVE CONSIDERATION OF BURDEN**  
18 **WITH NEW REGULATIONS.**

19           (a) IN GENERAL.—In determining the effective date  
20 and administrative compliance requirements for new regu-  
21 lations that impose additional reporting, disclosure, or  
22 other requirements on insured depository institutions,  
23 each Federal banking agency (as defined in section 3 of  
24 the Federal Deposit Insurance Act) shall consider, consist-

1 ent with the principles of safety and soundness and the  
2 public interest—

3 (1) any administrative burdens that such regu-  
4 lations would place on depository institutions, in-  
5 cluding small depository institutions, and customers  
6 of depository institutions; and

7 (2) the benefits of such regulations.

8 (b) ADEQUATE TRANSITION PERIOD FOR NEW REG-  
9 ULATIONS.—No new regulation issued by a Federal bank-  
10 ing agency which imposes additional reporting, disclosure  
11 or other requirements on insured depository institutions  
12 shall take effect on the 1st day of the calendar quarter  
13 which begins at or after the end of the 90-day period be-  
14 ginning on the date the regulations are published in final  
15 form unless—

16 (1) the agency makes a finding that—

17 (A) an emergency exists which requires the  
18 regulation to take effect before the 1st day of  
19 such calendar quarter; or

20 (B) a delay would have a substantial im-  
21 pact upon the safety and soundness of insured  
22 depository institutions; or

23 (2) the regulation is required to take effect be-  
24 fore the 1st day of such calendar quarter pursuant  
25 to any other provision of law.

1 **SEC. 137. ELIMINATION OF DUPLICATIVE FILINGS.**

2 The Federal banking agencies (as defined in section  
3 3 of the Federal Deposit Insurance Act) shall work joint-  
4 ly—

5 (1) to eliminate, to the extent practicable, du-  
6 plicative or otherwise unnecessary requests for infor-  
7 mation in connection with applications or notices to  
8 the agencies; and

9 (2) to harmonize, to the extent practicable, any  
10 inconsistent publication and public notice require-  
11 ments.

12 **SEC. 138. RECOURSE AGREEMENTS.**

13 The Federal banking agencies (as defined in section  
14 3(z) of the Federal Deposit Insurance Act) shall jointly—

15 (1) review the manner in which loans sold with  
16 recourse by insured depository institutions are treat-  
17 ed under capital standards and other accounting  
18 principles applicable with respect to such insured de-  
19 pository institutions; and

20 (2) issue an appropriate revision to any such  
21 standard or principle (which may not be less strin-  
22 gent than generally accepted accounting principles)  
23 before the end of the 180-day period beginning on  
24 the date of the enactment of this Act.

1 **SEC. 139. ANTITRUST REPORTS IN CONNECTION WITH**  
2 **MERGER TRANSACTIONS.**

3 The last sentence of section 18(c)(6) of the Federal  
4 Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended  
5 by inserting before the period at the end the following :“,  
6 unless the agency is advised by the other 2 banking agen-  
7 cies before such date that the reports required under para-  
8 graph (4) on the anticompetitive effects of the transaction  
9 are not necessary because none of the effects described  
10 in paragraph (5) is likely to occur as a result of the trans-  
11 action”.

12 **SEC. 140. BANKERS' BANKS.**

13 (a) OWNERSHIP BY BANKERS' BANKS.—OWNERSHIP  
14 BY DEPOSITORY INSTITUTION HOLDING COMPANIES.—

15 (1) PROVISION RELATING TO NATIONAL BANK  
16 INVESTMENTS.—The 5th proviso of the 7th undesig-  
17 nated paragraph of section 5136 of the Revised  
18 Statutes of the United States (12 U.S.C. 24) is  
19 amended—

20 (A) by inserting “or by depository institu-  
21 tion holding companies (as defined in section  
22 3(w) of the Federal Deposit Insurance Act)”  
23 after “is owned exclusively (except to the extent  
24 directors' qualifying shares are required by law)  
25 by depository institutions”; and

1 (B) by striking “employees” and inserting  
2 “employees (any such bank or company is com-  
3 monly referred to as a ‘bankers’ bank)’”.

4 (2) PROVISION RELATING TO NATIONAL BANK  
5 CHARTERS.—Section 5169(b)(1) of the Revised  
6 Statutes of the United States (12 U.S.C. 27(b)(1))  
7 is amended—

8 (A) by inserting “or by depository institu-  
9 tion holding companies (as defined in section  
10 3(w) of the Federal Deposit Insurance Act)”  
11 after “is owned exclusively (except to the extent  
12 directors’ qualifying shares are required by law)  
13 by other depository institutions”; and

14 (B) by striking “employees” and inserting  
15 “employees (such association is commonly re-  
16 ferred to as a ‘bankers’ bank)’”.

17 (b) OWNERSHIP BY SAVINGS ASSOCIATIONS.—Sec-  
18 tion 5(c)(4) of the Home Owners’ Loan Act (12 U.S.C.  
19 1464(c)(4)) is amended by adding at the end the following  
20 new subparagraph:

21 “(E) BANKERS’ BANKS.—A Federal sav-  
22 ings association may purchase, for the associa-  
23 tion’s own account, shares of stock of a bank-  
24 ers’ bank or holding company described in the  
25 5th proviso of the 7th undesignated paragraph

1 of section 5136 of the Revised Statutes of the  
2 United States or section 5169(b) of such Re-  
3 vised Statutes on the same terms and condi-  
4 tions a national bank may purchase such  
5 shares.”.

6 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

7 (1) BANK HOLDING COMPANY ACT.—Section  
8 3(e) of the Bank Holding Company Act of 1956 (12  
9 U.S.C. 1842(e)) is amended by striking the second  
10 sentence.

11 (2) DEPOSITORY INSTITUTION MANAGEMENT  
12 INTERLOCKS ACT AMENDMENT.—Section 202(3)(D)  
13 of the Depository Institution Management Interlocks  
14 Act (12 U.S.C. 3201(3)(D)) is amended by striking  
15 “the voting securities” the 1st place such term ap-  
16 pears and all that follows through “the surplus of  
17 such other bank; or” and inserting “which is a  
18 bankers’ bank described in the 5th proviso of the  
19 7th undesignated paragraph of section 5136 of the  
20 Revised Statutes of the United States; or”.

21 **SEC. 141. DUE PROCESS PROTECTIONS RELATING TO AT-**  
22 **TACHMENT OF ASSETS.**

23 Section 8 of the Federal Deposit Insurance Act (12  
24 U.S.C. 1818) is amended—

1           (1) by striking subsection (i)(4)(B) and insert-  
2           ing the following new subparagraph:

3           “(B) STANDARD.—

4           “(i) SHOWING.—Rule 65 of the Fed-  
5           eral Rules of Civil Procedure shall apply  
6           with respect to any proceeding under sub-  
7           paragraph (A) without regard to the re-  
8           quirement of such rule that the applicant  
9           show that the injury, loss, or damage is ir-  
10          reparable and immediate.

11          “(ii) STATE PROCEEDING.—If, in the  
12          case of any proceeding in a State court,  
13          the court determines that rules of civil pro-  
14          cedure available under the laws of such  
15          State provide substantially similar protec-  
16          tions to such party’s right to due process  
17          as Rule 65 (as modified with respect to  
18          such proceeding by clause (i)), the relief  
19          sought under subparagraph (A) may be re-  
20          quested under the laws of such State.”;  
21          and

22          (2) in subsection (b), by adding the following  
23          new paragraph:

24          “(9) STANDARD FOR CERTAIN ORDERS.—No  
25          authority under this subsection or subsection (c) to

1 prohibit any institution-affiliated party from with-  
2 drawing, transferring, removing, dissipating, or dis-  
3 posing of any funds, assets, or other property may  
4 be exercised unless the agency meets the standards  
5 of Rule 65 of the Federal Rules of Civil Procedure  
6 without regard to the requirement of such rule that  
7 the applicant show that the injury, loss, or damage  
8 is irreparable and immediate.”.

9 **TITLE II—COMMUNITY DEVELOP-**  
10 **MENT FINANCIAL INSTITU-**  
11 **TIONS**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “Community Develop-  
14 ment Banking and Financial Institutions Act of 1993”.

15 **SEC. 202. FINDINGS AND PURPOSE.**

16 (a) FINDINGS.—The Congress finds that—

17 (1) many of the Nation’s urban and rural com-  
18 munities and Indian reservations face critical social  
19 and economic problems arising in part from the lack  
20 of economic growth, people living in poverty, and the  
21 lack of employment and other opportunities;

22 (2) the restoration and maintenance of the  
23 economies of these communities will require coordi-  
24 nated development strategies, intensive supportive  
25 services, and increased access to capital and credit

1 for development activities, including investment in  
2 businesses, housing, commercial real estate, human  
3 development, and other activities that promote the  
4 long-term economic and social viability of the com-  
5 munity;

6 (3) in many urban and rural communities, low-  
7 and moderate-income neighborhoods, and Indian res-  
8 ervations, there is a shortage of capital and credit  
9 for business and affordable housing;

10 (4) access to capital and credit is essential to  
11 unleash the untapped entrepreneurial energy of  
12 America's poorest communities and to empower indi-  
13 viduals and communities to become self-sufficient;  
14 and

15 (5) community development financial institu-  
16 tions have proven their ability to identify and re-  
17 spond to community needs for capital, credit, and  
18 development services in the absence of, or as a com-  
19 plement to, services provided by other lenders.

20 (b) PURPOSE.—The purpose of this title is to create  
21 a Community Development Banking and Financial Insti-  
22 tutions Fund that will support a program of investment  
23 in and assistance to community development financial in-  
24 stitutions. The Community Development Banking and Fi-  
25 nancial Institutions Fund will provide financial and tech-

1 nical assistance, including training, to community develop-  
2 ment financial institutions, serve as a national information  
3 clearinghouse, and be an institutional voice for community  
4 development. The community development financial insti-  
5 tutions that the Community Development Banking and  
6 Financial Institutions Fund supports will provide capital,  
7 credit, and development services to targeted investment  
8 areas or populations, and will promote economic revitaliza-  
9 tion and community development.

10 **SEC. 203. DEFINITIONS.**

11 (a) APPROPRIATE FEDERAL BANKING AGENCY.—  
12 The term “appropriate Federal banking agency” has the  
13 same meaning given such term in section 3(q) of the Fed-  
14 eral Deposit Insurance Act (12 U.S.C. 1813(q)).

15 (b) COMMUNITY DEVELOPMENT FINANCIAL INSTI-  
16 TUTION.—The term “community development financial in-  
17 stitution” means any bank, savings association, depository  
18 institution holding company, credit union, micro-enter-  
19 prise loan fund, community development corporation, com-  
20 munity development revolving loan fund, minority-owned  
21 or other insured depository institution, or non-depository  
22 organization that—

23 (1) has as its primary mission the promotion of  
24 community development through the provision of

1 capital, credit, or development services in its invest-  
2 ment areas or to targeted populations; and

3 (2) encourages, through representation on its  
4 governing board or otherwise, the input of residents  
5 in the investment area or the targeted populations.

6 A depository institution holding company may qualify as  
7 a community development financial institution only if the  
8 holding company and its subsidiaries collectively satisfy  
9 the requirements of paragraphs (1) and (2). No subsidiary  
10 of a depository institution holding company may qualify  
11 as a community development financial institution if the  
12 holding company and its subsidiaries collectively do not  
13 meet the requirements of paragraphs (1) and (2). The  
14 term “community development financial institution” does  
15 not include an agency or instrumentality of the United  
16 States or an agency or instrumentality of any State or  
17 political subdivision thereof.

18 (c) DEPOSITORY INSTITUTION HOLDING COM-  
19 PANY.—The term “depository institution holding com-  
20 pany” has the same meaning given such term in section  
21 3(w) of the Federal Deposit Insurance Act (12 U.S.C.  
22 1813(w)).

23 (d) DEVELOPMENT SERVICES.—The term “develop-  
24 ment services” means activities conducted by a community  
25 development financial institution that promote community

1 development by developing, supporting, and strengthening  
2 the lending, investment, and capacity-building activities  
3 undertaken by institutions, including, but not limited to—

- 4 (1) business planning services;
- 5 (2) financial and credit counseling services;
- 6 (3) marketing and management assistance; and
- 7 (4) administrative activities associated with  
8 lending or investment.

9 (e) INSURED COMMUNITY DEVELOPMENT FINANCIAL  
10 INSTITUTION.—The term “insured community develop-  
11 ment financial institution” means any community develop-  
12 ment financial institution that is an insured depository in-  
13 stitution. The term also includes an insured credit union  
14 which has been designated as low-income by the National  
15 Credit Union Administration.

16 (f) INSURED CREDIT UNION.—The term “insured  
17 credit union” has the same meaning given such term in  
18 section 101(7) of the Federal Credit Union Act (12 U.S.C.  
19 1752(7)).

20 (g) INSURED DEPOSITORY INSTITUTION.—The term  
21 “insured depository institution” has the same meaning  
22 given such term in section 3(c) of the Federal Deposit In-  
23 surance Act (12 U.S.C. 1813(c)).

24 (h) INVESTMENT AREA.—The term “investment  
25 area” means an identifiable community that—

1 (1) meets objective criteria of distress, including  
2 the number of low-income families, the extent of  
3 poverty, the extent of unemployment, the extend of  
4 unmet credit needs, the degree of availability of  
5 basic financial services, the degree of limited access  
6 to capital and credit provided by existing financial  
7 institutions, and other factors that the Fund deter-  
8 mines to be appropriate; or

9 (2) is located in an empowerment zone or enter-  
10 prise community designated under section 1391 of  
11 the Internal Revenue Code of 1986.

12 (i) QUALIFIED COMMUNITY DEVELOPMENT FINAN-  
13 CIAL INSTITUTION.—The term “qualified community de-  
14 velopment financial institution” means a community devel-  
15 opment financial institution that meets the requirements  
16 of sections 5(b) (2) through (8) of this title.

17 (j) TARGETED POPULATION.—The term “targeted  
18 population” means an identifiable group of low-income or  
19 disadvantaged persons that are underserved by existing  
20 financial institutions.

21 **SEC. 204. ESTABLISHMENT OF NATIONAL FUND FOR COM-**  
22 **MUNITY DEVELOPMENT BANKING.**

23 (a) IN GENERAL.—There is hereby established a cor-  
24 porate to be known as the Community Development Bank-  
25 ing and Financial Institutions Fund (hereafter in this title

1 referred to as the “Fund”) that shall have the powers and  
2 responsibilities specified by this Act. The Fund shall have  
3 succession until dissolved. The charter of the Fund may  
4 be revised, amended, or modified by Congress at any time.  
5 The offices of the Fund shall be in Washington, D.C.

6 (b) BOARD OF DIRECTORS.—

7 (1) IN GENERAL.—The powers and manage-  
8 ment of the Fund shall be vested in a Board of Di-  
9 rectors (hereafter referred to in this title as the  
10 “Board”), which shall have nine members.

11 (2) MEMBERS.—The members of the Board  
12 shall consist of the following:

13 (A) The Secretary of Agriculture.

14 (B) The Secretary of Commerce.

15 (C) The Secretary of Housing and Urban  
16 Development.

17 (D) The Secretary of the Treasury.

18 (E) The Administrator of the Small Busi-  
19 ness Administration.

20 (F) Four private citizens, appointed by the  
21 President with the advice and consent of the  
22 Senate, that collectively—

23 (i) represent community groups whose  
24 constituencies include low-income persons  
25 or residents of investment areas,

1           (ii) have expertise in the operations  
2           and activities of insured depository institu-  
3           tions, and

4           (iii) have expertise in community de-  
5           velopment and lending; provided that there  
6           should not be less than one member from  
7           each of the three categories described in  
8           clauses (i) through (iii) of this subpara-  
9           graph.

10           (3) CHAIRPERSON.—The President shall ap-  
11           point from among the members of the Board speci-  
12           fied in paragraph (2)(F) a chairperson of the Board,  
13           who shall serve at the pleasure of the President for  
14           a term of two years.

15           (4) VICE-CHAIRPERSON.—The President shall  
16           appoint from among the members specified in para-  
17           graph (2) a vice-chairperson who will serve as chair-  
18           person in the absence, disability, or recusal of the  
19           chairperson. The vice-chairperson shall serve at the  
20           pleasure of the President for a term of two years.

21           (5) TERMS OF APPOINTED MEMBERS.—

22           (A) IN GENERAL.—Each member ap-  
23           pointed pursuant to paragraph (2)(F) shall  
24           serve at the pleasure of the President for a

1 term of four years, except as provided in para-  
2 graph (5)(C).

3 (B) VACANCIES.—Any member appointed  
4 to fill a vacancy occurring prior to the expira-  
5 tion of the term for which the previous member  
6 was appointed shall be appointed for the re-  
7 mainder of such term. Appointed members may  
8 continue to serve following the expiration of  
9 their terms until a successor is appointed and  
10 qualified.

11 (C) TERMS.—The terms of the initial ap-  
12 pointed members shall be for four years and  
13 shall begin on the date each member is ap-  
14 pointed, except that two of the members ini-  
15 tially appointed pursuant to paragraph (2)(F)  
16 shall be designated to serve at the pleasure of  
17 the President for five years.

18 (6) ACTING OFFICIALS.—In the event of a va-  
19 cancy or absence of the individual in any of the of-  
20 fices described in paragraphs (2) (A) through (E),  
21 the official acting in that office shall be a member  
22 of the Board.

23 (7) AUTHORITY TO DELEGATE.—Each member  
24 of the Board specified in paragraphs (2) (A)  
25 through (E) may designate another official who has

1       been appointed by the President with the advice and  
2       consent of the Senate within the same agency to  
3       serve as a member in his or her stead.

4               (8) COMPENSATION.—Members of the Board  
5       who are otherwise officers or employees of the  
6       United States shall serve without additional com-  
7       pensation for their duties as members, but shall be  
8       reimbursed by the Fund for travel, per diem, and  
9       other necessary expenses incurred in the perform-  
10      ance of their duties, in accordance with sections  
11      5702 and 5703 of title 5, United States Code. The  
12      appointed members of the Board shall be entitled to  
13      receive compensation at the daily equivalent of the  
14      rate for a position under Level IV of the Executive  
15      Schedule under section 5315 of title 5, United  
16      States Code, and shall be reimbursed by the Fund  
17      for travel, per diem, and other necessary expenses  
18      incurred in the performance of their duties, in ac-  
19      cordance with sections 5702 and 5703 of title 5,  
20      United States Code.

21              (9) MEETINGS.—The Board shall hold meetings  
22      at least quarterly. Special meetings of the Board  
23      may be called by the Chairperson or on the written  
24      request of three members of the Board. A majority

1 of the members of the Board in office shall con-  
2 stitute a quorum.

3 (c) OFFICERS AND EMPLOYEES.—The Board shall  
4 appoint a Chief Executive Officer who will be responsible  
5 for the management of the Fund and such other duties  
6 deemed appropriate by the Board. The Board shall ap-  
7 point a Chief Financial Officer who shall oversee all of  
8 the financial management activities of the Fund. The  
9 Board shall also appoint an Inspector General. The Board  
10 may appoint such other officers and employees of the  
11 Fund as the Board determines to be necessary or appro-  
12 priate. The Chief Executive Officer, Chief Financial Offi-  
13 cer, and up to 3 other officers of the Fund may be ap-  
14 pointed without regard to the provisions of title 5 of the  
15 United States Code governing appointments in the Fed-  
16 eral service and compensated without regard to chapter  
17 51 and subchapter III of chapter 53 of title 5 of the  
18 United States Code, except that the rate of pay for the  
19 Chief Executive Officer shall not exceed the rate for a po-  
20 sition under Level II of the Executive Schedule under sec-  
21 tion 5313 of title 5 of the United States Code and the  
22 rate of pay for the remaining four officers shall not exceed  
23 the rate for a position under Level IV of the Executive  
24 Schedule under section 5315 of title 5 of the United States  
25 Code.

1 (d) GENERAL POWERS.—In carrying out its powers  
2 and duties, the Fund—

3 (1) shall have all necessary and proper powers  
4 to carry out its authority under this title;

5 (2) may adopt, alter, and use a corporate seal,  
6 which shall be judicially noticed;

7 (3) may sue and be sued in its corporate name  
8 and complain and defend in any court of competent  
9 jurisdiction;

10 (4) may adopt, amend, and repeal bylaws, rules,  
11 and regulations governing the manner in which its  
12 business may be conducted and shall have power to  
13 make such rules and regulations as may be nec-  
14 essary or appropriate to implement the provisions of  
15 this title;

16 (5) may enter into and perform such agree-  
17 ments, contracts, and transactions as may be  
18 deemed necessary or appropriate to the conduct of  
19 activities authorized under this title;

20 (6) may determine the character of and neces-  
21 sity for its expenditures and the manner in which  
22 they shall be incurred, allowed, and paid;

23 (7) may utilize or employ the services of person-  
24 nel of any agency or instrumentality of the United  
25 States with the consent of the agency or instrumen-

1 tality concerned on a reimbursable or  
2 nonreimbursable basis; and

3 (8) may execute all instruments necessary or  
4 appropriate in the exercise of any of its functions  
5 under this title and may delegate to the members of  
6 the Board, to the Chief Executive Officer, or the of-  
7 ficers of the Fund such of its powers and respon-  
8 sibilities as it deems necessary or appropriate for the  
9 administration of the Fund.

10 (e) WHOLLY-OWNED GOVERNMENT CORPORA-  
11 TION.—

12 (1) The Fund shall be a wholly-owned Govern-  
13 ment corporation in the Executive branch and shall  
14 be treated in all respects as an agency of the United  
15 States, except to the extent this title provides other-  
16 wise.

17 (2) Section 9101(3) of title 31, United States  
18 Code, is amended—

19 (A) by redesignating paragraphs (B)  
20 through (M) as paragraphs (C) through (N),  
21 respectively; and

22 (B) by inserting after paragraph (A) the  
23 following:

24 “(B) the Community Development Banking and  
25 Financial Institutions Fund.”; and

1           (3) Section 9107(b) of title 31, United States  
2           Code, shall not apply to deposits of the Fund made  
3           pursuant to section 207.

4           (f) LIMITATION OF FUND AND FEDERAL LIABIL-  
5           ITY.—The liability of the Fund and of the United States  
6           Government arising out of any investment in a community  
7           development financial institution in accordance with this  
8           title shall be limited to the amount of the investment and  
9           the Fund shall be exempt from any assessments and other  
10          liabilities that may be imposed on controlling or principal  
11          shareholders by any Federal law or the law of any State,  
12          Territory, or the District of Columbia. A community devel-  
13          opment financial institution that receives assistance pur-  
14          suant to this title shall not be deemed to be an agency,  
15          department, or instrumentality of the United States.

16          (g) PROHIBITION OF ISSUANCE OF SECURITIES.—  
17          The Fund may not issue stock, bonds, debentures, notes,  
18          or other securities.

19          **SEC. 205. APPLICATIONS FOR ASSISTANCE.**

20          (a) FORM AND PROCEDURES.—An application for as-  
21          sistance under this title shall be submitted by an applicant  
22          in such form and in accordance with such procedures as  
23          the Board shall establish. The Board shall publish regula-  
24          tions with respect to application requirements and proce-  
25          dures not later than 210 days after enactment of this title.

1 (b) MINIMUM REQUIREMENTS.—The Board shall re-  
2 quire that the application—

3 (1) demonstrate to the satisfaction of the Board  
4 that the applicant is, or upon the receipt of a char-  
5 ter will be, a community development financial insti-  
6 tution as defined in section 203(a);

7 (2) demonstrate that the applicant will serve—

8 (A) a targeted population; or

9 (B) an area which is an investment area;

10 (3) in the case of an applicant that has pre-  
11 viously received assistance under this title, dem-  
12 onstrate that the applicant—

13 (A) has successfully carried out its respon-  
14 sibilities under this title;

15 (B) has become or is about to become an  
16 entity that will not be dependent upon assist-  
17 ance from the Fund for continued viability; and

18 (C) will expand its operations into a new  
19 investment area, offer new services, or will in-  
20 crease the volume of its current business;

21 (4) in the case of a community development fi-  
22 nancial institution with existing operations, dem-  
23 onstrate a record of success of serving investment  
24 areas or targeted populations;

1           (5) include a detailed and comprehensive strate-  
2           gic plan for the organization that contains—

3                   (A) a business plan of at least five years  
4                   that demonstrates the applicant is properly  
5                   managed and has the capacity to form and op-  
6                   erate a community development financial insti-  
7                   tution that is, or will become, an entity that will  
8                   not be dependent upon assistance from the  
9                   Fund for continued viability;

10                   (B) a statement that the applicant has, or  
11                   will have, in its charter or other governing doc-  
12                   uments a primary commitment to community  
13                   development, or other evidence of a prior his-  
14                   tory and a continuing affirmation of a primary  
15                   commitment of community development;

16                   (C) an analysis of the needs of the invest-  
17                   ment area or targeted populations and a strat-  
18                   egy for how the applicant will attempt to meet  
19                   those needs;

20                   (D) a plan to coordinate use of assistance  
21                   from the Fund with existing Federal, govern-  
22                   ment-sponsored enterprise, and State and local  
23                   assistance programs, and private sector finan-  
24                   cial services;

1           (E) a statement that the proposed activi-  
2           ties of the applicant are consistent with existing  
3           economic, community and housing development  
4           plans adopted by or applicable to the invest-  
5           ment area;

6           (F) a description of how the applicant will  
7           affiliate, network, or otherwise coordinate with  
8           a full range of community organizations and fi-  
9           nancial institutions which provide, or will pro-  
10          vide, capital, credit, or secondary markets in  
11          order to assure that banking, economic develop-  
12          ment, investment, affordable housing, and other  
13          related services will be available within the in-  
14          vestment area or to targeted populations; and

15          (G) such other information as the Board  
16          deems appropriate for inclusion in the strategic  
17          plan;

18          (6) demonstrate that the applicant will carry on  
19          its activities consistent with the purposes of this title  
20          within the investment area or with respect to a tar-  
21          geted population;

22          (7) include a detailed and specific statement of  
23          applicant's plans and likely sources of funds to  
24          match the amount of assistance from the Fund with

1 funds from private sources in accordance with the  
2 requirements of section 207(d); and

3 (8) include such other information as the Board  
4 may require.

5 (c) PRE-APPLICATION OUTREACH PROGRAM.—The  
6 Fund shall provide for an outreach program to identify  
7 and provide information to potential applicants and to in-  
8 crease the capacity of potential applicants to meet the ap-  
9 plication and other requirements of this title.

10 **SEC. 206. SELECTION OF INSTITUTIONS.**

11 (a) SELECTION CRITERIA.—The Board shall, in its  
12 discretion, select applications that meet the requirements  
13 of section 205 and award assistance from the Fund in ac-  
14 cordance with section 207. In selecting applications, the  
15 Board shall consider applications based on, but not limited  
16 to—

17 (1) the likelihood of success of the applicant in  
18 forming and operating a community development fi-  
19 nancial institution;

20 (2) the range and comprehensiveness of the  
21 capital, credit, and development services to be pro-  
22 vided by the applicant;

23 (3) the extent of the need, as measured by ob-  
24 jective criteria of distress, within the investment

1 areas or targeted populations for the types of activi-  
2 ties proposed by the applicant;

3 (4) the likelihood that the proposed activities  
4 will benefit a significant portion of the investment  
5 areas or targeted populations or, in the case of a  
6 community development financial institution with ex-  
7 isting operations, evidence of a record of success in  
8 serving investment areas or targeted populations;

9 (5) the extent to which the applicant will con-  
10 centrate its activities on serving low and very low-  
11 income families;

12 (6) the evidence of the extent of a broad cross-  
13 section of support from the investment areas or tar-  
14 geted populations;

15 (7) the experience and background of the pro-  
16 posed management team;

17 (8) the amount of legally enforceable commit-  
18 ments available at the time of application to meet or  
19 exceed the matching requirements under section  
20 207(d) and the strength of the plan for raising the  
21 balance of the match;

22 (9) in the case of applicants that have pre-  
23 viously received assistance pursuant to this title, the  
24 extent to which they have met or exceeded their per-  
25 formance goals;

1           (10) the extent to which the proposed activities  
2 will expand the employment base within the invest-  
3 ment areas or the targeted populations;

4           (11) the extent to which the applicant is, or will  
5 be, community-owned or community-governed;

6           (12) whether the applicant is, or will become,  
7 an insured community development financial institu-  
8 tion;

9           (13) whether the applicant is, or will be located,  
10 in an empowerment zone or enterprise community  
11 designated under section 1391 of the Internal Reve-  
12 nue Code of 1986;

13           (14) in the case of an institution that is not an  
14 insured community development financial institution,  
15 the extent to which the institution has or will have  
16 the ability to increase its resources through affili-  
17 ation with a secondary market, insured depository  
18 institution, or other financial intermediary in order  
19 to multiply the amount of capital or credit available  
20 for community development;

21           (15) in the case of an insured depository insti-  
22 tution or insured credit union applicant, whether the  
23 institution—

24                   (A) has or will have a substantial affili-  
25 ation with an entity or network of entities that

1           are community development financial institu-  
2           tions; and

3                   (B) has a comprehensive plan for providing  
4           meaningful financial assistance to such an en-  
5           tity or network of entities; and

6           (16) other factors deemed appropriate by the  
7           Board.

8           (b) GEOGRAPHIC DIVERSITY.—In addition to the  
9           above, in making its selections the Board shall seek to  
10          fund a geographically diverse group of applicants, which  
11          shall include applicants from nonmetropolitan and rural  
12          areas.

13          (c) PUBLICATION REQUIREMENT.—The Board shall  
14          publish regulations with respect to its selection criteria not  
15          later than 210 days after the date of enactment of this  
16          title.

17       **SEC. 207. ASSISTANCE PROVIDED BY THE FUND.**

18          (a) PURPOSE OF ASSISTANCE.—

19                  (1) The Fund shall work to promote an envi-  
20          ronment hospitable to business information, eco-  
21          nomic growth, community development, and afford-  
22          able housing in distressed communities. The Fund  
23          shall coordinate its activities with existing Federal  
24          and other community and economic development  
25          programs.

1           (2) Assistance may be provided to an existing  
2 qualified community development financial institu-  
3 tion to expand its activities to serve investment  
4 areas or targeted populations not currently served by  
5 another qualified community development financial  
6 institution receiving assistance under this section or  
7 to expand the volume of its activities consistent with  
8 the purposes of this title, or to form a new entity  
9 to undertake activities consistent with the purposes  
10 of this title, or to assist an existing entity to modify  
11 its structure or activities in order to undertake ac-  
12 tivities consistent with the purposes of this title.

13           (b) TYPES OF ASSISTANCE.—

14           (1) IN GENERAL.—The Fund may provide fi-  
15 nancial assistance to qualified community develop-  
16 ment financial institutions through equity invest-  
17 ments, loans, deposits, membership shares, and  
18 grants. The Fund may also provide technical assist-  
19 ance, including training, and grants for technical as-  
20 sistance to qualified community development finan-  
21 cial institutions. The allocation of awards of assist-  
22 ance between insured and uninsured community de-  
23 velopment financial institutions shall be in the dis-  
24 cretion of the Board: *Provided*, That due consider-

1        ation shall be given to the allocation of funds to in-  
2        sured community development financial institutions.

3            (2) FINANCIAL ASSISTANCE.—The Fund shall  
4        structure financial assistance to a qualified commu-  
5        nity development financial institution in such a man-  
6        ner that it does not own more than 50 percent of  
7        the equity of such institution and does not control  
8        the operations of such institution. The Fund will not  
9        be deemed to control such institution for the pur-  
10       poses of applicable laws. With respect to equity in-  
11       vestments, the Fund shall hold only transferable,  
12       nonvoting investments. Such equity investments may  
13       provide for convertibility to voting stock upon trans-  
14       fer by the Fund.

15           (3) DEPOSITS.—Notwithstanding any other  
16       provision of law, deposits made pursuant to this sec-  
17       tion in qualified insured community development fi-  
18       nancial institutions shall not be subject to any re-  
19       quirement for collateral or security.

20           (4) LIMITATIONS ON OBLIGATIONS.—Direct  
21       loan obligations may be incurred only to the extent  
22       that appropriations of budget authority to cover  
23       their costs, as defined in section 502 of the Congres-  
24       sional Budget Act of 1974, are made in advance.

1 (c) PURPOSE OF FINANCIAL ASSISTANCE.—Financial  
2 assistance made available under this title may be used by  
3 assisted institutions to develop or support—

4 (1) commercial facilities that enhance revitaliza-  
5 tion, community stability, or job creation and reten-  
6 tion efforts;

7 (2) business creation and expansion efforts  
8 that—

9 (A) create or retain jobs for low-income  
10 people;

11 (B) enhance the availability of products  
12 and services to low-income people; or

13 (C) create or retain businesses owned by  
14 low-income people or residents of a targeted  
15 area;

16 (3) community facilities that provide benefits to  
17 low-income people or enhance community stability;

18 (4) the provision of basic financial services to  
19 low-income people or residents of a targeted area;

20 (5) the provision of development services;

21 (6) home ownership opportunities that are af-  
22 fordable to low-income households;

23 (7) rental housing that is principally affordable  
24 to low-income households; and

1           (8) other activities deemed appropriate by the  
2 Fund.

3           (d) AMOUNT OF ASSISTANCE.—The Fund may pro-  
4 vide up to \$5,000,000 of assistance per application to any  
5 one qualified insured community development financial in-  
6 stitution and up to \$2,000,000 per application to any  
7 other qualified community development financial institu-  
8 tion. The Fund shall have the authority to set minimum  
9 amounts of assistance per institution.

10          (e) MATCHING REQUIREMENTS.—

11           (1) Assistance provided to qualified insured  
12 community development financial institutions, other  
13 than deposits or membership shares of \$100,000 or  
14 less, technical assistance, or grants for technical as-  
15 sistance, shall be matched by no less than one dollar  
16 of equity, deposits or membership shares for each  
17 dollar provided by the Fund. The Fund shall require  
18 a match for all other assistance, the amount and  
19 form of which shall be in the discretion of the Fund:  
20 *Provided*, That the Fund shall in no event require  
21 assistance provided in the form of deposits or mem-  
22 bership shares of \$100,000 or less, technical assist-  
23 ance, or grants for technical assistance to be  
24 matched. The Fund shall provide no assistance ex-  
25 cept technical assistance or grants for technical as-

1 assistance until a qualified community development fi-  
2 nancial institution has secured legally enforceable  
3 commitments for the entire match required. Assist-  
4 ance may be provided in one lump sum, or over a  
5 period of time, as determined by the Fund.

6 (2) Assistance shall be matched with funds  
7 from sources other than the Federal Government.

8 (f) TERMS AND CONDITIONS.—

9 (1) IN GENERAL.—The Fund shall provide as-  
10 sistance authorized under this title in such form and  
11 subject to such restrictions as are necessary to en-  
12 sure that to the maximum extent practicable—

13 (A) all assistance granted is used by the  
14 qualified community development financial in-  
15 stitution in a manner consistent with the pur-  
16 poses of this title;

17 (B) qualified community development fi-  
18 nancial institutions receiving assistance that are  
19 not otherwise regulated by the Federal Govern-  
20 ment or by a State government are financially  
21 and managerially sound;

22 (C) assistance results in a net increase,  
23 both nationally and in the local communities in  
24 which assistance is provided, in capital, credit,  
25 and development services; and

1 (D) assistance is provided in a manner  
2 that encourages affiliations and partnerships  
3 between insured depository institutions, second-  
4 ary markets or other sources of credit or lever-  
5 age and local organizations dedicated to com-  
6 munity development.

7 (2) CONSULTATION WITH BANKING REGU-  
8 LATORS.—Prior to providing assistance to a quali-  
9 fied insured community development financial insti-  
10 tution, the Board should consult with the appro-  
11 priate Federal banking agency or, in the case of an  
12 insured credit union, the National Credit Union  
13 Administration.

14 (3) ASSISTANCE AGREEMENT.—

15 (A) The Board shall impose restrictions on  
16 the use of assistance through a stock purchase  
17 agreement, share purchase agreement, or  
18 through a contract entered into in consideration  
19 for the provision of assistance.

20 (B) Such agreement or contract shall re-  
21 quire institutions assisted under this title to  
22 comply with performance goals. The perform-  
23 ance goals shall be negotiated between the  
24 Board and each qualified community develop-  
25 ment financial institution receiving assistance

1 based upon the strategic plan submitted pursu-  
2 ant to section 205(b)(5). The performance goals  
3 may be renegotiated jointly as necessary or ap-  
4 propriate, subject to subparagraph (C) of this  
5 section. Activity levels for insured community  
6 development financial institutions should be de-  
7 termined by the Board in consultation with the  
8 appropriate Federal banking agency or, in the  
9 case of an insured credit union, with the Na-  
10 tional Credit Union Administration.

11 (C) The agreement or contract shall speci-  
12 fy sanctions available to the Board, in its dis-  
13 cretion, in the event of noncompliance with the  
14 purposes of this title or the terms of the agree-  
15 ment. The sanctions may include revocation of  
16 approval of the application, terminating or re-  
17 ducing future assistance, requiring repayment  
18 of assistance, and requiring changes to the per-  
19 formance goals imposed pursuant to subpara-  
20 graph (B) or to the strategic plan submitted  
21 pursuant to section 205(b)(5). In the case of an  
22 insured community development financial insti-  
23 tution, the Board shall consult with the appro-  
24 priate Federal banking agency or, in the case of  
25 an insured credit union, the National Credit

1 Union Administration, before imposing sanc-  
2 tions pursuant to this paragraph.

3 (4) REVIEW.—At least annually, the Board  
4 shall review the performance of each assisted quali-  
5 fied community development financial institution in  
6 carrying out its strategic plan and performance  
7 goals.

8 (5) REPORTING.—The Board shall require each  
9 qualified community development financial institu-  
10 tion receiving assistance to submit an annual report  
11 to the Fund on its activities, its financial condition,  
12 its success in meeting performance goals, and its  
13 compliance with other requirements of this title.

14 (g) AUTHORITY TO SELL EQUITY INVESTMENTS AND  
15 LOANS.—The Board shall have the authority at any time  
16 to sell its investments and loans and may, in its discretion,  
17 retain the power to enforce limitations on assistance en-  
18 tered into in accordance with the requirements of this title.

19 (h) NO AUTHORITY TO LIMIT SUPERVISION AND  
20 REGULATION.—Nothing in this title shall affect any au-  
21 thority of the appropriate Federal banking agency or, in  
22 the case of an insured credit union, the National Credit  
23 Union Administration, to supervise and regulate an in-  
24 sured community development financial institution.

1 **SEC. 208. ENCOURAGEMENT OF PRIVATE ENTITIES.**

2       The Board may cause to be incorporated, or encour-  
3 age the incorporation of, private non-profit and for-profit  
4 entities that will complement the activities of the Fund  
5 in carrying out the purposes of this title. The purposes  
6 of any such entities shall be limited to investing in and  
7 assisting community development financial institutions in  
8 a manner similar to the activities of the Fund under this  
9 title. Any such entities shall be managed exclusively by  
10 private individuals who are selected in accordance with the  
11 laws of the jurisdiction of incorporation.

12 **SEC. 209. CLEARINGHOUSE FUNCTION.**

13       The Fund shall establish and maintain an informa-  
14 tion clearinghouse in coordination with the Departments  
15 of Agriculture, Commerce, and Housing and Urban Devel-  
16 opment, the Small Business Administration, other Federal  
17 agencies, and community development financial institu-  
18 tions—

19           (1) to cause to be collected, compiled, and ana-  
20 lyzed information pertinent to community develop-  
21 ment financial institutions that will assist in creat-  
22 ing, developing, expanding, and preserving these in-  
23 stitutions; and

24           (2) to cause to be established a service center  
25 for comprehensive information on financial, tech-  
26 nical, and management assistance, case studies of

1 the activities of community development financial in-  
2 stitutions, regulations, and other information that  
3 may promote the purposes of this title.

4 **SEC. 210. RECORDKEEPING, REPORTS, AND AUDITS.**

5 (a) RECORDKEEPING.—

6 (1) A qualified community development finan-  
7 cial institution receiving assistance from the Fund  
8 shall keep such records as may be reasonably nec-  
9 essary to disclose the disposition of any assistance  
10 under this title and to ensure compliance with the  
11 requirements of this title.

12 (2) The Fund shall have access, for the purpose  
13 of determining compliance with this title, to any  
14 books, documents, papers, and records of a qualified  
15 community development financial institution receiv-  
16 ing assistance from the Fund that are pertinent to  
17 assistance received under this title.

18 (b) REPORTS.—

19 (1) ANNUAL REPORT.—The Fund shall conduct  
20 an annual evaluation of the activities carried out  
21 pursuant to this title and shall submit a report of  
22 its findings to the President within 120 days of the  
23 end of each fiscal year of the Fund. The report shall  
24 include financial statements audited in accordance  
25 with subsection (c).

1           (2) INSTITUTIONAL VOICE FOR COMMUNITY DE-  
2           VELOPMENT.—

3           (A) ONGOING STUDY.—The Fund shall  
4           conduct, or cause to be conducted, an ongoing  
5           study to identify and evaluate the most effective  
6           and financially sound policies and practices for  
7           encouraging investment in distressed commu-  
8           nities, including small business and commercial  
9           lending, business formation and expansion,  
10          community and economic development, commer-  
11          cial real estate and multi-family housing, and  
12          home mortgages. In addition, the Fund may  
13          study, or cause to be studied, related matters,  
14          such as identification of sources of and access  
15          to capital and loans for community investment;  
16          development of secondary markets for economic  
17          and community development, small business  
18          and commercial loans, and home mortgage  
19          loans and investments; and methods to involve  
20          all segments of the financial services industry in  
21          community development.

22          (B) CONSULTATION.—In the conduct of  
23          the study, the Fund shall consult, or cause con-  
24          sultation with, the Office of the Comptroller of  
25          the Currency, the Federal Deposit Insurance

1 Corporation, the Board of Governors of the  
2 Federal Reserve System, the Federal Housing  
3 Finance Board, the Farm Credit Administra-  
4 tion, the Office of Thrift Supervision, the Na-  
5 tional Credit Union Administration, community  
6 reinvestment, civil rights, consumer and finan-  
7 cial organizations, and such representatives of  
8 agencies or other persons as the Fund may de-  
9 termine.

10 (C) REPORTS.—Within 270 days after the  
11 date of enactment of this title, the Fund shall  
12 report to the President its initial findings and  
13 recommendations regarding the matters set  
14 forth in subparagraph (A). Thereafter, the  
15 Fund shall report its findings and recommenda-  
16 tions to the President with the annual report  
17 required by paragraph (b)(1).

18 (3) INVESTMENT, GOVERNANCE, AND ROLE OF  
19 FUND.—Six years following the date of enactment of  
20 this title, the Fund, in accordance with the proce-  
21 dures described in paragraphs (2)(A) and (B), shall  
22 conduct a study evaluating the structure, govern-  
23 ance, and performance of the Fund. The study shall  
24 be submitted to the President. Such study shall in-  
25 clude an evaluation of the overall performance of the

1 Fund in meeting the purposes of this title and any  
2 recommendations of the Fund for restructuring the  
3 Board, altering procedures under which the Fund is  
4 governed, the future role of the Fund in addressing  
5 community development, and the ability of the Fund  
6 to become a private, self-sustaining entity capable of  
7 fulfilling the purposes of this title.

8 (c) EXAMINATION AND AUDIT.—The financial state-  
9 ments of the Fund shall be audited in accordance with  
10 section 9105 of title 31, United States Code, except that  
11 audits required by section 9105(a) of that title shall be  
12 performed annually.

13 **SEC. 211. INVESTMENT OF RECEIPTS AND PROCEEDS.**

14 Any dividends on equity investments and proceeds  
15 from the disposition of investments, deposits, or member-  
16 ship shares that are received by the Fund as a result of  
17 assistance provided pursuant to section 217 shall be de-  
18 posited and accredited to an account of the Fund estab-  
19 lished to carry out the authorized purposes of this title.  
20 Upon request of the Chief Executive Officer, the Secretary  
21 of the Treasury shall invest amounts deposited in such ac-  
22 count in public debt securities with maturities suitable to  
23 the needs of the Fund, as determined by the Chief Execu-  
24 tive Officer, and bearing interest at rates determined by  
25 the Secretary of the Treasury, taking into consideration

1 current market yields on outstanding marketable obliga-  
2 tions of the United States of comparable maturities.  
3 Amounts deposited into the account and interest earned  
4 on such amounts pursuant to this section shall be available  
5 to the Fund until expended.

6 **SEC. 212. AUTHORIZATION OF APPROPRIATIONS.**

7 (a) IN GENERAL.—There are authorized to be appro-  
8 priated to the Fund, to remain available until expended,  
9 \$60,000,000 for fiscal year 1994, \$104,000,000 for fiscal  
10 year 1995, \$107,000,000 for fiscal year 1996, and  
11 \$111,000,000 for fiscal year 1997, or such greater sums  
12 as may be appropriated, to carry out the purposes of the  
13 title.

14 (b) ADMINISTRATIVE EXPENSES.—The Fund may  
15 set aside up to \$10,000,000 each fiscal year to pay admin-  
16 istrative costs and expenses.

17 **SEC. 213. CONFORMING AMENDMENT.**

18 Section 8E(a)(2) of the Inspector General Act of  
19 1978 (5 U.S.C. app. 3, 8E(a)(2)) is amended by inserting  
20 “the Community Development Banking and Financial In-  
21 stitutions Fund,” immediately following “the Commodity  
22 Futures Trading Commission.”.

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