

## AMENDMENTS

2010—Subsec. (a). Pub. L. 111-203 substituted “the enforcement functions of the Attorney General” for “his enforcement functions”.

## EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the transfer date, see section 351 of Pub. L. 111-203, set out as a note under section 906 of Title 2, The Congress.

### CHAPTER 34—FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

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#### § 3301. Declaration of purpose

It is the purpose of this chapter to establish a Financial Institutions Examination Council which shall prescribe uniform principles and standards for the Federal examination of financial institutions by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration and make recommendations to promote uniformity in the supervision of these financial institutions. The Council's actions shall be designed to promote consistency in such examination and to insure progressive and vigilant supervision.

(Pub. L. 95-630, title X, §1002, Nov. 10, 1978, 92 Stat. 3694.)

## EFFECTIVE DATE

Chapter effective upon the expiration of 120 days after Nov. 10, 1978, see section 2101 of Pub. L. 95-630, set out as a note under section 375b of this title.

## SHORT TITLE

Pub. L. 95-630, title X, §1001, Nov. 10, 1978, 92 Stat. 3694, provided that: “This title [enacting this chapter and amending section 67 of former Title 31, Money and Finance] may be cited as the ‘Federal Financial Institutions Examination Council Act of 1978.’”

## TRANSFER OF FUNCTIONS

Federal Home Loan Bank Board abolished and functions transferred, see sections 401 to 406 of Pub. L. 101-73, set out as a note under section 1437 of this title.

#### § 3302. Definitions

As used in this chapter—

(1) the term “Federal financial institutions regulatory agencies” means the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration;

(2) the term “Council” means the Financial Institutions Examination Council; and

(3) the term “financial institution” means a commercial bank, a savings bank, a trust company, a savings association, a building and loan association, a homestead association, a cooperative bank, or a credit union;<sup>1</sup>

(Pub. L. 95-630, title X, §1003, Nov. 10, 1978, 92 Stat. 3694; Pub. L. 101-73, title VII, §744(a)(1), Aug. 9, 1989, 103 Stat. 438.)

## AMENDMENTS

1989—Par. (1). Pub. L. 101-73, §744(a)(1)(A), substituted “Office of Thrift Supervision” for “Federal Home Loan Bank Board”.

Par. (3). Pub. L. 101-73, §744(a)(1)(B), substituted “savings association” for “savings and loan association”.

#### § 3303. Financial Institutions Examination Council

##### (a) Establishment; composition

There is established the Financial Institutions Examination Council which shall consist of—

- (1) the Comptroller of the Currency,
- (2) the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation,
- (3) a Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board,
- (4) the Director of the Consumer Financial Protection Bureau,
- (5) the Chairman of the National Credit Union Administration Board, and
- (6) the Chairman of the State Liaison Committee.

##### (b) Chairmanship

The members of the Council shall select the first chairman of the Council. Thereafter the chairmanship shall rotate among the members of the Council.

##### (c) Term of office

The term of the Chairman of the Council shall be two years.

##### (d) Designation of officers and employees

The members of the Council may, from time to time, designate other officers or employees of their respective agencies to carry out their duties on the Council.

##### (e) Compensation and expenses

Each member of the Council shall serve without additional compensation but shall be entitled to reasonable expenses incurred in carrying out his official duties as such a member.

(Pub. L. 95-630, title X, §1004, Nov. 10, 1978, 92 Stat. 3694; Pub. L. 101-73, title VII, §744(a)(2), Aug. 9, 1989, 103 Stat. 438; Pub. L. 109-351, title VII, §714(a), Oct. 13, 2006, 120 Stat. 1995; Pub. L. 111-203, title X, §1091, July 21, 2010, 124 Stat. 2094.)

## AMENDMENTS

2010—Subsec. (a)(4). Pub. L. 111-203 substituted “Director of the Consumer Financial Protection Bureau” for “Director, Office of Thrift Supervision”.

2006—Subsec. (a)(4). Pub. L. 109-351, §714(a)(1), substituted “Thrift Supervision,” for “Thrift Supervision”.

Subsec. (a)(6). Pub. L. 109-351, §714(a)(2), (3), added par. (6).

<sup>1</sup> So in original. The semicolon probably should be a period.

1989—Subsec. (a)(4). Pub. L. 101-73 substituted “Director, Office of Thrift Supervision” for “Chairman of the Federal Home Loan Bank Board, and”.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the designated transfer date, see section 1100H of Pub. L. 111-203, set out as a note under section 552a of Title 5, Government Organization and Employees.

**§ 3304. Costs and expenses of Council**

One-fifth of the costs and expenses of the Council, including the salaries of its employees, shall be paid by each of the Federal financial institutions regulatory agencies. Annual assessments for such share shall be levied by the Council based upon its projected budget for the year, and additional assessments may be made during the year if necessary.

(Pub. L. 95-630, title X, §1005, Nov. 10, 1978, 92 Stat. 3695.)

**§ 3305. Functions of Council**

**(a) Establishment of principles and standards**

The Council shall establish uniform principles and standards and report forms for the examination of financial institutions which shall be applied by the Federal financial institutions regulatory agencies.

**(b) Making recommendations regarding supervisory matters and adequacy of supervisory tools**

(1) The Council shall make recommendations for uniformity in other supervisory matters, such as, but not limited to, classifying loans subject to country risk, identifying financial institutions in need of special supervisory attention, and evaluating the soundness of large loans that are shared by two or more financial institutions. In addition, the Council shall make recommendations regarding the adequacy of supervisory tools for determining the impact of holding company operations on the financial institutions within the holding company and shall consider the ability of supervisory agencies to discover possible fraud or questionable and illegal payments and practices which might occur in the operation of financial institutions or their holding companies.

(2) When a recommendation of the Council is found unacceptable by one or more of the applicable Federal financial institutions regulatory agencies, the agency or agencies shall submit to the Council, within a time period specified by the Council, a written statement of the reasons the recommendation is unacceptable.

**(c) Development of uniform reporting system**

The Council shall develop uniform reporting systems for federally supervised financial institutions, their holding companies, and non-financial institution subsidiaries of such institutions or holding companies. The authority to develop uniform reporting systems shall not restrict or amend the requirements of section 78I(i) of title 15.

**(d) Conducting schools for examiners and assistant examiners**

The Council shall conduct schools for examiners and assistant examiners employed by the

Federal financial institutions regulatory agencies. Such schools shall be open to enrollment by employees of State financial institutions supervisory agencies and employees of the Federal Housing Finance Board under conditions specified by the Council.

**(e) Affect on Federal regulatory agency research and development of new financial institutions supervisory agencies**

Nothing in this chapter shall be construed to limit or discourage Federal regulatory agency research and development of new financial institutions supervisory methods and tools, nor to preclude the field testing of any innovation devised by any Federal regulatory agency.

**(f) Annual report**

Not later than April 1 of each year, the Council shall prepare an annual report covering its activities during the preceding year.

**(g) Flood insurance**

The Council shall consult with and assist the Federal entities for lending regulation, as such term is defined in section 4121(a) of title 42, in developing and coordinating uniform standards and requirements for use by regulated lending institutions under the national flood insurance program.

(Pub. L. 95-630, title X, §1006, Nov. 10, 1978, 92 Stat. 3695; Pub. L. 97-320, title IV, §431, Oct. 15, 1982, 96 Stat. 1527; Pub. L. 101-73, title VII, §744(a)(3), Aug. 9, 1989, 103 Stat. 438; Pub. L. 103-325, title V, §530, Sept. 23, 1994, 108 Stat. 2267.)

AMENDMENTS

1994—Subsec. (g). Pub. L. 103-325 added subsec. (g).

1989—Subsec. (d). Pub. L. 101-73 inserted “and employees of the Federal Housing Finance Board” after “supervisory agencies”.

1982—Subsec. (b)(2). Pub. L. 97-320 substituted “unacceptable” for “unaccepted”.

REPORT ON CONSISTENT USE OF FINANCIAL TERMINOLOGY

Pub. L. 103-325, title II, §210, Sept. 23, 1994, 108 Stat. 2203, provided that: “Not later than 2 years after the date of enactment of this Act [Sept. 23, 1994], the Financial Institutions Examination Council shall report to the Congress on its recommendations for the use of consistent financial terminology by depository institutions for small business loans or leases of personal property which are sold for the creation of small business related securities (as defined in section 3(a)(53)(A) of the Securities Exchange Act of 1934 [15 U.S.C. 78c(a)(53)(A)]).”

EXAMINATION IMPROVEMENT PROGRAM

Pub. L. 102-242, title I, §111(d), Dec. 19, 1991, 105 Stat. 2241, provided that:

“(1) IN GENERAL.—The appropriate Federal banking agencies, acting through the Federal Financial Institutions Examination Council, shall each establish a comparable examination improvement program that meets the requirements of paragraph (2).

“(2) REQUIREMENTS.—An examination improvement program meets the requirements of this paragraph if, under the program, the agency is required—

“(A) to periodically review the organization and training of the staff of the agency who are responsible for conducting examinations of insured depository institutions and to make such improvements as the agency determines to be appropriate to ensure

frequent, objective, and thorough examinations of such institutions; and

“(B) to increase the number of examiners, supervisors, and other individuals employed by the agency in connection with conducting or supervising examinations of insured depository institutions to the extent necessary to ensure frequent, objective, and thorough examinations of such institutions.”

#### STUDY ON REGULATORY BURDEN

Pub. L. 102-242, title II, §221, Dec. 19, 1991, 105 Stat. 2305, provided that:

“(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act [Dec. 19, 1991], the Federal Financial Institutions Examination Council, in consultation with individuals representing insured depository institutions, consumers, community groups, and other interested parties, shall—

“(1) review the policies and procedures, and record-keeping and documentation requirements used to monitor and enforce compliance with—

“(A) all laws under the jurisdiction of the Federal banking agencies; and

“(B) all laws affecting insured depository institutions under the jurisdiction of the Secretary of the Treasury;

“(2) determine whether such policies, procedures, and requirements impose unnecessary burdens on insured depository institutions; and

“(3) identify any revisions of such policies, procedures, and requirements that could reduce unnecessary burdens on insured depository institutions without in any respect—

“(A) diminishing either compliance with or enforcement of consumer laws in any respect; or

“(B) endangering the safety and soundness of insured depository institutions.

“(b) REPORT.—Not later than 1 year after the date of enactment of this Act [Dec. 19, 1991], the Federal Financial Institutions Examination Council shall submit to the Congress a report describing the revisions identified under subsection (a)(3).

“(c) DEFINITIONS.—For purposes of this section, the terms ‘insured depository institution’ and ‘Federal banking agency’ have the same meanings as in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813].”

#### STUDY AND REPORT ASSESSING FEASIBILITY AND USEFULNESS OF DEPOSITORY INSTITUTIONS MAKING SMALL BUSINESS LOANS TO COMPILE AND DISCLOSE LOAN INFORMATION

Pub. L. 96-399, title III, §340(d), Oct. 8, 1980, 94 Stat. 1659, directed Federal Financial Institutions Examination Council, in consultation with Administrator of Small Business Administration, to conduct a study to assess feasibility and usefulness of requiring depository institutions which make small business loans to compile and publicly disclose information regarding such loans, and directed Council to submit a report on results of such study, together with recommendations, to Senate Committee on Banking, Housing, and Urban Affairs and House Committee on Banking, Finance and Urban Affairs not later than Mar. 1, 1981.

#### EVALUATION AND REPORT ON FEASIBILITY AND DESIRABILITY OF ESTABLISHING A UNIFIED SYSTEM FOR ENFORCING FAIR LENDING LAWS AND REGULATIONS

Pub. L. 96-399, title III, §340(e), Oct. 8, 1980, 94 Stat. 1659, directed Federal Financial Institutions Examination Council to transmit a report to Congress not later than Sept. 30, 1982, on feasibility and desirability of establishing a unified system for enforcing fair lending laws and regulations, implementing Community Reinvestment Act of 1977 [12 U.S.C. 2901 et seq.], and satisfying public disclosure purposes of Home Mortgage Disclosure Act of 1975 [12 U.S.C. 2801 et seq.], such report to evaluate status and effectiveness of data collection and analysis systems of such agencies involving fair lending and community reinvestment, and to outline

possible specific timetables for implementing such a unified system.

### § 3306. State liaison

To encourage the application of uniform examination principles and standards by State and Federal supervisory agencies, the Council shall establish a liaison committee composed of five representatives of State agencies which supervise financial institutions which shall meet at least twice a year with the Council. Members of the liaison committee shall receive a reasonable allowance for necessary expenses incurred in attending meetings. Members of the Liaison Committee shall elect a chairperson from among the members serving on the committee.

(Pub. L. 95-630, title X, §1007, Nov. 10, 1978, 92 Stat. 3696; Pub. L. 109-351, title VII, §714(b), Oct. 13, 2006, 120 Stat. 1995.)

#### AMENDMENTS

2006—Pub. L. 109-351 inserted at end “Members of the Liaison Committee shall elect a chairperson from among the members serving on the committee.”

### § 3307. Administration

#### (a) Authority of Chairman of Council

The Chairman of the Council is authorized to carry out and to delegate the authority to carry out the internal administration of the Council, including the appointment and supervision of employees and the distribution of business among members, employees, and administrative units.

#### (b) Use of personnel, services, and facilities of Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks

in<sup>1</sup> addition to any other authority conferred upon it by this chapter, in carrying out its functions under this chapter, the Council may utilize, with their consent and to the extent practical, the personnel, services, and facilities of the Federal financial institutions regulatory agencies, Federal Reserve banks, and Federal Home Loan Banks, with or without reimbursement therefor.

#### (c) Compensation, authority, and duties of officers and employees; experts and consultants

In addition, the Council may—

(1) subject to the provisions of title 5 relating to the competitive service, classification, and General Schedule pay rates, appoint and fix the compensation of such officers and employees as are necessary to carry out the provisions of this chapter, and to prescribe the authority and duties of such officers and employees; and

(2) obtain the services of such experts and consultants as are necessary to carry out the provisions of this chapter.

(Pub. L. 95-630, title X, §1008, Nov. 10, 1978, 92 Stat. 3696.)

#### REFERENCES IN TEXT

The provisions of title 5 relating to the competitive service, referred to in subsec. (c), are classified gener-

<sup>1</sup> So in original. Probably should be capitalized.

ally to section 3301 et seq. of Title 5, Government Organization and Employees.

The provisions of title 5 relating to classification, referred to in subsec. (c), are classified generally to chapter 51 (§5101 et seq.) and to subchapter III (§5331 et seq.) of chapter 53 of Title 5.

The provisions of title 5 relating to General Schedule pay rates, referred to in subsec. (c), are set out under section 5332 of Title 5.

**§ 3308. Access to books, accounts, records, etc., by Council**

For the purpose of carrying out this chapter, the Council shall have access to all books, accounts, records, reports, files, memorandums, papers, things, and property belonging to or in use by Federal financial institutions regulatory agencies, including reports of examination of financial institutions or their holding companies from whatever source, together with workpapers and correspondence files related to such reports, whether or not a part of the report, and all without any deletions.

(Pub. L. 95-630, title X, §1009, Nov. 10, 1978, 92 Stat. 3696.)

**§ 3309. Risk management training**

**(a) Seminars**

The Council shall develop and administer training seminars in risk management for its employees and the employees of insured financial institutions.

**(b) Study of risk management training program**

Not later than end of the 1-year period beginning on August 9, 1989, the Council shall—

(1) conduct a study on the feasibility and appropriateness of establishing a formalized risk management training program designed to lead to the certification of Risk Management Analysts; and

(2) report to the Congress the results of such study.

(Pub. L. 95-630, title X, §1009A, as added Pub. L. 101-73, title XII, §1218, Aug. 9, 1989, 103 Stat. 546.)

**§ 3310. Establishment of Appraisal Subcommittee**

There shall be within the Council a subcommittee to be known as the “Appraisal Subcommittee”, which shall consist of the designees of the heads of the Federal financial institutions regulatory agencies, the Bureau of Consumer Financial Protection, and the Federal Housing Finance Agency. Each such designee shall be a person who has demonstrated knowledge and competence concerning the appraisal profession. At all times at least one member of the Appraisal Subcommittee shall have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.

(Pub. L. 95-630, title X, §1011, as added Pub. L. 101-73, title XI, §1102, Aug. 9, 1989, 103 Stat. 511; amended Pub. L. 111-203, title XIV, §1473(s), July 21, 2010, 124 Stat. 2199.)

AMENDMENTS

2010—Pub. L. 111-203 inserted “, the Bureau of Consumer Financial Protection, and the Federal Housing Finance Agency” after “agencies” and “At all times at

least one member of the Appraisal Subcommittee shall have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.” at the end.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective on the date on which final regulations implementing that amendment take effect, or on the date that is 18 months after the designated transfer date if such regulations have not been issued by that date, see section 1400(c) of Pub. L. 111-203, set out as a note under section 1601 of Title 15, Commerce and Trade.

**§ 3311. Required review of regulations**

**(a) In general**

Not less frequently than once every 10 years, the Council and each appropriate Federal banking agency represented on the Council shall conduct a review of all regulations prescribed by the Council or by any such appropriate Federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions.

**(b) Process**

In conducting the review under subsection (a) of this section, the Council or the appropriate Federal banking agency shall—

(1) categorize the regulations described in subsection (a) of this section by type (such as consumer regulations, safety and soundness regulations, or such other designations as determined by the Council, or the appropriate Federal banking agency); and

(2) at regular intervals, provide notice and solicit public comment on a particular category or categories of regulations, requesting commentators to identify areas of the regulations that are outdated, unnecessary, or unduly burdensome.

**(c) Complete review**

The Council or the appropriate Federal banking agency shall ensure that the notice and comment period described in subsection (b)(2) of this section is conducted with respect to all regulations described in subsection (a) of this section not less frequently than once every 10 years.

**(d) Regulatory response**

The Council or the appropriate Federal banking agency shall—

(1) publish in the Federal Register a summary of the comments received under this section, identifying significant issues raised and providing comment on such issues; and

(2) eliminate unnecessary regulations to the extent that such action is appropriate.

**(e) Report to Congress**

Not later than 30 days after carrying out subsection (d)(1) of this section, the Council shall submit to the Congress a report, which shall include—

(1) a summary of any significant issues raised by public comments received by the Council and the appropriate Federal banking agencies under this section and the relative merits of such issues; and

(2) an analysis of whether the appropriate Federal banking agency involved is able to ad-

dress the regulatory burdens associated with such issues by regulation, or whether such burdens must be addressed by legislative action.

(Pub. L. 104–208, div. A, title II, §2222, Sept. 30, 1996, 110 Stat. 3009–414.)

#### CODIFICATION

Section enacted as part of the Economic Growth and Regulatory Paperwork Reduction Act of 1996, and also as part of the Omnibus Consolidated Appropriations Act, 1997, and not as part of the Federal Financial Institutions Examination Council Act of 1978 which comprises this chapter.

### CHAPTER 34A—APPRAISAL SUBCOMMITTEE OF FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Sec.	
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3346.	Establishment of State appraiser certifying and licensing agencies.
3347.	Monitoring of State appraiser certifying and licensing agencies.
3348.	Recognition of State certified and licensed appraisers for purposes of this chapter.
3349.	Violations in obtaining and performing appraisals in federally related transactions.
3350.	Definitions.
3351.	Miscellaneous provisions.
3352.	Emergency exceptions for disaster areas.
3353.	Appraisal management company minimum requirements.
3354.	Automated valuation models used to estimate collateral value for mortgage lending purposes.
3355.	Broker price opinions.

#### § 3331. Purpose

The purpose of this chapter is to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

(Pub. L. 101–73, title XI, §1101, Aug. 9, 1989, 103 Stat. 511.)

#### § 3332. Functions of Appraisal Subcommittee

##### (a) In general

The Appraisal Subcommittee shall—

(1) monitor the requirements established by States—

(A) for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and

(B) for the registration and supervision of the operations and activities of an appraisal management company;

(2) monitor the requirements established by the Federal financial institutions regulatory agencies with respect to—

(A) appraisal standards for federally related transactions under their jurisdiction, and

(B) determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser;

(3) maintain a national registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions; and<sup>1</sup>

(4) Omitted

(5) transmit an annual report to the Congress not later than June 15 of each year that describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year. The report shall also detail the activities of the Appraisal Subcommittee, including the results of all audits of State appraiser regulatory agencies, and provide an accounting of disapproved actions and warnings taken in the previous year, including a description of the conditions causing the disapproval and actions taken to achieve compliance.<sup>2</sup>

(6) maintain a national registry of appraisal management companies that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution.

##### (b) Monitoring and reviewing foundation

The Appraisal Subcommittee shall monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation.

(Pub. L. 101–73, title XI, §1103, Aug. 9, 1989, 103 Stat. 512; Pub. L. 111–203, title III, §367(6), title XIV, §1473(b), (f)(1), July 21, 2010, 124 Stat. 1557, 2190, 2191.)

#### CODIFICATION

Paragraph (4) of subsection (a), which required the Appraisal Subcommittee to submit an annual report to Congress on the manner in which assigned functions were carried out, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104–66, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 170 of House Document No. 103–7.

<sup>1</sup> So in original. The word “and” probably should not appear.

<sup>2</sup> So in original. Probably should be “compliance; and”.