

109TH CONGRESS
1ST SESSION

H. R. 1185

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 2005

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Federal Deposit Insurance Reform Act of 2005”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
 Sec. 2. Merging the BIF and SAIF.
 Sec. 3. Increase in deposit insurance coverage.
 Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
 Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
 Sec. 6. Requirements applicable to the risk-based assessment system.
 Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
 Sec. 8. Deposit Insurance Fund restoration plans.
 Sec. 9. Regulations required.
 Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
 Sec. 11. Bi-annual FDIC survey and report on increasing the deposit base by encouraging use of depository institutions by the unbanked.
 Sec. 12. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
 Sec. 13. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

1 **SEC. 2. MERGING THE BIF AND SAIF.**

2 (a) IN GENERAL.—

3 (1) MERGER.—The Bank Insurance Fund and
 4 the Savings Association Insurance Fund shall be
 5 merged into the Deposit Insurance Fund.

6 (2) DISPOSITION OF ASSETS AND LIABIL-
 7 ITIES.—All assets and liabilities of the Bank Insur-
 8 ance Fund and the Savings Association Insurance
 9 Fund shall be transferred to the Deposit Insurance
 10 Fund.

11 (3) NO SEPARATE EXISTENCE.—The separate
 12 existence of the Bank Insurance Fund and the Sav-
 13 ings Association Insurance Fund shall cease on the
 14 effective date of the merger thereof under this sec-
 15 tion.

1 (b) REPEAL OF OUTDATED MERGER PROVISION.—
2 Section 2704 of the Deposit Insurance Funds Act of 1996
3 (12 U.S.C. 1821 note) is repealed.

4 (c) EFFECTIVE DATE.—This section shall take effect
5 on the first day of the first calendar quarter that begins
6 after the end of the 90-day period beginning on the date
7 of the enactment of this Act.

8 **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

9 (a) IN GENERAL.—Section 11(a)(1) of the Federal
10 Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amend-
11 ed—

12 (1) by striking subparagraph (B) and inserting
13 the following new subparagraph:

14 “(B) NET AMOUNT OF INSURED DE-
15 POSIT.—The net amount due to any depositor
16 at an insured depository institution shall not
17 exceed the standard maximum deposit insur-
18 ance amount as determined in accordance with
19 subparagraphs (C), (D), (E) and (F) and para-
20 graph (3).”; and

21 (2) by adding at the end the following new sub-
22 paragraphs:

23 “(E) STANDARD MAXIMUM DEPOSIT IN-
24 SURANCE AMOUNT DEFINED.—For purposes of

1 this Act, the term ‘standard maximum deposit
2 insurance amount’ means—

3 “(i) until the effective date of final
4 regulations prescribed pursuant to section
5 9(a)(2) of the Federal Deposit Insurance
6 Reform Act of 2005, \$100,000; and

7 “(ii) on and after such effective date,
8 \$130,000, adjusted as provided under sub-
9 paragraph (F).

10 “(F) INFLATION ADJUSTMENT.—

11 “(i) IN GENERAL.—By April 1 of
12 2007, and the 1st day of each subsequent
13 5-year period, the Board of Directors and
14 the National Credit Union Administration
15 Board shall jointly prescribe the amount
16 by which the standard maximum deposit
17 insurance amount and the standard max-
18 imum share insurance amount (as defined
19 in section 207(k) of the Federal Credit
20 Union Act) applicable to any depositor at
21 an insured depository institution shall be
22 increased by calculating the product of—

23 “(I) \$130,000; and

24 “(II) the ratio of the value of the
25 Personal Consumption Expenditures

1 Chain-Type Index (or any successor
2 index thereto), published by the De-
3 partment of Commerce, as of Decem-
4 ber 31 of the year preceding the year
5 in which the adjustment is calculated
6 under this clause, to the value of such
7 index as of the date this subpara-
8 graph takes effect.

9 “(ii) ROUNDING.—If the amount de-
10 termined under clause (ii) for any period is
11 not a multiple of \$10,000, the amount so
12 determined shall be rounded to the nearest
13 \$10,000.

14 “(iii) PUBLICATION AND REPORT TO
15 THE CONGRESS.—Not later than April 5 of
16 any calendar year in which an adjustment
17 is required to be calculated under clause (i)
18 to the standard maximum deposit insur-
19 ance amount and the standard maximum
20 share insurance amount under such clause,
21 the Board of Directors and the National
22 Credit Union Administration Board
23 shall—

24 “(I) publish in the Federal Reg-
25 ister the standard maximum deposit

1 insurance amount, the standard max-
2 imum share insurance amount, and
3 the amount of coverage under para-
4 graph (3)(A) and section 207(k)(3) of
5 the Federal Credit Union Act, as so
6 calculated; and

7 “(II) jointly submit a report to
8 the Congress containing the amounts
9 described in subclause (I).

10 “(iv) 6-MONTH IMPLEMENTATION PE-
11 RIOD.—Unless an Act of Congress enacted
12 before July 1 of the calendar year in which
13 an adjustment is required to be calculated
14 under clause (i) provides otherwise, the in-
15 crease in the standard maximum deposit
16 insurance amount and the standard max-
17 imum share insurance amount shall take
18 effect on January 1 of the year imme-
19 diately succeeding such calendar year.”.

20 (b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT
21 PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal De-
22 posit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amend-
23 ed to read as follows:

24 “(D) COVERAGE FOR CERTAIN EMPLOYEE
25 BENEFIT PLAN DEPOSITS.—

1 “(i) PASS-THROUGH INSURANCE.—
2 The Corporation shall provide pass-
3 through deposit insurance for the deposits
4 of any employee benefit plan.

5 “(ii) PROHIBITION ON ACCEPTANCE
6 OF BENEFIT PLAN DEPOSITS.—An insured
7 depository institution that is not well cap-
8 italized or adequately capitalized may not
9 accept employee benefit plan deposits.

10 “(iii) DEFINITIONS.—For purposes of
11 this subparagraph, the following definitions
12 shall apply:

13 “(I) CAPITAL STANDARDS.—The
14 terms ‘well capitalized’ and ‘ade-
15 quately capitalized’ have the same
16 meanings as in section 38.

17 “(II) EMPLOYEE BENEFIT
18 PLAN.—The term ‘employee benefit
19 plan’ has the same meaning as in
20 paragraph (8)(B)(ii), and includes any
21 eligible deferred compensation plan
22 described in section 457 of the Inter-
23 nal Revenue Code of 1986.

24 “(III) PASS-THROUGH DEPOSIT
25 INSURANCE.—The term ‘pass-through

1 deposit insurance’ means, with respect
2 to an employee benefit plan, deposit
3 insurance coverage provided on a pro
4 rata basis to the participants in the
5 plan, in accordance with the interest
6 of each participant.”.

7 (c) DOUBLING OF DEPOSIT INSURANCE FOR CER-
8 TAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of
9 the Federal Deposit Insurance Act (12 U.S.C.
10 1821(a)(3)(A)) is amended by striking “\$100,000” and
11 inserting “2 times the standard maximum deposit insur-
12 ance amount (as determined under paragraph (1))”.

13 (d) INCREASED INSURANCE COVERAGE FOR MUNIC-
14 IPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit
15 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

16 (1) in subparagraph (A)—

17 (A) by moving the margins of clauses (i)
18 through (v) 4 ems to the right;

19 (B) by striking, in the matter following
20 clause (v), “such depositor shall” and all that
21 follows through the period; and

22 (C) by striking the semicolon at the end of
23 clause (v) and inserting a period;

1 (2) by striking “(2)(A) Notwithstanding” and
2 all that follows through “a depositor who is—” and
3 inserting the following:

4 “(2) MUNICIPAL DEPOSITORS.—

5 “(A) IN GENERAL.—Notwithstanding any
6 limitation in this Act or in any other provision
7 of law relating to the amount of deposit insur-
8 ance available to any 1 depositor—

9 “(i) a municipal depositor shall, for
10 the purpose of determining the amount of
11 insured deposits under this subsection, be
12 deemed to be a depositor separate and dis-
13 tinct from any other officer, employee, or
14 agent of the United States or any public
15 unit referred to in subparagraph (E); and

16 “(ii) except as provided in subpara-
17 graph (B), the deposits of a municipal de-
18 positor shall be insured in an amount
19 equal to the standard maximum deposit in-
20 surance amount (as determined under
21 paragraph (1)).

22 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

23 In the case of the deposits of an in-State mu-
24 nicipal depositor described in clause (ii), (iii),
25 (iv), or (v) of subparagraph (E) at an insured

1 depository institution, such deposits shall be in-
2 sured in an amount not to exceed the lesser
3 of—

4 “(i) \$2,000,000; or

5 “(ii) the sum of the standard max-
6 imum deposit insurance amount and 80
7 percent of the amount of any deposits in
8 excess of the standard maximum deposit
9 insurance amount.

10 “(C) MUNICIPAL DEPOSIT PARITY.—No
11 State may deny to insured depository institu-
12 tions within its jurisdiction the authority to ac-
13 cept deposits insured under this paragraph, or
14 prohibit the making of such deposits in such in-
15 stitutions by any in-State municipal depositor.

16 “(D) IN-STATE MUNICIPAL DEPOSITOR DE-
17 FINED.—For purposes of this paragraph, the
18 term ‘in-State municipal depositor’ means a
19 municipal depositor that is located in the same
20 State as the office or branch of the insured de-
21 pository institution at which the deposits of
22 that depositor are held.

23 “(E) MUNICIPAL DEPOSITOR.—In this
24 paragraph, the term ‘municipal depositor’
25 means a depositor that is—”;

1 (3) by striking “(B) The” and inserting the fol-
2 lowing:

3 “(F) AUTHORITY TO LIMIT DEPOSITS.—
4 The”;

5 (4) by striking “depositor referred to in sub-
6 paragraph (A) of this paragraph” each place such
7 term appears and inserting “municipal depositor”.

8 (e) TECHNICAL AND CONFORMING AMENDMENT RE-
9 LATING TO INSURANCE OF TRUST FUNDS.—Paragraphs
10 (1) and (3) of section 7(i) of the Federal Deposit Insur-
11 ance Act (12 U.S.C. 1817(i)) are each amended by strik-
12 ing “\$100,000” and inserting “the standard maximum de-
13 posit insurance amount (as determined under section
14 11(a)(1))”.

15 (f) OTHER TECHNICAL AND CONFORMING AMEND-
16 MENTS.—

17 (1) Section 11(m)(6) of the Federal Deposit In-
18 surance Act (12 U.S.C. 1821(m)(6)) is amended by
19 striking “\$100,000” and inserting “an amount equal
20 to the standard maximum deposit insurance
21 amount”.

22 (2) Subsection (a) of section 18 of the Federal
23 Deposit Insurance Act (12 U.S.C. 1828(a)) is
24 amended to read as follows:

25 “(a) INSURANCE LOGO.—

1 “(1) INSURED DEPOSITORY INSTITUTIONS.—

2 “(A) IN GENERAL.—Each insured deposi-
3 tory institution shall display at each place of
4 business maintained by that institution a sign
5 or signs relating to the insurance of the depos-
6 its of the institution, in accordance with regula-
7 tions to be prescribed by the Corporation.

8 “(B) STATEMENT TO BE INCLUDED.—
9 Each sign required under subparagraph (A)
10 shall include a statement that insured deposits
11 are backed by the full faith and credit of the
12 United States Government.

13 “(2) REGULATIONS.—The Corporation shall
14 prescribe regulations to carry out this subsection, in-
15 cluding regulations governing the substance of signs
16 required by paragraph (1) and the manner of dis-
17 play or use of such signs.

18 “(3) PENALTIES.—For each day that an in-
19 sured depository institution continues to violate this
20 subsection or any regulation issued under this sub-
21 section, it shall be subject to a penalty of not more
22 than \$100, which the Corporation may recover for
23 its use.”.

24 (3) Section 43(d) of the Federal Deposit Insur-
25 ance Act (12 U.S.C. 1831t(d)) is amended by strik-

1 ing “\$100,000” and inserting “an amount equal to
2 the standard maximum deposit insurance amount”.

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

5 (A) by striking “\$100,000” each place
6 such term appears and inserting “an amount
7 equal to the standard maximum deposit insur-
8 ance amount”; and

9 (B) by adding at the end the following new
10 subsection:

11 “(e) STANDARD MAXIMUM DEPOSIT INSURANCE
12 AMOUNT DEFINED.—For purposes of this section, the
13 term ‘standard maximum deposit insurance amount’
14 means the amount of the maximum amount of deposit in-
15 surance as determined under section 11(a)(1) of the Fed-
16 eral Deposit Insurance Act.”.

17 (g) CONFORMING CHANGE TO CREDIT UNION SHARE
18 INSURANCE FUND.—

19 (1) IN GENERAL.—Section 207(k) of the Fed-
20 eral Credit Union Act (12 U.S.C. 1787(k)) is
21 amended—

22 (A) by striking “(k)(1)” and all that fol-
23 lows through the end of paragraph (1) and in-
24 serting the following:

25 “(k) INSURED AMOUNTS PAYABLE.—

1 “(1) NET INSURED AMOUNT.—

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

15 “(B) AGGREGATION.—Determination of
16 the net amount of share insurance under sub-
17 paragraph (A), shall be in accordance with such
18 regulations as the Board may prescribe, and, in
19 determining the amount payable to any mem-
20 ber, there shall be added together all accounts
21 in the credit union maintained by that member
22 for that member’s own benefit, either in the
23 member’s own name or in the names of others.

24 “(C) AUTHORITY TO DEFINE THE EXTENT
25 OF COVERAGE.—The Board may define, with

1 such classifications and exceptions as it may
2 prescribe, the extent of the share insurance cov-
3 erage provided for member accounts, including
4 member accounts in the name of a minor, in
5 trust, or in joint tenancy.”;

6 (B) in paragraph (2)—

7 (i) in subparagraph (A)—

8 (I) in clauses (i) through (v), by
9 moving the margins 4 ems to the
10 right;

11 (II) in the matter following
12 clause (v), by striking “his account”
13 and all that follows through the pe-
14 riod; and

15 (III) by striking the semicolon at
16 the end of clause (v) and inserting a
17 period;

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

22 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

23 “(A) IN GENERAL.—Notwithstanding any
24 limitation in this Act or in any other provision
25 of law relating to the amount of insurance

1 available to any 1 depositor or member, depos-
2 its or shares of a municipal depositor or mem-
3 ber shall be insured in an amount equal to the
4 standard maximum share insurance amount (as
5 determined under paragraph (5)), except as
6 provided in subparagraph (B).

7 “(B) IN-STATE MUNICIPAL DEPOSITORS.—

8 In the case of the deposits of an in-State mu-
9 nicipal depositor described in clause (ii), (iii),
10 (iv), or (v) of subparagraph (E) at an insured
11 credit union, such deposits shall be insured in
12 an amount equal to the lesser of—

13 “(i) \$2,000,000; or

14 “(ii) the sum of the standard max-
15 imum deposit insurance amount and 80
16 percent of the amount of any deposits in
17 excess of the standard maximum deposit
18 insurance amount.

19 “(C) RULE OF CONSTRUCTION.—No provi-

20 sion of this paragraph shall be construed as au-
21 thorizing an insured credit union to accept the
22 deposits of a municipal depositor in an amount
23 greater than such credit union is authorized to
24 accept under any other provision of Federal or
25 State law.

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

8 “(E) MUNICIPAL DEPOSITOR.—In this
9 paragraph, the term ‘municipal depositor’
10 means a depositor that is—”;

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

13 “(F) AUTHORITY TO LIMIT DEPOSITS.—
14 The”;

15 (iv) by striking “depositor or member
16 referred to in subparagraph (A)” and in-
17 serting “municipal depositor or member”;
18 and

19 (C) by adding at the end the following new
20 paragraphs:

21 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-
22 EFIT PLAN DEPOSITS.—

23 “(A) PASS-THROUGH INSURANCE.—The
24 Administration shall provide pass-through share

1 insurance for the deposits or shares of any em-
2 ployee benefit plan.

3 “(B) PROHIBITION ON ACCEPTANCE OF
4 DEPOSITS.—An insured credit union that is not
5 well capitalized or adequately capitalized may
6 not accept employee benefit plan deposits.

7 “(C) DEFINITIONS.—For purposes of this
8 paragraph, the following definitions shall apply:

9 “(i) CAPITAL STANDARDS.—The
10 terms ‘well capitalized’ and ‘adequately
11 capitalized’ have the same meanings as in
12 section 216(c).

13 “(ii) EMPLOYEE BENEFIT PLAN.—
14 The term ‘employee benefit plan’—

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

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

22 “(III) includes any eligible de-
23 ferred compensation plan described in
24 section 457 of the Internal Revenue
25 Code of 1986.

1 “(iii) PASS-THROUGH SHARE INSUR-
2 ANCE.—The term ‘pass-through share in-
3 surance’ means, with respect to an em-
4 ployee benefit plan, insurance coverage
5 provided on a pro rata basis to the partici-
6 pants in the plan, in accordance with the
7 interest of each participant.

8 “(D) RULE OF CONSTRUCTION.—No provi-
9 sion of this paragraph shall be construed as au-
10 thorizing an insured credit union to accept the
11 deposits of an employee benefit plan in an
12 amount greater than such credit union is au-
13 thorized to accept under any other provision of
14 Federal or State law.

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

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

23 “(B) on and after such effective date,
24 \$130,000, adjusted as provided under section

1 11(a)(1)(F) of the Federal Deposit Insurance
2 Act.”.

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

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

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

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

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

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

1 Directors may determine to be necessary or ap-
2 propriate, subject to subparagraph (D).

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

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

9 “(ii) The estimated case resolution ex-
10 penses and income of the Deposit Insur-
11 ance Fund.

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

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

21 “(v) Any other factors the Board of
22 Directors may determine to be appro-
23 priate.”; and

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

1 “(D) BASE RATE FOR ASSESSMENTS.—

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

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

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

23 “(5) DEPOSITORY INSTITUTION REQUIRED TO
24 MAINTAIN ASSESSMENT-RELATED RECORDS.—Each
25 insured depository institution shall maintain all

1 records that the Corporation may require for
 2 verifying the correctness of any assessment on the
 3 insured depository institution under this subsection
 4 until the later of—

5 “(A) the end of the 3-year period begin-
 6 ning on the due date of the assessment; or

7 “(B) in the case of a dispute between the
 8 insured depository institution and the Corpora-
 9 tion with respect to such assessment, the date
 10 of a final determination of any such dispute.”.

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

15 “(h) PENALTY FOR FAILURE TO TIMELY PAY AS-
 16 SESSMENTS.—

17 “(1) IN GENERAL.—Any insured depository in-
 18 stitution which fails or refuses to pay any assess-
 19 ment shall be subject to a penalty in an amount not
 20 more than 1 percent of the amount of the assess-
 21 ment due for each day that such violation continues.

22 “(2) EXCEPTION IN CASE OF DISPUTE.—Para-
 23 graph (1) shall not apply if—

24 “(A) the failure to pay an assessment is
 25 due to a dispute between the insured depository

1 institution and the Corporation over the
2 amount of such assessment; and

3 “(B) the insured depository institution de-
4 posits security satisfactory to the Corporation
5 for payment upon final determination of the
6 issue.

7 “(3) AUTHORITY TO MODIFY OR REMIT PEN-
8 ALTY.—The Corporation, in the sole discretion of
9 the Corporation, may compromise, modify or remit
10 any penalty which the Corporation may assess or
11 has already assessed under paragraph (1) upon a
12 finding that good cause prevented the timely pay-
13 ment of an assessment.”.

14 (d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

15 (1) IN GENERAL.—Section 232 of the Federal
16 Deposit Insurance Corporation Improvement Act of
17 1991 (12 U.S.C. 1834) is amended by striking sub-
18 section (c).

19 (2) CLARIFICATION OF RATE APPLICABLE TO
20 DEPOSITS ATTRIBUTABLE TO LIFELINE AC-
21 COUNTS.—Section 7(b)(2)(H) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amend-
23 ed by striking “at a rate determined in accordance
24 with such Act” and inserting “at $\frac{1}{2}$ the assessment

1 rate otherwise applicable for such insured depository
2 institution”.

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

8 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

9 (1) Paragraph (3) of section 7(a) of the Fed-
10 eral Deposit Insurance Act (12 U.S.C. 1817(a)(3))
11 is amended by striking the 3d sentence and inserting
12 the following: “Such reports of condition shall be the
13 basis for the certified statements to be filed pursu-
14 ant to subsection (c).”.

15 (2) Subparagraphs (B)(ii) and (C) of section
16 7(b)(1) of the Federal Deposit Insurance Act (12
17 U.S.C. 1817(b)(1)) are each amended by striking
18 “semiannual” where such term appears in each such
19 subparagraph.

20 (3) Section 7(b)(2) of the Federal Deposit In-
21 surance Act (12 U.S.C. 1817(b)(2)) is amended—

22 (A) by striking subparagraphs (E), (F),
23 and (G);

24 (B) in subparagraph (C), by striking
25 “semiannual”; and

1 (C) by redesignating subparagraph (H) (as
2 amended by subsection (e)(2) of this section) as
3 subparagraph (E).

4 (4) Section 7(b) of the Federal Deposit Insur-
5 ance Act (12 U.S.C. 1817(b)) is amended by strik-
6 ing paragraph (4) and redesignating paragraphs (5)
7 (as amended by subsection (b) of this section), (6),
8 and (7) as paragraphs (4), (5), and (6) respectively.

9 (5) Section 7(c) of the Federal Deposit Insur-
10 ance Act (12 U.S.C. 1817(c)) is amended—

11 (A) in paragraph (1)(A), by striking
12 “semiannual”;

13 (B) in paragraph (2)(A), by striking
14 “semiannual”; and

15 (C) in paragraph (3), by striking “semi-
16 annual period” and inserting “initial assess-
17 ment period”.

18 (6) Section 8(p) of the Federal Deposit Insur-
19 ance Act (12 U.S.C. 1818(p)) is amended by strik-
20 ing “semiannual”.

21 (7) Section 8(q) of the Federal Deposit Insur-
22 ance Act (12 U.S.C. 1818(q)) is amended by strik-
23 ing “semiannual period” and inserting “assessment
24 period”.

1 (8) Section 13(c)(4)(G)(ii)(II) of the Federal
2 Deposit Insurance Act (12 U.S.C.
3 1823(c)(4)(G)(ii)(II)) is amended by striking “semi-
4 annual period” and inserting “assessment period”.

5 (9) Section 232(a) of the Federal Deposit In-
6 surance Corporation Improvement Act of 1991 (12
7 U.S.C. 1834(a)) is amended—

8 (A) in the matter preceding subparagraph
9 (A) of paragraph (2), by striking “the Board
10 and”;

11 (B) in subparagraph (J) of paragraph (2),
12 by striking “the Board” and inserting “the
13 Corporation”;

14 (C) by striking subparagraph (A) of para-
15 graph (3) and inserting the following new sub-
16 paragraph:

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

20 (D) in subparagraph (C) of paragraph (3),
21 by striking “Board” and inserting “Corpora-
22 tion”.

23 (f) EFFECTIVE DATE.—This section and the amend-
24 ments made by this section shall take effect on the date

1 that the final regulations required under section 9(a)(5)
2 take effect.

3 **SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE**
4 **RATIO WITH RESERVE RANGE.**

5 (a) IN GENERAL.—Section 7(b)(3) of the Federal
6 Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended
7 to read as follows:

8 “(3) DESIGNATED RESERVE RATIO.—

9 “(A) ESTABLISHMENT.—

10 “(i) IN GENERAL.—The Board of Di-
11 rectors shall designate, by regulation after
12 notice and opportunity for comment, the
13 reserve ratio applicable with respect to the
14 Deposit Insurance Fund.

15 “(ii) NOT LESS THAN ANNUAL REDE-
16 TERMINATION.—A determination under
17 clause (i) shall be made by the Board of
18 Directors at least before the beginning of
19 each calendar year, for such calendar year,
20 and at such other times as the Board of
21 Directors may determine to be appropriate.

22 “(B) RANGE.—The reserve ratio des-
23 igned by the Board of Directors for any
24 year—

1 “(i) may not exceed 1.4 percent of es-
2 timated insured deposits; and

3 “(ii) may not be less than 1.15 per-
4 cent of estimated insured deposits.

5 “(C) FACTORS.—In designating a reserve
6 ratio for any year, the Board of Directors
7 shall—

8 “(i) take into account the risk of
9 losses to the Deposit Insurance Fund in
10 such year and future years, including his-
11 toric experience and potential and esti-
12 mated losses from insured depository insti-
13 tutions;

14 “(ii) take into account economic con-
15 ditions generally affecting insured deposi-
16 tory institutions so as to allow the des-
17 ignated reserve ratio to increase during
18 more favorable economic conditions and to
19 decrease during less favorable economic
20 conditions, notwithstanding the increased
21 risks of loss that may exist during such
22 less favorable conditions, as determined to
23 be appropriate by the Board of Directors;

1 “(iii) seek to prevent sharp swings in
2 the assessment rates for insured depository
3 institutions; and

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

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

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—
16 Section 3(y) of the Federal Deposit Insurance Act (12
17 U.S.C. 1813(y)) is amended—

18 (1) by striking “(y) The term” and inserting(y)
19 Definitions Relating to Deposit Insurance Fund.—

20 “(1) DEPOSIT INSURANCE FUND.—The term”;
21 and

22 (2) by inserting after paragraph (1) (as so des-
23 ignated by paragraph (1) of this subsection) the fol-
24 lowing new paragraph:

1 “(2) DESIGNATED RESERVE RATIO.—The term
2 ‘designated reserve ratio’ means the reserve ratio
3 designated by the Board of Directors in accordance
4 with section 7(b)(3).”.

5 (c) EFFECTIVE DATE.—This section and the amend-
6 ments made by this section shall take effect on the date
7 that the final regulations required under section 9(a)(1)
8 take effect.

9 **SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED**
10 **ASSESSMENT SYSTEM.**

11 Section 7(b)(1) of the Federal Deposit Insurance Act
12 (12 U.S.C. 1817(b)(1)) is amended by adding at the end
13 the following new subparagraphs:

14 “(E) INFORMATION CONCERNING RISK OF
15 LOSS AND ECONOMIC CONDITIONS.—

16 “(i) SOURCES OF INFORMATION.—For
17 purposes of determining risk of losses at
18 insured depository institutions and eco-
19 nomic conditions generally affecting depos-
20 itory institutions, the Corporation shall col-
21 lect information, as appropriate, from all
22 sources the Board of Directors considers
23 appropriate, such as reports of condition,
24 inspection reports, and other information
25 from all Federal banking agencies, any in-

1 formation available from State bank super-
2 visors, State insurance and securities regu-
3 lators, the Securities and Exchange Com-
4 mission (including information described in
5 section 35), the Secretary of the Treasury,
6 the Commodity Futures Trading Commis-
7 sion, the Farm Credit Administration, the
8 Federal Trade Commission, any Federal
9 reserve bank or Federal home loan bank,
10 and other regulators of financial institu-
11 tions, and any information available from
12 credit rating entities, and other private
13 economic or business analysts.

14 “(ii) CONSULTATION WITH FEDERAL
15 BANKING AGENCIES.—

16 “(I) IN GENERAL.—Except as
17 provided in subclause (II), in assess-
18 ing the risk of loss to the Deposit In-
19 surance Fund with respect to any in-
20 sured depository institution, the Cor-
21 poration shall consult with the appro-
22 priate Federal banking agency of such
23 institution.

24 “(II) TREATMENT ON AGGRE-
25 GATE BASIS.—In the case of insured

1 depository institutions that are well
2 capitalized (as defined in section 38)
3 and, in the most recent examination,
4 were found to be well managed, the
5 consultation under subclause (I) con-
6 cerning the assessment of the risk of
7 loss posed by such institutions may be
8 made on an aggregate basis.

9 “(iii) RULE OF CONSTRUCTION.—No
10 provision of this paragraph shall be con-
11 strued as providing any new authority for
12 the Corporation to require submission of
13 information by insured depository institu-
14 tions to the Corporation.

15 “(F) MODIFICATIONS TO THE RISK-BASED
16 ASSESSMENT SYSTEM ALLOWED ONLY AFTER
17 NOTICE AND COMMENT.—In revising or modi-
18 fying the risk-based assessment system at any
19 time after the date of the enactment of the
20 Federal Deposit Insurance Reform Act of 2005,
21 the Board of Directors may implement such re-
22 visions or modification in final form only after
23 notice and opportunity for comment.”.

1 **SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DE-**
2 **POSIT INSURANCE FUND.**

3 (a) IN GENERAL.—Subsection (e) of section 7 of the
4 Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is
5 amended to read as follows:

6 “(e) REFUNDS, DIVIDENDS, AND CREDITS.—

7 “(1) REFUNDS OF OVERPAYMENTS.—In the
8 case of any payment of an assessment by an insured
9 depository institution in excess of the amount due to
10 the Corporation, the Corporation may—

11 “(A) refund the amount of the excess pay-
12 ment to the insured depository institution; or

13 “(B) credit such excess amount toward the
14 payment of subsequent assessments until such
15 credit is exhausted.

16 “(2) DIVIDENDS FROM EXCESS AMOUNTS IN
17 DEPOSIT INSURANCE FUND.—

18 “(A) RESERVE RATIO IN EXCESS OF 1.4
19 PERCENT OF ESTIMATED INSURED DEPOSITS.—

20 Whenever the reserve ratio of the Deposit In-
21 surance Fund exceeds 1.4 percent of estimated
22 insured deposits, the Corporation shall declare
23 the amount in the Fund in excess of the
24 amount required to maintain the reserve ratio
25 at 1.4 percent of estimated insured deposits, as

1 dividends to be paid to insured depository insti-
2 tutions.

3 “(B) RESERVE RATIO EQUAL TO OR IN EX-
4 CESS OF 1.35 PERCENT OF ESTIMATED INSURED
5 DEPOSITS AND NOT MORE THAN 1.4 PER-
6 CENT.—Whenever the reserve ratio of the De-
7 posit Insurance Fund equals or exceeds 1.35
8 percent of estimated insured deposits and is not
9 more than 1.4 percent of such deposits, the
10 Corporation shall declare the amount in the
11 Fund that is equal to 50 percent of the amount
12 in excess of the amount required to maintain
13 the reserve ratio at 1.35 percent of the esti-
14 mated insured deposits as dividends to be paid
15 to insured depository institutions.

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

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

1 institution's share of any dividend or credit
2 declared under this paragraph or para-
3 graph (3)(B), taking into account the fac-
4 tors described in clause (ii).

5 “(ii) FACTORS FOR DISTRIBUTION.—

6 In implementing this paragraph and para-
7 graph (3)(B) in accordance with regula-
8 tions, the Corporation shall take into ac-
9 count the following factors:

10 “(I) The ratio of the assessment

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

16 “(II) The total amount of assess-

17 ments paid on or after January 1,
18 1997, by an insured depository insti-
19 tution (including any predecessor) to
20 the Deposit Insurance Fund (and any
21 predecessor deposit insurance fund).

22 “(III) That portion of assess-

23 ments paid by an insured depository
24 institution (including any predecessor)

1 that reflects higher levels of risk as-
2 sumed by such institution.

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

6 “(D) NOTICE AND OPPORTUNITY FOR
7 COMMENT.—The Corporation shall prescribe by
8 regulation, after notice and opportunity for
9 comment, the method for the calculation, dec-
10 laration, and payment of dividends under this
11 paragraph.

12 “(3) CREDIT POOL.—

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

15 “(i) IN GENERAL.—Before the end of
16 the 270-day period beginning on the date
17 of the enactment of the Federal Deposit
18 Insurance Reform Act of 2005, the Board
19 of Directors shall, by regulation, provide
20 for a credit to each eligible insured deposi-
21 tory institution, based on the assessment
22 base of the institution (including any pred-
23 ecessor institution) on December 31, 1996,
24 as compared to the combined aggregate as-
25 sessment base of all eligible insured deposi-

1 tory institutions, taking into account such
2 factors as the Board of Directors may de-
3 termine to be appropriate.

4 “(ii) CREDIT LIMIT.—The aggregate
5 amount of credits available under clause (i)
6 to all eligible insured depository institu-
7 tions shall equal the amount that the Cor-
8 poration could collect if the Corporation
9 imposed an assessment of 12 basis points
10 on the combined assessment base of the
11 Bank Insurance Fund and the Savings As-
12 sociation Insurance Fund as of December
13 31, 2001.

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

19 “(I) was in existence on Decem-
20 ber 31, 1996, and paid a deposit in-
21 surance assessment prior to that date;
22 or

23 “(II) is a successor to any in-
24 surance depository institution described
25 in subclause (I).

1 “(iv) APPLICATION OF CREDITS.—

2 “(I) IN GENERAL.—The amount
3 of a credit to any eligible insured de-
4 pository institution under this para-
5 graph shall be applied by the Corpora-
6 tion, subject to subsection (b)(3)(E),
7 to the assessments imposed on such
8 institution under subsection (b) that
9 become due for assessment periods be-
10 ginning after the effective date of reg-
11 ulations prescribed under clause (i).

12 “(II) REGULATIONS.—The regu-
13 lations prescribed under clause (i)
14 shall establish the qualifications and
15 procedures governing the application
16 of assessment credits pursuant to sub-
17 clause (I).

18 “(v) LIMITATION ON AMOUNT OF
19 CREDIT FOR CERTAIN DEPOSITORY INSTI-
20 TUTIONS.—In the case of an insured de-
21 pository institution that exhibits financial,
22 operational, or compliance weaknesses
23 ranging from moderately severe to unsatis-
24 factory, or is not adequately capitalized (as
25 defined in section 38) at the beginning of

1 an assessment period, the amount of any
2 credit allowed under this paragraph
3 against the assessment on that depository
4 institution for such period may not exceed
5 the amount calculated by applying to that
6 depository institution the average assess-
7 ment rate on all insured depository institu-
8 tions for such assessment period.

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

16 “(B) ON-GOING CREDIT POOL.—

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

1 dividends provided under paragraph
2 (2)(C).

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

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

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

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

23 “(4) ADMINISTRATIVE REVIEW.—

24 “(A) IN GENERAL.—The regulations pre-
25 scribed under paragraph (2)(D) and subpara-

1 graphs (A) and (B) of paragraph (3) shall in-
2 clude provisions allowing an insured depository
3 institution a reasonable opportunity to chal-
4 lenge administratively the amount of the credit
5 or dividend determined under paragraph (2) or
6 (3) for such institution.

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

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

16 “(3) RESERVE RATIO.—The term ‘reserve
17 ratio’, when used with regard to the Deposit Insur-
18 ance Fund other than in connection with a reference
19 to the designated reserve ratio, means the ratio of
20 the net worth of the Deposit Insurance Fund to the
21 value of the aggregate estimated insured deposits.”.

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

23 Section 7(b)(3) of the Federal Deposit Insurance Act
24 (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of

1 this Act) is amended by adding at the end the following
2 new subparagraph:

3 “(E) DIF RESTORATION PLANS.—

4 “(i) IN GENERAL.—Whenever—

5 “(I) the Corporation projects
6 that the reserve ratio of the Deposit
7 Insurance Fund will, within 6 months
8 of such determination, fall below the
9 minimum amount specified in sub-
10 paragraph (B)(ii) for the designated
11 reserve ratio; or

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

19 the Corporation shall establish and imple-
20 ment a Deposit Insurance Fund restora-
21 tion plan within 90 days that meets the re-
22 quirements of clause (ii) and such other
23 conditions as the Corporation determines
24 to be appropriate.

1 “(ii) REQUIREMENTS OF RESTORA-
2 TION PLAN.—A Deposit Insurance Fund
3 restoration plan meets the requirements of
4 this clause if the plan provides that the re-
5 serve ratio of the Fund will meet or exceed
6 the minimum amount specified in subpara-
7 graph (B)(ii) for the designated reserve
8 ratio before the end of the 10-year period
9 beginning upon the implementation of the
10 plan.

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

18 “(iv) LIMITATION ON RESTRICTION.—
19 Notwithstanding clause (iii), while any res-
20 toration plan under this subparagraph is in
21 effect, the Corporation shall apply credits
22 provided to an insured depository institu-
23 tion under subsection (e)(3) against any
24 assessment imposed on the institution for

1 any assessment period in an amount equal
2 to the lesser of—

3 “(I) the amount of the assess-
4 ment; or

5 “(II) the amount equal to 3 basis
6 points of the institution’s assessment
7 base.

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

15 **SEC. 9. REGULATIONS REQUIRED.**

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

21 (1) designating the reserve ratio for the Deposit
22 Insurance Fund in accordance with section 7(b)(3)
23 of the Federal Deposit Insurance Act (as amended
24 by section 5 of this Act);

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

4 (3) implementing the dividend requirement
5 under section 7(e)(2) of the Federal Deposit Insur-
6 ance Act (as amended by section 7 of this Act);

7 (4) implementing the 1-time assessment credit
8 to certain insured depository institutions in accord-
9 ance with section 7(e)(3) of the Federal Deposit In-
10 surance Act, as amended by section 7 of this Act,
11 including the qualifications and procedures under
12 which the Corporation would apply assessment cred-
13 its; and

14 (5) providing for assessments under section
15 7(b) of the Federal Deposit Insurance Act, as
16 amended by this Act.

17 (b) RULE OF CONSTRUCTION.—No provision of this
18 Act or any amendment made by this Act shall be con-
19 strued as affecting the authority of the Corporation to set
20 or collect deposit insurance assessments before the effec-
21 tive date of the final regulations prescribed under sub-
22 section (a).

1 **SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND**
2 **CERTAIN ACTIVITIES AND FURTHER POS-**
3 **SIBLE CHANGES TO DEPOSIT INSURANCE**
4 **SYSTEM.**

5 (a) STUDY BY COMPTROLLER GENERAL.—

6 (1) STUDY REQUIRED.—The Comptroller Gen-
7 eral shall conduct a study of the following issues:

8 (A) The efficiency and effectiveness of the
9 administration of the prompt corrective action
10 program under section 38 of the Federal De-
11 posit Insurance Act by the Federal banking
12 agencies (as defined in section 3 of such Act),
13 including the degree of effectiveness of such
14 agencies in identifying troubled depository insti-
15 tutions and taking effective action with respect
16 to such institutions, and the degree of accuracy
17 of the risk assessments made by the Corpora-
18 tion.

19 (B) The appropriateness of the organiza-
20 tional structure of the Federal Deposit Insur-
21 ance Corporation for the mission of the Cor-
22 poration taking into account—

23 (i) the current size and complexity of
24 the business of insured depository institu-
25 tions (as such term is defined in section 3
26 of the Federal Deposit Insurance Act);

1 (ii) the extent to which the organiza-
2 tional structure contributes to or reduces
3 operational inefficiencies that increase
4 operational costs; and

5 (iii) the effectiveness of internal con-
6 trols.

7 (2) REPORT TO THE CONGRESS.—The Comp-
8 troller General shall submit a report to the Congress
9 before the end of the 1-year period beginning on the
10 date of the enactment of this Act containing the
11 findings and conclusions of the Comptroller General
12 with respect to the study required under paragraph
13 (1) together with such recommendations for legisla-
14 tive or administrative action as the Comptroller Gen-
15 eral may determine to be appropriate.

16 (b) INTERNAL STUDY BY THE FDIC.—

17 (1) STUDY REQUIRED.—Concurrently with the
18 study required to be conducted by the Comptroller
19 General under subsection (a), the Federal Deposit
20 Insurance Corporation shall conduct an internal
21 study of the same conditions and factors included in
22 the study under subsection (a).

23 (2) REPORT TO THE CONGRESS.—The Federal
24 Deposit Insurance Corporation shall submit a report
25 to the Congress before the end of the 1-year period

1 beginning on the date of the enactment of this Act
2 containing the findings and conclusions of the Cor-
3 poration with respect to the study required under
4 paragraph (1) together with such recommendations
5 for legislative or administrative action as the Board
6 of Directors of the Corporation may determine to be
7 appropriate.

8 (c) STUDY OF FURTHER POSSIBLE CHANGES TO DE-
9 POSIT INSURANCE SYSTEM.—

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

14 (A) The feasibility of establishing a vol-
15 untary deposit insurance system for deposits in
16 excess of the maximum amount of deposit in-
17 surance for any depositor and the potential ben-
18 efits and the potential adverse consequences
19 that may result from the establishment of any
20 such system.

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

24 (2) REPORT.—Before the end of the 1-year pe-
25 riod beginning on the date of the enactment of this

1 Act, the Board of Directors of the Federal Deposit
2 Insurance Corporation and the National Credit
3 Union Administration Board shall each submit a re-
4 port to the Congress on the study required under
5 paragraph (1) containing the findings and conclu-
6 sions of the reporting agency together with such rec-
7 ommendations for legislative or administrative
8 changes as the agency may determine to be appro-
9 priate.

10 (d) STUDY REGARDING APPROPRIATE DEPOSIT
11 BASE IN DESIGNATING RESERVE RATIO.—

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

18 (2) REPORT.—The Federal Deposit Insurance
19 Corporation shall submit a report to the Congress
20 before the end of the 1-year period beginning on the
21 date of the enactment of this Act containing the
22 findings and conclusions of the Corporation with re-
23 spect to the study required under paragraph (1) to-
24 gether with such recommendations for legislative or

1 administrative action as the Board of Directors of
2 the Corporation may determine to be appropriate.

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

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

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

18 (A) consider the overall effectiveness and
19 accuracy of the methodology used by the Cor-
20 poration for establishing and maintaining re-
21 serves and estimating and accounting for losses
22 at insured depository institutions, during the
23 period described in such paragraph;

1 (B) consider the appropriateness and reli-
2 ability of information and criteria used by the
3 Corporation in determining—

4 (i) whether an insured depository in-
5 stitution was in a troubled condition; and

6 (ii) the amount of any loss anticipated
7 at such institution;

8 (C) analyze the actual historical loss expe-
9 rience over the period described in paragraph
10 (1) and the causes of the exceptionally high
11 rate of losses experienced by the Corporation in
12 the final 3 years of that period; and

13 (D) rate the efforts of the Corporation to
14 reduce losses in such 3-year period to minimally
15 acceptable levels and to historical levels.

16 (3) REPORT REQUIRED.—The Board of Direc-
17 tors of the Federal Deposit Insurance Corporation
18 shall submit a report to the Congress before the end
19 of the 6-month period beginning on the date of the
20 enactment of this Act, containing the findings and
21 conclusions of the Corporation, in consultation with
22 the Comptroller General, with respect to the study
23 required under paragraph (1), together with such
24 recommendations for legislative or administrative ac-

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

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

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

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

13 “(a) SURVEY REQUIRED.—

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

23 “(2) FACTORS AND QUESTIONS TO CON-
24 sider.—In conducting the survey, the Corporation

1 shall take the following factors and questions into
2 account:

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

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

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

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

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

21 “(b) REPORTS.—The Chairperson of the Board of
22 Directors shall submit a bi-annual report to the Com-
23 mittee on Financial Services of the House of Representa-
24 tives and the Committee on Banking, Housing, and Urban
25 Affairs of the Senate containing the Corporation’s findings

1 and conclusions with respect to the survey conducted pur-
2 suant to subsection (a), together with such recommenda-
3 tions for legislative or administrative action as the Chair-
4 person may determine to be appropriate.”.

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

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

11 (1) in section 3 (12 U.S.C. 1813)—

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

15 “(B) includes any former savings associa-
16 tion.”; and

17 (B) by striking paragraph (1) of sub-
18 section (y) (as so designated by section 5(b) of
19 this Act) and inserting the following new para-
20 graph:

21 “(1) DEPOSIT INSURANCE FUND.—The term
22 ‘Deposit Insurance Fund’ means the Deposit Insur-
23 ance Fund established under section 11(a)(4).”;

24 (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),
25 by striking “the Bank Insurance Fund or the Sav-

1 ings Association Insurance Fund,” and inserting
2 “the Deposit Insurance Fund,”;

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

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

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

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

17 (B) by striking subparagraph (B) and in-
18 serting the following:

19 “(2) FEE CREDITED TO THE DEPOSIT INSUR-
20 ANCE FUND.—The fee paid by the depository insti-
21 tution under paragraph (1) shall be credited to the
22 Deposit Insurance Fund.”;

23 (C) by striking “(1) UNINSURED INSTITU-
24 TIONS.—”; and

1 (D) by redesignating subparagraphs (A)
2 and (C) as paragraphs (1) and (3), respectively,
3 and moving the left margins 2 ems to the left;
4 (6) in section 5(e) (12 U.S.C. 1815(e))—

5 (A) in paragraph (5)(A), by striking
6 “Bank Insurance Fund or the Savings Associa-
7 tion Insurance Fund” and inserting “Deposit
8 Insurance Fund”;

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

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

13 (7) in section 6(5) (12 U.S.C. 1816(5)), by
14 striking “Bank Insurance Fund or the Savings As-
15 sociation Insurance Fund” and inserting “Deposit
16 Insurance Fund”;

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

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

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

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

- 1 (i) by striking “any such assessment”
2 and inserting “any such assessment is nec-
3 essary”;
- 4 (ii) by striking subparagraph (B);
- 5 (iii) in subparagraph (A)—
- 6 (I) by striking “(A) is nec-
7 essary—”;
- 8 (II) by striking “Bank Insurance
9 Fund members” and inserting “in-
10 sured depository institutions”; and
- 11 (III) by redesignating clauses (i),
12 (ii), and (iii) as subparagraphs (A),
13 (B), and (C), respectively, and moving
14 the margins 2 ems to the left; and
- 15 (iv) in subparagraph (C) (as so reded-
16 icated)—
- 17 (I) by inserting “that” before
18 “the Corporation”; and
- 19 (II) by striking “; and” and in-
20 serting a period;
- 21 (9) in section 7(j)(7)(F) (12 U.S.C.
22 1817(j)(7)(F)), by striking “Bank Insurance Fund
23 or the Savings Association Insurance Fund” and in-
24 serting “Deposit Insurance Fund”;

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

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

5 (A) by striking “deposit insurance fund”
6 each place that term appears and inserting
7 “Deposit Insurance Fund”;

8 (B) by striking paragraph (4) of sub-
9 section (a) and inserting the following new
10 paragraph:

11 “(4) DEPOSIT INSURANCE FUND.—

12 “(A) ESTABLISHMENT.—There is estab-
13 lished the Deposit Insurance Fund, which the
14 Corporation shall—

15 “(i) maintain and administer;

16 “(ii) use to carry out its insurance
17 purposes, in the manner provided by this
18 subsection; and

19 “(iii) invest in accordance with section
20 13(a).

21 “(B) USES.—The Deposit Insurance Fund
22 shall be available to the Corporation for use
23 with respect to insured depository institutions
24 the deposits of which are insured by the De-
25 posit Insurance Fund.

1 “(C) LIMITATION ON USE.—Notwith-
2 standing any provision of law other than section
3 13(c)(4)(G), the Deposit Insurance Fund shall
4 not be used in any manner to benefit any share-
5 holder or affiliate (other than an insured depos-
6 itory institution that receives assistance in ac-
7 cordance with the provisions of this Act) of—

8 “(i) any insured depository institution
9 for which the Corporation has been ap-
10 pointed conservator or receiver, in connec-
11 tion with any type of resolution by the
12 Corporation;

13 “(ii) any other insured depository in-
14 stitution in default or in danger of default,
15 in connection with any type of resolution
16 by the Corporation; or

17 “(iii) any insured depository institu-
18 tion, in connection with the provision of as-
19 sistance under this section or section 13
20 with respect to such institution, except
21 that this clause shall not prohibit any as-
22 sistance to any insured depository institu-
23 tion that is not in default, or that is not
24 in danger of default, that is acquiring (as

1 defined in section 13(f)(8)(B)) another in-
2 sured depository institution.

3 “(D) DEPOSITS.—All amounts assessed
4 against insured depository institutions by the
5 Corporation shall be deposited into the Deposit
6 Insurance Fund.”;

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

9 (D) by redesignating paragraph (8) of sub-
10 section (a) as paragraph (5);

11 (12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),
12 by striking “, except that—” and all that follows
13 through the end of the paragraph and inserting a
14 period;

15 (13) in section 11(i)(3) (12 U.S.C.
16 1821(i)(3))—

17 (A) by striking subparagraph (B);

18 (B) by redesignating subparagraph (C) as
19 subparagraph (B); and

20 (C) in subparagraph (B) (as so redesign-
21 ated), by striking “subparagraphs (A) and
22 (B)” and inserting “subparagraph (A)”;

23 (14) in section 11(p)(2)(B) (12 U.S.C.
24 1821(p)(2)(B)), by striking “institution, any” and
25 inserting “institution, the”;

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

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

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

6 (C) in paragraph (3), by striking “the
7 Bank Insurance Fund, the Savings Association
8 Insurance Fund,” and inserting “the Deposit
9 Insurance Fund”;

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

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

15 (18) in section 12(f)(4)(E)(iv) (12 U.S.C.
16 1822(f)(4)(E)(iv)), by striking “Federal deposit in-
17 surance funds” and inserting “the Deposit Insur-
18 ance Fund (or any predecessor deposit insurance
19 fund)”;

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

21 (A) by striking “deposit insurance fund”
22 each place that term appears and inserting
23 “Deposit Insurance Fund”;

24 (B) in subsection (a)(1), by striking “Bank
25 Insurance Fund, the Savings Association Insur-

1 ance Fund,” and inserting “Deposit Insurance
2 Fund”;

3 (C) in subsection (c)(4)(E)—

4 (i) in the subparagraph heading, by
5 striking “funds” and inserting “fund”; and

6 (ii) in clause (i), by striking “any in-
7 surance fund” and inserting “the Deposit
8 Insurance Fund”;

9 (D) in subsection (c)(4)(G)(ii)—

10 (i) by striking “appropriate insurance
11 fund” and inserting “Deposit Insurance
12 Fund”;

13 (ii) by striking “the members of the
14 insurance fund (of which such institution
15 is a member)” and inserting “insured de-
16 pository institutions”;

17 (iii) by striking “each member’s” and
18 inserting “each insured depository institu-
19 tion’s”; and

20 (iv) by striking “the member’s” each
21 place that term appears and inserting “the
22 institution’s”;

23 (E) in subsection (c), by striking para-
24 graph (11);

1 (F) in subsection (h), by striking “Bank
2 Insurance Fund” and inserting “Deposit Insur-
3 ance Fund”;

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

7 (H) in subsection (k)(5)(A), by striking
8 “Savings Association Insurance Fund mem-
9 bers” and inserting “savings associations”;

10 (20) in section 14(a) (12 U.S.C. 1824(a)), in
11 the 5th sentence—

12 (A) by striking “Bank Insurance Fund or
13 the Savings Association Insurance Fund” and
14 inserting “Deposit Insurance Fund”; and

15 (B) by striking “each such fund” and in-
16 serting “the Deposit Insurance Fund”;

17 (21) in section 14(b) (12 U.S.C. 1824(b)), by
18 striking “Bank Insurance Fund or Savings Associa-
19 tion Insurance Fund” and inserting “Deposit Insur-
20 ance Fund”;

21 (22) in section 14(c) (12 U.S.C. 1824(c)), by
22 striking paragraph (3);

23 (23) in section 14(d) (12 U.S.C. 1824(d))—

1 (A) by striking “Bank Insurance Fund
2 member” each place that term appears and in-
3 sserting “insured depository institution”;

4 (B) by striking “Bank Insurance Fund
5 members” each place that term appears and in-
6 sserting “insured depository institutions”;

7 (C) by striking “Bank Insurance Fund”
8 each place that term appears (other than in
9 connection with a reference to a term amended
10 by subparagraph (A) or (B) of this paragraph)
11 and inserting “Deposit Insurance Fund”;

12 (D) by striking the subsection heading and
13 inserting the following:

14 “(d) BORROWING FOR THE DEPOSIT INSURANCE
15 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—”;

16 (E) in paragraph (3), in the paragraph
17 heading, by striking “BIF” and inserting “THE
18 DEPOSIT INSURANCE FUND”; and

19 (F) in paragraph (5), in the paragraph
20 heading, by striking “BIF MEMBERS” and in-
21 sserting “INSURED DEPOSITORY INSTITUTIONS”;

22 (24) in section 14 (12 U.S.C. 1824), by adding
23 at the end the following new subsection:

24 “(e) BORROWING FOR THE DEPOSIT INSURANCE
25 FUND FROM FEDERAL HOME LOAN BANKS.—

1 “(1) IN GENERAL.—The Corporation may bor-
2 row from the Federal home loan banks, with the
3 concurrence of the Federal Housing Finance Board,
4 such funds as the Corporation considers necessary
5 for the use of the Deposit Insurance Fund.

6 “(2) TERMS AND CONDITIONS.—Any loan from
7 any Federal home loan bank under paragraph (1) to
8 the Deposit Insurance Fund shall—

9 “(A) bear a rate of interest of not less
10 than the current marginal cost of funds to that
11 bank, taking into account the maturities in-
12 volved;

13 “(B) be adequately secured, as determined
14 by the Federal Housing Finance Board;

15 “(C) be a direct liability of the Deposit In-
16 surance Fund; and

17 “(D) be subject to the limitations of sec-
18 tion 15(c).”;

19 (25) in section 15(c)(5) (12 U.S.C.
20 1825(c)(5))—

21 (A) by striking “the Bank Insurance Fund
22 or Savings Association Insurance Fund, respec-
23 tively” each place that term appears and insert-
24 ing “the Deposit Insurance Fund”; and

1 (B) in subparagraph (B), by striking “the
2 Bank Insurance Fund or the Savings Associa-
3 tion Insurance Fund, respectively” and insert-
4 ing “the Deposit Insurance Fund”;

5 (26) in section 17(a) (12 U.S.C. 1827(a))—

6 (A) in the subsection heading, by striking
7 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
8 SURANCE FUND”; and

9 (B) in paragraph (1)—

10 (i) by striking “the Bank Insurance
11 Fund, the Savings Association Insurance
12 Fund,” each place that term appears and
13 inserting “the Deposit Insurance Fund”;
14 and

15 (ii) in subparagraph (D), by striking
16 “each insurance fund” and inserting “the
17 Deposit Insurance Fund”;

18 (27) in section 17(d) (12 U.S.C. 1827(d)), by
19 striking “, the Bank Insurance Fund, the Savings
20 Association Insurance Fund,” each place that term
21 appears and inserting “the Deposit Insurance
22 Fund”;

23 (28) in section 18(m)(3) (12 U.S.C.
24 1828(m)(3))—

1 (A) by striking “Savings Association In-
2 surance Fund” in the 1st sentence of subpara-
3 graph (A) and inserting “Deposit Insurance
4 Fund”;

5 (B) by striking “Savings Association In-
6 surance Fund member” in the last sentence of
7 subparagraph (A) and inserting “savings asso-
8 ciation”; and

9 (C) by striking “Savings Association Insur-
10 ance Fund or the Bank Insurance Fund” in
11 subparagraph (C) and inserting “Deposit Insur-
12 ance Fund”;

13 (29) in section 18(o) (12 U.S.C. 1828(o)), by
14 striking “deposit insurance funds” and “deposit in-
15 surance fund” each place those terms appear and in-
16 serting “Deposit Insurance Fund”;

17 (30) in section 18(p) (12 U.S.C. 1828(p)), by
18 striking “deposit insurance funds” and inserting
19 “Deposit Insurance Fund”;

20 (31) in section 24 (12 U.S.C. 1831a)—

21 (A) in subsections (a)(1) and (d)(1)(A), by
22 striking “appropriate deposit insurance fund”
23 each place that term appears and inserting
24 “Deposit Insurance Fund”;

1 (B) in subsection (e)(2)(A), by striking
2 “risk to” and all that follows through the pe-
3 riod and inserting “risk to the Deposit Insur-
4 ance Fund.”; and

5 (C) in subsections (e)(2)(B)(ii) and
6 (f)(6)(B), by striking “the insurance fund of
7 which such bank is a member” each place that
8 term appears and inserting “the Deposit Insur-
9 ance Fund”;

10 (32) in section 28 (12 U.S.C. 1831e), by strik-
11 ing “affected deposit insurance fund” each place
12 that term appears and inserting “Deposit Insurance
13 Fund”;

14 (33) by striking section 31 (12 U.S.C. 1831h);

15 (34) in section 36(i)(3) (12 U.S.C.
16 1831m(i)(3)), by striking “affected deposit insur-
17 ance fund” and inserting “Deposit Insurance
18 Fund”;

19 (35) in section 37(a)(1)(C) (12 U.S.C.
20 1831n(a)(1)(C)), by striking “insurance funds” and
21 inserting “Deposit Insurance Fund”;

22 (36) in section 38 (12 U.S.C. 1831o), by strik-
23 ing “the deposit insurance fund” each place that
24 term appears and inserting “the Deposit Insurance
25 Fund”;

1 (37) in section 38(a) (12 U.S.C. 1831o(a)), in
2 the subsection heading, by striking “FUNDS” and in-
3 serting “FUND”;

4 (38) in section 38(k) (12 U.S.C. 1831o(k))—

5 (A) in paragraph (1), by striking “a de-
6 posit insurance fund” and inserting “the De-
7 posit Insurance Fund”;

8 (B) in paragraph (2), by striking “A de-
9 posit insurance fund” and inserting “The De-
10 posit Insurance Fund”; and

11 (C) in paragraphs (2)(A) and (3)(B), by
12 striking “the deposit insurance fund’s outlays”
13 each place that term appears and inserting “the
14 outlays of the Deposit Insurance Fund”; and

15 (39) in section 38(o) (12 U.S.C. 1831o(o))—

16 (A) by striking “ASSOCIATIONS.—” and all
17 that follows through “Subsections (e)(2)” and
18 inserting “ASSOCIATIONS.—Subsections (e)(2)”;

19 (B) by redesignating subparagraphs (A),
20 (B), and (C) as paragraphs (1), (2), and (3),
21 respectively, and moving the margins 2 ems to
22 the left; and

23 (C) in paragraph (1) (as so redesignated),
24 by redesignating clauses (i) and (ii) as subpara-

1 graphs (A) and (B), respectively, and moving
2 the margins 2 ems to the left.

3 (b) **EFFECTIVE DATE.**—This section and the amend-
4 ments made by this section shall take effect on the first
5 day of the first calendar quarter that begins after the end
6 of the 90-day period beginning on the date of the enact-
7 ment of this Act.

8 **SEC. 13. OTHER TECHNICAL AND CONFORMING AMEND-**
9 **MENTS RELATING TO THE MERGER OF THE**
10 **BIF AND SAIF.**

11 (a) **SECTION 5136 OF THE REVISED STATUTES.**—
12 The paragraph designated the “Eleventh” of section 5136
13 of the Revised Statutes of the United States (12 U.S.C.
14 24) is amended in the 5th sentence, by striking “affected
15 deposit insurance fund” and inserting “Deposit Insurance
16 Fund”.

17 (b) **INVESTMENTS PROMOTING PUBLIC WELFARE;**
18 **LIMITATIONS ON AGGREGATE INVESTMENTS.**—The 23d
19 undesignated paragraph of section 9 of the Federal Re-
20 serve Act (12 U.S.C. 338a) is amended in the 4th sen-
21 tence, by striking “affected deposit insurance fund” and
22 inserting “Deposit Insurance Fund”.

23 (c) **ADVANCES TO CRITICALLY UNDERCAPITALIZED**
24 **DEPOSITORY INSTITUTIONS.**—Section 10B(b)(3)(A)(ii) of
25 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is

1 amended by striking “any deposit insurance fund in” and
2 inserting “the Deposit Insurance Fund of”.

3 (d) AMENDMENTS TO THE BALANCED BUDGET AND
4 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section
5 255(g)(1)(A) of the Balanced Budget and Emergency
6 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is
7 amended—

8 (1) by striking “Bank Insurance Fund” and in-
9 serting “Deposit Insurance Fund”; and

10 (2) by striking “Federal Deposit Insurance Cor-
11 poration, Savings Association Insurance Fund (51-
12 4066-0-3-373);”.

13 (e) AMENDMENTS TO THE FEDERAL HOME LOAN
14 BANK ACT.—The Federal Home Loan Bank Act (12
15 U.S.C. 1421 et seq.) is amended—

16 (1) in section 11(k) (12 U.S.C. 1431(k))—

17 (A) in the subsection heading, by striking
18 “SAIF” and inserting “THE DEPOSIT INSUR-
19 ANCE FUND”; and

20 (B) by striking “Savings Association In-
21 surance Fund” each place such term appears
22 and inserting “Deposit Insurance Fund”;

23 (2) in section 21 (12 U.S.C. 1441)—

1 (A) in subsection (f)(2), by striking “, ex-
2 cept that” and all that follows through the end
3 of the paragraph and inserting a period; and

4 (B) in subsection (k), by striking para-
5 graph (4);

6 (3) in section 21A(b)(4)(B) (12 U.S.C.
7 1441a(b)(4)(B)), by striking “affected deposit insur-
8 ance fund” and inserting “Deposit Insurance
9 Fund”;

10 (4) in section 21A(b)(6)(B) (12 U.S.C.
11 1441a(b)(6)(B))—

12 (A) in the subparagraph heading, by strik-
13 ing “SAIF-INSURED BANKS” and inserting
14 “CHARTER CONVERSIONS”; and

15 (B) by striking “Savings Association In-
16 surance Fund member” and inserting “savings
17 association”;

18 (5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C.
19 1441a(b)(10)(A)(iv)(II)), by striking “Savings Asso-
20 ciation Insurance Fund” and inserting “Deposit In-
21 surance Fund”;

22 (6) in section 21A(n)(6)(E)(iv) (12 U.S.C.
23 1441(n)(6)(E)(iv)), by striking “Federal deposit in-
24 surance funds” and inserting “the Deposit Insur-
25 ance Fund”;

1 (7) in section 21B(e) (12 U.S.C. 1441b(e))—

2 (A) in paragraph (5), by inserting “as of
3 the date of funding” after “Savings Association
4 Insurance Fund members” each place that term
5 appears; and

6 (B) by striking paragraphs (7) and (8);
7 and

8 (8) in section 21B(k) (12 U.S.C. 1441b(k))—

9 (A) by inserting before the colon “, the fol-
10 lowing definitions shall apply”;

11 (B) by striking paragraph (8); and

12 (C) by redesignating paragraphs (9) and
13 (10) as paragraphs (8) and (9), respectively.

14 (f) AMENDMENTS TO THE HOME OWNERS’ LOAN
15 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et
16 seq.) is amended—

17 (1) in section 5 (12 U.S.C. 1464)—

18 (A) in subsection (e)(5)(A), by striking
19 “that is a member of the Bank Insurance
20 Fund”;

21 (B) in subsection (e)(6), by striking “As
22 used in this subsection—” and inserting “For
23 purposes of this subsection, the following defini-
24 tions shall apply:”;

1 (C) in subsection (o)(1), by striking “that
2 is a Bank Insurance Fund member”;

3 (D) in subsection (o)(2)(A), by striking “a
4 Bank Insurance Fund member until such time
5 as it changes its status to a Savings Association
6 Insurance Fund member” and inserting “in-
7 sured by the Deposit Insurance Fund”;

8 (E) in subsection (t)(5)(D)(iii)(II), by
9 striking “affected deposit insurance fund” and
10 inserting “Deposit Insurance Fund”;

11 (F) in subsection (t)(7)(C)(i)(I), by strik-
12 ing “affected deposit insurance fund” and in-
13 serting “Deposit Insurance Fund”; and

14 (G) in subsection (v)(2)(A)(i), by striking
15 “the Savings Association Insurance Fund” and
16 inserting “or the Deposit Insurance Fund”; and
17 (2) in section 10 (12 U.S.C. 1467a)—

18 (A) in subsection (e)(6)(D), by striking
19 “this title” and inserting “this Act”;

20 (B) in subsection (e)(1)(B), by striking
21 “Savings Association Insurance Fund or Bank
22 Insurance Fund” and inserting “Deposit Insur-
23 ance Fund”;

24 (C) in subsection (e)(2), by striking “Sav-
25 ings Association Insurance Fund or the Bank

1 Insurance Fund” and inserting “Deposit Insur-
2 ance Fund”;

3 (D) in subsection (e)(4)(B), by striking
4 “subsection (1)” and inserting “subsection (l)”;

5 (E) in subsection (g)(3)(A), by striking
6 “(5) of this section” and inserting “(5) of this
7 subsection”;

8 (F) in subsection (i), by redesignating
9 paragraph (5) as paragraph (4);

10 (G) in subsection (m)(3), by striking sub-
11 paragraph (E) and by redesignating subpara-
12 graphs (F), (G), and (H) as subparagraphs
13 (E), (F), and (G), respectively;

14 (H) in subsection (m)(7)(A), by striking
15 “during period” and inserting “during the pe-
16 riod”; and

17 (I) in subsection (o)(3)(D), by striking
18 “sections 5(s) and (t) of this Act” and inserting
19 “subsections (s) and (t) of section 5”.

20 (g) AMENDMENTS TO THE NATIONAL HOUSING
21 ACT.—The National Housing Act (12 U.S.C. 1701 et
22 seq.) is amended—

23 (1) in section 317(b)(1)(B) (12 U.S.C.
24 1723i(b)(1)(B)), by striking “Bank Insurance Fund
25 for banks or through the Savings Association Insur-

1 ance Fund for savings associations” and inserting
2 “Deposit Insurance Fund”; and

3 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.
4 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance
5 Fund for banks and through the Savings Association
6 Insurance Fund for savings associations” and insert-
7 ing “Deposit Insurance Fund”.

8 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
9 REFORM, RECOVERY, AND ENFORCEMENT ACT OF
10 1989.—The Financial Institutions Reform, Recovery, and
11 Enforcement Act of 1989 (12 U.S.C. 1811 note) is
12 amended—

13 (1) in section 951(b)(3)(B) (12 U.S.C.
14 1833a(b)(3)(B)), by inserting “and after the merger
15 of such funds, the Deposit Insurance Fund,” after
16 “the Savings Association Insurance Fund,”; and

17 (2) in section 1112(c)(1)(B) (12 U.S.C.
18 3341(c)(1)(B)), by striking “Bank Insurance Fund,
19 the Savings Association Insurance Fund,” and in-
20 serting “Deposit Insurance Fund”.

21 (i) AMENDMENT TO THE BANK HOLDING COMPANY
22 ACT OF 1956.—The Bank Holding Company Act of 1956
23 (12 U.S.C. 1841 et seq.) is amended—

1 (1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by
2 striking “Savings Association Insurance Fund” and
3 inserting “Deposit Insurance Fund”; and

4 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.
5 1842(d)(1)(D)(iii)), by striking “appropriate deposit
6 insurance fund” and inserting “Deposit Insurance
7 Fund”.

8 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY
9 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12
10 U.S.C. 1828a) is amended by striking “any Federal de-
11 posit insurance fund” in subsection (a)(1)(B), paragraphs
12 (2)(B) and (4)(B) of subsection (b), and subsection
13 (c)(1)(B), each place that term appears and inserting “the
14 Deposit Insurance Fund”.

15 (k) EFFECTIVE DATE.—This section and the amend-
16 ments made by this section shall take effect on the first
17 day of the first calendar quarter that begins after the end
18 of the 90-day period beginning on the date of the enact-
19 ment of this Act.

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