

104TH CONGRESS
1ST SESSION

H. R. 1476

To merge the Bank Insurance Fund and the Savings Association Insurance Fund, to improve funding for the Financing Corporation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. LAFALCE introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To merge the Bank Insurance Fund and the Savings Association Insurance Fund, to improve funding for the Financing Corporation, 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.**

4 This Act may be cited as the “Bank Insurance Fund
5 and the Savings Association Insurance Fund Merger Act
6 of 1995”.

7 **SEC. 2. MERGER OF FDIC INSURANCE FUNDS IN 1998.**

8 (a) IN GENERAL.—Section 11(a) of the Federal De-
9 posit Insurance Act (12 U.S.C. 1821(a)) is amended—

1 (1) by striking paragraphs (5) and (6) and in-
2 serting the following new paragraphs:

3 “(5) DEPOSIT INSURANCE FUND.—

4 “(A) ESTABLISHMENT.—There is hereby
5 established a fund to be known as the deposit
6 insurance fund.

7 “(B) TRANSFER TO FUND.—On the date
8 of the enactment of the Deposit Insurance
9 Fund Merger Act of 1995, the Bank Insurance
10 Fund and the Savings Association Insurance
11 Fund shall be abolished and all assets and li-
12 abilities of each such fund shall be transferred
13 to the deposit insurance fund.

14 “(C) USES.—The deposit insurance fund
15 shall be available to the Corporation for use
16 with respect to insured depository institutions.

17 “(D) DEPOSITS.—All amounts assessed
18 against insured depository institutions under
19 this Act shall be deposited in the deposit insur-
20 ance fund.

21 “(6) ACCOUNTING REQUIREMENTS.—

22 “(A) ACCOUNTING FOR USE OF FACILITIES
23 AND RESOURCES.—The Corporation shall keep
24 a full and complete accounting of all costs and
25 expenses associated with the use of any facility

1 or resource used in the course of conducting su-
2 pervisory, regulatory, conservatorship, receiver-
3 ship, or liquidation functions with respect to in-
4 sured depository institutions.

5 “(B) ACCOUNTING FOR HOLDING AND
6 MANAGING ASSETS AND LIABILITIES.—The Cor-
7 poration shall keep a full and complete account-
8 ing of all costs and expenses associated with the
9 holding and management of any asset or liabil-
10 ity belonging to insured depository institutions
11 in conservatorship or receivership.

12 “(C) ACCOUNTING FOR DISPOSITION OF
13 ASSETS AND LIABILITIES.—The Corporation
14 shall keep a full and complete accounting of all
15 expenses and receipts associated with the dis-
16 position of any asset or liability belonging to in-
17 sured depository institutions in conservatorship
18 or receivership.”;

19 (2) by striking subparagraph (A) of paragraph
20 (4); and

21 (3) by striking paragraph (7) and redesignating
22 paragraph (8) as paragraph (7).

23 (b) ASSESSMENTS OF FORMER BIF MEMBERS
24 CAPPED AT RATES APPLICABLE BEFORE MERGER OF
25 FUNDS.—Section 7(b)(2) of the Federal Deposit Insur-

1 ance Act (12 U.S.C. 1817(b)(2)) is amended by inserting
2 after subparagraph (G) the following new subparagraphs:

3 “(H) REDUCED ASSESSMENT RATES CON-
4 TINUE TO APPLY TO FORMER BIF MEMBERS.—
5 Until the deposit insurance fund first meets or
6 exceeds the designated reserve ratio, the aver-
7 age assessment rates applicable under the risk-
8 based assessment system for any semiannual
9 period with respect to insured depository insti-
10 tutions which were Bank Insurance Fund mem-
11 bers on the day before the date of the enact-
12 ment of the Deposit Insurance Fund Merger
13 Act of 1995 shall not exceed the greater of—

14 “(i) the average of the assessment
15 rates which would be applicable to such in-
16 stitutions under this section for any semi-
17 annual period if the amendments made by
18 such Act had not been enacted; or

19 “(ii) 6 basis points.

20 “(I) SCHEDULE FOR MEETING DES-
21 IGNATED RESERVE RATIO.—Notwithstanding
22 paragraph (3), upon the enactment of the De-
23 posit Insurance Fund Merger Act of 1995, the
24 Corporation shall prescribe a schedule in the
25 manner provided in paragraph (3)(B) which

1 culminates in a reserve ratio that is equal to
2 or greater than the designated reserve ratio not
3 later than 5 years after the date of the enact-
4 ment of such Act.”.

5 (c) LIMIT ON DIFFERENTIAL BETWEEN ASSESS-
6 MENT RATES IMPOSED ON FORMER BIF MEMBERS AND
7 FORMER SAIF MEMBERS.—Section 7(b)(2) of the Fed-
8 eral Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is
9 amended by inserting after subparagraph (I) (as added
10 by subsection (b) of this section) the following new sub-
11 paragraph:

12 “(J) CAP ON DIFFERENTIAL BETWEEN
13 FORMER BIF AND SAIF MEMBERS.—The aver-
14 age assessment rate under the risk-based as-
15 sessment system for insured depository institu-
16 tions which, as of December 31, 1994, were
17 Savings Association Insurance Fund members,
18 including the special assessment under para-
19 graph (9), shall not exceed the average assess-
20 ment rate under the risk-based assessment sys-
21 tem for insured depository institutions which,
22 as of December 31, 1994, were Bank Insurance
23 Fund members by more than 9 basis points.”.

24 (d) REPEAL OF CONVERSION MORATORIUM, EXIT
25 FEE, AND “OAKAR BANK” PROVISIONS.—Section 5(d) of

1 the Federal Deposit Insurance Act (12 U.S.C. 1815(d))
2 is amended by striking paragraphs (2) and (3).

3 (e) TECHNICAL AND CONFORMING AMENDMENTS.—

4 (1) Section 5(d)(1) of the Federal Deposit In-
5 surance Act (12 U.S.C. 1815(d)(1)) is amended by
6 striking “Bank Insurance Fund and the Savings As-
7 sociation Insurance Fund” and inserting “deposit
8 insurance fund”.

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

11 (A) in paragraph (1)(D), by striking
12 “each” and inserting “the”;

13 (B) in paragraph (2)(A)(i)(I), by striking
14 “each” and inserting “the”;

15 (C) in paragraph (2)(A)(iii), by striking “a
16 deposit” and inserting “the deposit”;

17 (D) in paragraph (2)(A)(iv), by striking
18 “each” and inserting “the”;

19 (E) by striking subparagraph (B) of para-
20 graph (2);

21 (F) in paragraph (2)(C), by striking
22 “each” and inserting “the”;

23 (G) by striking subparagraphs (E) and (F)
24 of paragraph (2);

1 (H) in paragraph (2)(G), by striking “a
2 deposit” and inserting “the deposit”;

3 (I) in paragraph (3)(A), by striking “any
4 deposit” and inserting “the deposit”;

5 (J) by striking subparagraphs (C) and (D)
6 of paragraph (3);

7 (K) in paragraph (6)(A)(ii), by striking
8 “Bank Insurance Fund members” and inserting
9 “insured depository institutions”; and

10 (L) by striking subparagraph (B) of para-
11 graph (6).

12 (3) Section 7 of the Federal Deposit Insurance
13 Act (12 U.S.C. 1817) is amended by striking sub-
14 section (l).

15 (4) Section 11(f)(1) of the Federal Deposit In-
16 surance Act (12 U.S.C. 1821(f)(1)) is amended by
17 striking “, except that—” and all that follows
18 through the period at the end and inserting a period.

19 (5) Section 11(i)(3) of the Federal Deposit In-
20 surance Act (12 U.S.C. 1821(i)(3)) is amended by
21 striking subparagraph (B) and by redesignating sub-
22 paragraph (C) as subparagraph (B).

23 (6) Section 11A(a) of the Federal Deposit In-
24 surance Act (12 U.S.C. 1821A(a)) is amended—

1 (A) in paragraph (2)(B), by striking “Sav-
2 ings Association Insurance Fund” and inserting
3 “deposit insurance fund”; and

4 (B) in paragraph (3), by striking “Bank
5 Insurance Fund, the Savings Association Insur-
6 ance Fund,” and inserting “deposit insurance
7 fund”.

8 (7) Section 13 of the Federal Deposit Insurance
9 Act (12 U.S.C. 1823) is amended—

10 (A) in subsection (a)(1) by striking “Bank
11 Insurance Fund, Savings Association Insurance
12 Fund,” and inserting “deposit insurance fund”;

13 (B) by striking paragraph (11) of sub-
14 section (c);

15 (C) in subsection (k)(4)(B)(ii), by striking
16 “Savings Association Insurance Fund member”
17 and inserting “savings association”; and

18 (D) in subsection (k)(5)(A), by striking
19 “Savings Association Insurance Fund mem-
20 bers” and inserting “savings associations”.

21 (8) Section 14 of the Federal Deposit Insurance
22 Act (12 U.S.C. 1824) is amended—

23 (A) in subsection (a), by striking “Bank
24 Insurance Fund or the Savings Association In-

1 insurance Fund” and inserting “deposit insur-
2 ance fund”;

3 (B) in subsection (a), by striking “Bank
4 Insurance Fund or Savings Association Insur-
5 ance Fund” and inserting “deposit insurance
6 fund”;

7 (C) in subsection (c), by striking para-
8 graph (3); and

9 (D) in subsection (d)—

10 (i) by striking “Bank Insurance Fund
11 members” each place such term appears
12 and inserting “insured depository institu-
13 tions”;

14 (ii) by striking “Bank Insurance
15 Fund member” each place such term ap-
16 pears and inserting “insured depository in-
17 stitution”; and

18 (iii) by striking “Bank Insurance
19 Fund” each place such term appears
20 (other than in connection with a term re-
21 ferred to in clause (i) or (ii)) and inserting
22 “deposit insurance fund”.

23 (9) Section 15(c)(5) of the Federal Deposit In-
24 surance Act (12 U.S.C. 1825(c)(5)) is amended—

1 (A) by striking “Bank Insurance Fund or
2 Savings Association Insurance Fund, respec-
3 tively,” each place such term appears and in-
4 serting “deposit insurance fund”; and

5 (B) by striking “Bank Insurance Fund or
6 the Savings Association Insurance Fund, re-
7 spectively,” each place such term appears and
8 inserting “deposit insurance fund”.

9 (10) Section 17 of the Federal Deposit Insur-
10 ance Act (12 U.S.C. 1827) is amended by striking
11 “Bank Insurance Fund, Savings Association Insur-
12 ance Fund,” each place such term appears and in-
13 serting “deposit insurance fund”.

14 (11) Section 18(m)(3) of the Federal Deposit
15 Insurance Act (12 U.S.C. 1828(m)(3)) is amend-
16 ed—

17 (A) in subparagraph (A)—

18 (i) by inserting “of an insured savings
19 association or a subsidiary of any such as-
20 sociation” after “specific activity”;

21 (ii) by striking “Savings Association
22 Insurance Fund.” and inserting “deposit
23 insurance fund.”; and

1 (iii) by striking “that Savings Asso-
2 ciation Insurance Fund member” and in-
3 serting “such savings association”; and

4 (B) in subparagraph (C), by striking “Sav-
5 ings Association Insurance Fund or the Bank
6 Insurance Fund” and inserting “deposit insur-
7 ance fund”.

8 (12) Section 31 of the Federal Deposit Insur-
9 ance Act (12 U.S.C. 1831h) is amended—

10 (A) in subsection (a), by striking “Insur-
11 ance Fund”; and

12 (B) in subsection (b)(2), by striking “Sav-
13 ings Association Insurance Fund members” and
14 inserting “savings associations”.

15 (13) Section 38(o)(1)(B) of the Federal Deposit
16 Insurance Act (12 U.S.C. 1831o(o)(1)(B)) is amend-
17 ed by striking “Savings Association Insurance
18 Fund” and inserting “deposit insurance fund”.

19 **SEC. 3. FICO PAYMENTS BY ALL FDIC-INSURED DEPOSI-**
20 **TORY INSTITUTIONS.**

21 Section 21(f) of the Federal Home Loan Bank Act
22 (12 U.S.C. 1441(f)(2)) is amended—

23 (1) in the portion of paragraph (2) which pre-
24 cedes subparagraph (A) of such paragraph—

1 (A) by striking “each Savings Association
2 Insurance Fund member” and inserting “each
3 insured depository institution (as defined in sec-
4 tion 3(c)(2) of the Federal Deposit Insurance
5 Act); and

6 (B) by striking “such member” and insert-
7 ing “such institution”;

8 (2) in paragraph (2)(A), by striking “Savings
9 Association Insurance Fund members” and inserting
10 “insured depository institutions”; and

11 (3) in paragraph (2)(C) by inserting “, except
12 with respect to insured depository institutions which
13 were Bank Insurance Fund members on the day be-
14 fore the date of the enactment of the Deposit Insur-
15 ance Fund Merger Act of 1995” before the period
16 at the end.

17 **SEC. 4. AVAILABILITY OF RTC FUNDS TO LEND TO FDIC TO**
18 **RECAPITALIZE DEPOSIT INSURANCE FUND.**

19 (a) IN GENERAL.—Section 7(b) of the Federal De-
20 posit Insurance Act (12 U.S.C. 1817(b)) is amended by
21 adding at the end the following new paragraph:

22 “(8) AVAILABILITY OF RTC FUNDING.—

23 “(A) LOANS TO FDIC.—At the request of
24 the Board of Directors of the Federal Deposit
25 Insurance Corporation, the Secretary of the

1 Treasury shall lend, out of funds appropriated
2 to the Resolution Trust Corporation pursuant
3 to section 21A(i)(3) of the Federal Home Loan
4 Bank Act and not expended by the Resolution
5 Trust Corporation, to the deposit insurance
6 fund such amounts as may be requested by the
7 Board of Directors to recapitalize such fund
8 and are not needed by the Resolution Trust
9 Corporation.

10 “(B) TERMS AND CONDITIONS TO ENSURE
11 REPAYMENT.—The Secretary of the Treasury
12 may establish such terms and conditions to en-
13 sure the repayment of any loan under subpara-
14 graph (A) as the Secretary determines to be ap-
15 propriate.

16 “(C) OTHER TERMS.—The annual repay-
17 ment terms and the length of time for which
18 the loan is made shall be established by the
19 Federal Deposit Insurance Corporation in con-
20 sultation with the Secretary of the Treasury.

21 “(D) TERMINATION OF LENDING AUTHOR-
22 ITY.—No additional advances may be made to
23 the Federal Deposit Insurance Corporation
24 under this paragraph after the reserve ratio of

1 the deposit insurance fund first meets or ex-
2 ceeds the designated reserve ratio.”.

3 (b) SPECIAL 1-TIME ASSESSMENT TO REPAY
4 LOANS.—Section 7(b) of the Federal Deposit Insurance
5 Act (12 U.S.C. 1817(b)) is amended by inserting after
6 paragraph (8) (as added by subsection (a) of this section)
7 the following new paragraphs:

8 “(9) SPECIAL 1-TIME ASSESSMENT TO RECAPI-
9 TALIZE SAIF.—

10 “(A) IN GENERAL.—The Corporation may,
11 in the discretion of the Board of Directors, im-
12 pose a special assessment on any designated in-
13 sured depository institution in an amount not
14 greater than 0.40 percent of the assessment
15 base on which assessments are imposed under
16 the risk-based assessment system established
17 pursuant to paragraph (1).

18 “(B) USE OF PROCEEDS TO REPAY
19 LOANS.—The proceeds of any assessment im-
20 posed under subparagraph (A) shall be used to
21 repay any recapitalization loan under paragraph
22 (8).

23 “(C) IMPOSITION OVER PERIOD OF
24 YEARS.—The assessment authorized under sub-
25 paragraph (A) may be imposed incrementally

1 over such period of years as the Board of Di-
2 rectors may determine to be appropriate, except
3 the larger percentage of any such incremental
4 assessment shall be allocated to the first year of
5 the effective period for such assessment.

6 “(D) ABATEMENT FOR TROUBLED INSTI-
7 TUTIONS.—The Board of Directors may abate
8 any portion of any assessment under this para-
9 graph in the case of any undercapitalized insti-
10 tution or any institution which would become
11 undercapitalized as a result of the imposition of
12 such assessment.

13 “(10) DESIGNATED INSURED DEPOSITORY IN-
14 STITUTION DEFINED.—For purposes of paragraph
15 (9), the term ‘designated insured depository institu-
16 tion’—

17 “(A) means any insured depository institu-
18 tion which, as of January 1, 1995, or at any
19 time after such date, was a Savings Association
20 Insurance Fund member under the Federal De-
21 posit Insurance Act (as in effect on the day be-
22 fore the date of the enactment of the Deposit
23 Insurance Fund Merger Act of 1995); and

24 “(B) includes any other insured depository
25 institution which acquires (as defined in section

1 13(f)(8)(B) of the Federal Deposit Insurance
2 Act) such insured depository institution or is
3 otherwise a successor in interest to such institu-
4 tion.”.

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