

107TH CONGRESS  
1ST SESSION

# H. R. 557

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 2001

Mr. LUCAS of Oklahoma (for himself and Mr. WATT of North Carolina) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Deposit Insurance  
3 Fairness and Economic Opportunity Act”.

4 **SEC. 2. USE OF EXCESS DEPOSIT FUND RESERVES TO PAY**  
5 **FICO INTEREST OBLIGATIONS AND MAKE RE-**  
6 **BATES.**

7 (a) IN GENERAL.—Section 7(b)(2) of the Federal  
8 Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is  
9 amended—

10 (1) by inserting after subparagraph (C) the fol-  
11 lowing new subparagraph:

12 “(D) USE OF EXCESS DEPOSIT INSURANCE  
13 FUNDS INITIALLY TO PAY FICO INTEREST OBLI-  
14 GATIONS AND THEN FOR OTHER PURPOSES.—  
15 Notwithstanding subsection (e)(2), beginning  
16 January 1, 2002, and annually thereafter, the  
17 Board of Directors shall, when amounts in both  
18 the Bank Insurance Fund and the Savings As-  
19 sociation Insurance Fund, respectively, exceed  
20 the amount which is equal to 1.40 percent of  
21 the estimated insured deposits insured by such  
22 Fund (or such higher percentage as may have  
23 been established as the designated reserve ratio  
24 for the respective Fund pursuant to subpara-  
25 graph (A)(iv)(II)) transfer from such Funds the  
26 amounts in excess of the amount that is equal

1 to that percentage of estimated insured deposits  
2 as follows:

3 “(i) YEARS 2002 THROUGH 2017.—In  
4 years 2002 through 2017, to the Finance-  
5 ing Corporation in such amount as is nec-  
6 essary to pay, for such year, the interest  
7 payments, issuance costs, and custodial  
8 fees described in section 21(f) of the Fed-  
9 eral Home Loan Bank Act with regard to  
10 obligations issued by the Financing Cor-  
11 poration.

12 “(ii) YEARS AFTER 2017.—In years  
13 beginning after December 31, 2017—

14 “(I) to the Financing Corpora-  
15 tion for the purposes described in  
16 clause (i); and

17 “(II) if the amount required to  
18 be transferred under this subpara-  
19 graph exceeds the amount required by  
20 the Financing Corporation for the  
21 purposes described in clause (i), to in-  
22 sured depository institutions, the allo-  
23 cation of which to be made on such  
24 basis as the Board of Directors deter-  
25 mines to be appropriate, taking into

1 account the factors considered under  
2 the risk-based assessment system.”;  
3 and

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

6 “(I) PAYMENT LIMITATION FOR CERTAIN  
7 INSTITUTIONS.—No amount may be paid under  
8 subparagraph (D)(ii)(II) to any insured deposi-  
9 tory institution described in clause (v) of sub-  
10 section (b)(2)(A).”.

11 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

14 (A) by redesignating paragraphs (2) and  
15 (3) as paragraphs (3) and (4), respectively;

16 (B) by inserting after paragraph (1) the  
17 following new paragraph:

18 “(2) EXCESS DEPOSIT INSURANCE FUND BAL-  
19 ANCES.—In addition to the amounts obtained pursu-  
20 ant to paragraph (1), the Financing Corporation  
21 shall have available the amounts transferred by the  
22 Board of Directors of the Federal Deposit Insurance  
23 Corporation pursuant to section 7(b)(2)(D) of the  
24 Federal Deposit Insurance Act.”;

1 (C) in paragraph (3) (as so redesignated  
2 by paragraph (2) of this subsection), by striking  
3 “In addition to the amounts obtained pursuant  
4 to paragraph (1),” and inserting “To the extent  
5 the amounts available under paragraphs (1)  
6 and (2) are insufficient to cover the amount of  
7 interest payments, issuance costs, and custodial  
8 fees,”; and

9 (D) in paragraph (4) (as so redesignated  
10 by paragraph (2) of this subsection), by striking  
11 “(1) and (2)” and inserting “(1), (2), and (3)”.

12 (2) Section 2703(c)(2) of the Deposit Insurance  
13 Funds Act of 1996 (12 U.S.C. 1441 nt.) is  
14 amended—

15 (A) by striking “21(f)(2)” and inserting  
16 “21(f)(3)”; and

17 (B) by inserting “and redesignated by sec-  
18 tion 2(b)(1)(A) of the Deposit Insurance Fair-  
19 ness and Economic Opportunity Act” after “as  
20 amended by subsection (a)”.

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