

1 **TITLE II—COMMITTEE ON BANK-**
2 **ING, HOUSING, AND URBAN**
3 **AFFAIRS**

4 **Subtitle A—Merger of the Deposit**
5 **Insurance Funds**

6 **SEC. 2001. SHORT TITLE.**

7 This subtitle may be cited as the “Safe and Fair De-
8 posit Insurance Act of 2005”.

9 **SEC. 2002. DEFINITIONS.**

10 In this subtitle—

11 (1) the term “Administration” means the Na-
12 tional Credit Union Administration;

13 (2) the term “Board” means the Board of Di-
14 rectors of the Federal Deposit Insurance Corpora-
15 tion (other than in connection with the National
16 Credit Union Administration Board);

17 (3) the term “Corporation” means the Federal
18 Deposit Insurance Corporation;

19 (4) the term “designated reserve ratio” means
20 the reserve ratio designated by the Board under sec-
21 tion 7(b)(3) of the Federal Deposit Insurance Act,
22 as amended by this subtitle;

1 (5) the terms “Fund” and “Deposit Insurance
2 Fund” mean the Deposit Insurance Fund estab-
3 lished under section 11(a)(4) of the Federal Deposit
4 Insurance Act, as amended by this subtitle;

5 (6) the terms “depository institution” and “in-
6 sured depository institution” have the same mean-
7 ings as in section 3 of the Federal Deposit Insur-
8 ance Act; and

9 (7) the term “reserve ratio” means the ratio of
10 the fund balance of the Deposit Insurance Fund to
11 aggregate estimated insured deposits held in all in-
12 sured depository institutions.

13 **SEC. 2003. MERGER OF BIF AND SAIF.**

14 (a) IN GENERAL.—

15 (1) MERGER.—The Bank Insurance Fund and
16 the Savings Association Insurance Fund shall be
17 merged into the Deposit Insurance Fund.

18 (2) DISPOSITION OF ASSETS AND LIABIL-
19 ITIES.—All assets and liabilities of the Bank Insur-
20 ance Fund and the Savings Association Insurance
21 Fund shall be transferred to the Deposit Insurance
22 Fund.

23 (3) NO SEPARATE EXISTENCE.—The separate
24 existence of the Bank Insurance Fund and the Sav-
25 ings Association Insurance Fund shall cease on the

1 effective date of the merger thereof under this sec-
2 tion.

3 (b) REPEAL OF OUTDATED MERGER PROVISION.—
4 Section 2704 of the Deposit Insurance Funds Act of 1996
5 (12 U.S.C. 1821 note) is repealed.

6 **SEC. 2004. ESTABLISHMENT OF THE DEPOSIT INSURANCE**
7 **FUND.**

8 (a) IN GENERAL.—Section 11(a)(4) of the Federal
9 Deposit Insurance Act (12 U.S.C. 1821(a)(4)) is amend-
10 ed—

11 (1) by redesignating subparagraph (B) as sub-
12 paragraph (C);

13 (2) by striking subparagraph (A) and inserting
14 the following:

15 “(A) ESTABLISHMENT.—There is estab-
16 lished the Deposit Insurance Fund, which the
17 Corporation shall—

18 “(i) maintain and administer;

19 “(ii) use to carry out its insurance
20 purposes, in the manner provided by this
21 subsection; and

22 “(iii) invest in accordance with section
23 13(a).

24 “(B) USES.—The Deposit Insurance Fund
25 shall be available to the Corporation for use

1 with respect to Deposit Insurance Fund mem-
2 bers.”;

3 (3) by striking “(4) GENERAL PROVISIONS RE-
4 LATING TO FUNDS.—” and inserting the following:

5 “(4) ESTABLISHMENT OF THE DEPOSIT INSUR-
6 ANCE FUND.—”;

7 (4) in subparagraph (C), as redesignated by
8 paragraph (1) of this subsection, by striking “Bank
9 Insurance Fund and the Savings Association Insur-
10 ance Fund” and inserting “Deposit Insurance
11 Fund”; and

12 (5) by adding at the end the following:

13 “(D) DEPOSITS.—All amounts assessed
14 against insured depository institutions by the
15 Corporation shall be deposited in the Deposit
16 Insurance Fund.”.

17 (b) MERGER-RELATED AMENDMENTS TO THE FED-
18 ERAL DEPOSIT INSURANCE ACT.—

19 (1) DEFINITIONS.—Section 3(y) of the Federal
20 Deposit Insurance Act (12 U.S.C. 1813(y)) is
21 amended to read as follows:

22 “(y) DEFINITIONS RELATING TO THE DEPOSIT IN-
23 SURANCE FUND.—

1 “(1) DEPOSIT INSURANCE FUND.—The terms
2 ‘Deposit Insurance Fund’ and ‘Fund’ mean the fund
3 established under section 11(a)(4).”.

4 (2) ASSESSMENTS.—Section 7 of the Federal
5 Deposit Insurance Act (12 U.S.C. 1817) is amend-
6 ed—

7 (A) by striking subsection (l);

8 (B) by redesignating subsections (m) and
9 (n) as subsections (l) and (m), respectively; and

10 (C) in subsection (b), by striking para-
11 graph (2) and inserting the following:

12 “(2) ASSESSMENTS.—

13 “(A) IN GENERAL.—Each insured depository
14 institution shall pay assessments to the
15 Corporation in such amounts and at such time
16 or times as the Board of Directors may require.

17 “(B) FACTORS TO BE CONSIDERED.—In
18 setting assessments for insured depository insti-
19 tutions, the Board of Directors shall consider—

20 “(i) the estimated operating expenses
21 of the Deposit Insurance Fund;

22 “(ii) the estimated case resolution ex-
23 penditures and income of the Deposit In-
24 surance Fund;

1 “(iii) the projected effects of assess-
2 ments on the earnings and capital of in-
3 sured depository institutions;

4 “(iv) the need to maintain a risk-
5 based assessment system under paragraph
6 (1); and

7 “(v) any other factors that the Board
8 of Directors may determine to be appro-
9 priate.

10 “(C) NOTICE OF ASSESSMENTS.—The Cor-
11 poration shall notify each insured depository in-
12 stitution of assessments charged to that institu-
13 tion.

14 “(D) NEWLY INSURED INSTITUTIONS.—To
15 facilitate the administration of this section, the
16 Board of Directors may waive the requirements
17 of subsection (c)(1) and subparagraph (A) of
18 this paragraph for any assessment period in
19 which a depository institution becomes in-
20 sured.”.

21 (3) REPEAL OF SEPARATE FUNDS PROVI-
22 SIONS.—Section 11(a) of the Federal Deposit Insur-
23 ance Act (12 U.S.C. 1821(a)) is amended—

24 (A) by striking paragraphs (5), (6), and
25 (7); and

1 (B) by redesignating paragraph (8) as
2 paragraph (5).

3 **SEC. 2005. TECHNICAL AND CONFORMING AMENDMENTS**
4 **TO THE FEDERAL DEPOSIT INSURANCE ACT.**

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

7 (1) in section 3(a)(1) (12 U.S.C. 1813(a)(1)),
8 by striking subparagraph (B) and inserting the fol-
9 lowing:

10 “(B) includes any former savings associa-
11 tion.”;

12 (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),
13 by striking “the Bank Insurance Fund or the Sav-
14 ings Association Insurance Fund;” and inserting
15 “the Deposit Insurance Fund;”;

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

19 (4) in section 5(d) (12 U.S.C. 1815(d)), by
20 striking paragraphs (2) and (3);

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

22 (A) in subparagraph (A), by striking “re-
23 serve ratios in the Bank Insurance Fund and
24 the Savings Association Insurance Fund as re-

1 required by section 7” and inserting “the reserve
2 ratio of the Deposit Insurance Fund”;

3 (B) by striking subparagraph (B) and in-
4 serting the following:

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

9 (C) by striking “UNINSURED INSTITU-
10 TIONS.—” and all that follows through “GEN-
11 ERAL.—” and inserting “UNINSURED INSTITU-
12 TIONS.—”; and

13 (D) by redesignating subparagraph (C) as
14 paragraph (3) and moving the margin 2 ems to
15 the left;

16 (6) in section 5(e) (12 U.S.C. 1815(e))—

17 (A) in paragraph (5)(A), by striking
18 “Bank Insurance Fund or the Savings Associa-
19 tion Insurance Fund” and inserting “Deposit
20 Insurance Fund”;

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

22 (C) by redesignating paragraphs (7), (8),
23 and (9) as paragraphs (6), (7), and (8), respec-
24 tively;

1 (7) in section 6(5) (12 U.S.C. 1816(5)), by
2 striking “Bank Insurance Fund or the Savings As-
3 sociation Insurance Fund” and inserting “Deposit
4 Insurance Fund”;

5 (8) in section 7(a)(3) (12 U.S.C. 1817(a)(3))—

6 (A) by striking “in July”; and

7 (B) by striking “in January”;

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

9 (A) in paragraph (1)—

10 (i) in subparagraph (B)(ii), by strik-
11 ing “institution’s semiannual assessment”
12 and inserting “assessments for that insti-
13 tution under subsection (b)”;

14 (ii) in subparagraph (C)—

15 (I) by striking “a depository in-
16 stitution’s semiannual assessment”
17 and inserting “assessments for a de-
18 pository institution under subsection
19 (b)”;

20 (II) by striking “deposit insur-
21 ance fund” each place that term ap-
22 pears and inserting “Deposit Insur-
23 ance Fund”;

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

4 (C) by striking paragraph (4) and redesign-
5 ating paragraphs (5) through (7) as para-
6 graphs (4) through (6), respectively;

7 (D) in paragraph (5), as so redesignated—

8 (i) by striking “any such assessment”
9 and inserting “any such assessment is nec-
10 essary”;

11 (ii) by striking subparagraph (B);

12 (iii) in subparagraph (A)—

13 (I) by striking “(A) is nec-
14 essary—”;

15 (II) by striking “Bank Insurance
16 Fund members” and inserting “in-
17 sured depository institutions”; and

18 (III) by redesignating clauses (i),
19 (ii), and (iii) as subparagraphs (A),
20 (B), and (C), respectively, and moving
21 the margins 2 ems to the left; and

22 (iv) in subparagraph (C) (as redesign-
23 nated)—

24 (I) by inserting “that” before
25 “the Corporation”; and

1 (II) by striking “; and” and in-
2 serting a period; and

3 (E) in paragraph (6), as so redesignated,
4 by striking “semiannual assessment” and in-
5 serting “assessment under subsection (b)”;
6 (10) in section 7(c) (12 U.S.C. 1817(c))—

7 (A) in paragraph (1), by striking “institu-
8 tion’s semiannual assessment” and inserting
9 “assessments for that institution under sub-
10 section (b)”;

11 (B) by striking paragraphs (2) and (3);
12 and

13 (C) by redesignating paragraph (4) as
14 paragraph (2);

15 (11) in section 7(j)(7)(F) (12 U.S.C.
16 1817(j)(7)(F)), by striking “Bank Insurance Fund
17 or the Savings Association Insurance Fund” and in-
18 serting “Deposit Insurance Fund”;

19 (12) in section 8 (12 U.S.C. 1818)—

20 (A) in subsection (p), by striking “semi-
21 annual”;

22 (B) in subsection (q), by striking “semi-
23 annual” and inserting “assessment”; and

1 (C) in subsection (t)(2)(C), by striking
2 “deposit insurance fund” and inserting “De-
3 posit Insurance Fund”;

4 (13) in section 11 (12 U.S.C. 1821), by striking
5 “deposit insurance fund” each place that term ap-
6 pears and inserting “Deposit Insurance Fund”;

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

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

13 (A) by striking subparagraph (B);

14 (B) by redesignating subparagraph (C) as
15 subparagraph (B); and

16 (C) in subparagraph (B) (as redesignated),
17 by striking “subparagraphs (A) and (B)” and
18 inserting “subparagraph (A)”;

19 (16) in section 11(p)(2)(B) (12 U.S.C.
20 1821(p)(2)(B)), by striking “institution, any” and
21 inserting “institution, the”;

22 (17) in section 12(f)(4)(E)(iv) (12 U.S.C.
23 1822(f)(4)(E)(iv)), by striking “Federal deposit in-
24 surance funds” and inserting “the Deposit Insur-

1 ance Fund, or any predecessor deposit insurance
2 fund”;

3 (18) in section 13 (12 U.S.C. 1823)—

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

7 (B) in subsection (a)(1), by striking “Bank
8 Insurance Fund, the Savings Association Insur-
9 ance Fund,” and inserting “Deposit Insurance
10 Fund”;

11 (C) in subsection (c)(4)(E)—

12 (i) in the subparagraph heading, by
13 striking “FUNDS” and inserting “FUND”;
14 and

15 (ii) in clause (i), by striking “any in-
16 surance fund” and inserting “the Deposit
17 Insurance Fund”;

18 (D) in subsection (c)(4)(G)(ii)—

19 (i) by striking “appropriate insurance
20 fund” and inserting “Deposit Insurance
21 Fund”;

22 (ii) by striking “the members of the
23 insurance fund (of which such institution
24 is a member)” and inserting “insured de-
25 pository institutions”;

1 (iii) by striking “each member’s” and
2 inserting “each insured depository institu-
3 tion’s”;

4 (iv) by striking “the member’s” each
5 place that term appears and inserting “the
6 institution’s”; and

7 (v) in subclause (II), by striking
8 “semiannual” and inserting “applicable as-
9 sessment”;

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

12 (F) in subsection (h), by striking “Bank
13 Insurance Fund” and inserting “Deposit Insur-
14 ance Fund”;

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

18 (H) in subsection (k)(5)—

19 (i) in subparagraph (A), by striking
20 “Savings Association Insurance Fund
21 members” and inserting “savings associa-
22 tions”;

23 (ii) by striking “member’s” each place
24 that term appears and inserting “savings
25 association’s”; and

1 (iii) by striking “member” each place
2 that term appears and inserting “savings
3 association”;

4 (19) in section 14(a) (12 U.S.C. 1824(a)), in
5 the 5th sentence—

6 (A) by striking “Bank Insurance Fund or
7 the Savings Association Insurance Fund” and
8 inserting “Deposit Insurance Fund”; and

9 (B) by striking “each such fund” and in-
10 sserting “the Deposit Insurance Fund”;

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

15 (21) in section 14(c) (12 U.S.C. 1824(c))—

16 (A) in paragraph (2)(A), by striking “(7)”
17 and inserting “(6)”;

18 (B) by striking paragraph (3);

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

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

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

1 (C) by striking “Bank Insurance Fund”
2 each place that term appears (other than in
3 connection with a reference to a Bank Insur-
4 ance Fund member or members) and inserting
5 “Deposit Insurance Fund”;

6 (D) by striking the subsection heading and
7 inserting the following:

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

10 (E) in paragraph (3), in the paragraph
11 heading, by striking “BIF” and inserting “THE
12 DEPOSIT INSURANCE FUND”; and

13 (F) in paragraph (5), in the paragraph
14 heading, by striking “BIF MEMBERS” and in-
15 serting “INSURED DEPOSITORY INSTITUTIONS”;

16 (23) in section 14 (12 U.S.C. 1824), by adding
17 at the end the following:

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

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

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

4 “(A) bear a rate of interest of not less
5 than the current marginal cost of funds to that
6 bank, taking into account the maturities in-
7 volved;

8 “(B) be adequately secured, as determined
9 by the Federal Housing Finance Board; and

10 “(C) be a direct liability of the Deposit In-
11 surance Fund.”;

12 (24) in section 15(c)(5) (12 U.S.C.
13 1825(c)(5))—

14 (A) by striking “the Bank Insurance Fund
15 or Savings Association Insurance Fund, respec-
16 tively” each place that term appears and insert-
17 ing “the Deposit Insurance Fund”; and

18 (B) in subparagraph (B), by striking “the
19 Bank Insurance Fund or the Savings Associa-
20 tion Insurance Fund, respectively” and insert-
21 ing “the Deposit Insurance Fund”;

22 (25) in section 17(a) (12 U.S.C. 1827(a))—

23 (A) in the subsection heading, by striking
24 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
25 SURANCE FUND”; and

1 (B) in paragraph (1)—

2 (i) by striking “the Bank Insurance
3 Fund, the Savings Association Insurance
4 Fund,” each place that term appears and
5 inserting “the Deposit Insurance Fund”;
6 and

7 (ii) in subparagraph (D), by striking
8 “each insurance fund” and inserting “the
9 Fund”;

10 (26) in section 17(d) (12 U.S.C. 1827(d)), by
11 striking “, the Bank Insurance Fund, the Savings
12 Association Insurance Fund,” each place that term
13 appears and inserting “the Deposit Insurance
14 Fund”;

15 (27) in section 18(m) (12 U.S.C. 1828(m))—

16 (A) in paragraph (2), in the matter pre-
17 ceding subparagraph (A), by striking the colon
18 and inserting a dash;

19 (B) in paragraph (3)(A)—

20 (i) by striking “poses a serious threat
21 to the Savings Association Insurance
22 Fund” and inserting “of an insured sav-
23 ings association poses a serious threat to
24 the Deposit Insurance Fund”; and

1 (ii) by striking “Savings Association
2 Insurance Fund member” and inserting
3 “insured savings association”; and

4 (C) in paragraph (3)(C), by striking “Sav-
5 ings Association Insurance Fund or the Bank
6 Insurance Fund” and inserting “Deposit Insur-
7 ance Fund”;

8 (28) in section 18(o) (12 U.S.C. 1828(o)), by
9 striking “deposit insurance funds” and “deposit in-
10 surance fund” each place those terms appear and in-
11 sserting “Deposit Insurance Fund”;

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

15 (30) in section 24 (12 U.S.C. 1831a)—

16 (A) in subsections (a)(1) and (d)(1)(A), by
17 striking “appropriate deposit insurance fund”
18 each place that term appears and inserting
19 “Deposit Insurance Fund”;

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

24 (C) in subsections (e)(2)(B)(ii) and
25 (f)(6)(B), by striking “the insurance fund of

1 which such bank is a member” each place that
2 term appears and inserting “the Deposit Insur-
3 ance Fund”;

4 (31) in section 28 (12 U.S.C. 1831e), by strik-
5 ing “affected deposit insurance fund” each place
6 that term appears and inserting “Deposit Insurance
7 Fund”;

8 (32) by striking section 31 (12 U.S.C. 1831h);

9 (33) in section 36(i)(3) (12 U.S.C.
10 1831m(i)(3)), by striking “affected deposit insur-
11 ance fund” and inserting “Deposit Insurance
12 Fund”;

13 (34) in section 37(a)(1)(C) (12 U.S.C.
14 1831n(a)(1)(C)), by striking “insurance funds” and
15 inserting “Deposit Insurance Fund”;

16 (35) in section 38 (12 U.S.C. 1831o), by strik-
17 ing “the deposit insurance fund” each place that
18 term appears and inserting “the Deposit Insurance
19 Fund”;

20 (36) in section 38(a) (12 U.S.C. 1831o(a)), in
21 the subsection heading, by striking “FUNDS” and in-
22 serting “FUND”;

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

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

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

7 (C) in paragraphs (2)(A) and (3)(B), by
8 striking “the deposit insurance fund’s outlays”
9 each place that term appears and inserting “the
10 outlays of the Deposit Insurance Fund”; and
11 (38) in section 38(o) (12 U.S.C. 1831o(o))—

12 (A) by striking “ASSOCIATIONS.—” and all
13 that follows through “Subsections (e)(2)” in
14 paragraph (2) and inserting “ASSOCIATIONS.—
15 Subsections (e)(2)”;

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

20 (C) in paragraph (1) (as so redesignated),
21 by redesignating clauses (i) and (ii) as subpara-
22 graphs (A) and (B), respectively, and moving
23 the margins 2 ems to the left.

24 (b) CONFORMING TRANSFER OF FUNDS.—Any funds
25 resulting from the application of section 7(d)(2) of the

1 Federal Deposit Insurance Act prior to its repeal under
2 subsection (a)(4) of this section shall be deposited into the
3 general fund of the Deposit Insurance Fund established
4 pursuant to this subtitle.

5 **SEC. 2006. OTHER TECHNICAL AND CONFORMING AMEND-**
6 **MENTS.**

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

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

19 (c) ADVANCES TO CRITICALLY UNDERCAPITALIZED
20 DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of
21 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is
22 amended by striking “any deposit insurance fund in” and
23 inserting “the Deposit Insurance Fund of”.

24 (d) AMENDMENTS TO THE BALANCED BUDGET AND
25 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section

1 255(g)(1)(A) of the Balanced Budget and Emergency
2 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is
3 amended—

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

6 (2) by striking “Federal Deposit Insurance Cor-
7 poration, Savings Association Insurance Fund;”.

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

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

12 (A) in the subsection heading, by striking
13 “SAIF” and inserting “THE DEPOSIT INSUR-
14 ANCE FUND”; and

15 (B) by striking “Savings Association In-
16 surance Fund” each place that term appears
17 and inserting “Deposit Insurance Fund”;

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

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

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

24 (3) in section 21A(b)(4)(B) (12 U.S.C.
25 1441a(b)(4)(B)), by striking “affected deposit insur-

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

3 (4) in section 21B(k) (12 U.S.C. 1441b(k)) by
4 inserting before the colon “, the following definitions
5 shall apply”.

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

9 (1) in section 5 (12 U.S.C. 1464)—

10 (A) in subsection (c)(6), by striking “As
11 used in this subsection—” and inserting “For
12 purposes of this subsection, the following defini-
13 tions shall apply:”;

14 (B) in subsection (o)(1), by striking “that
15 is a Bank Insurance Fund member”;

16 (C) in subsection (o)(2)(A), by striking “a
17 Bank Insurance Fund member until such time
18 as it changes its status to a Savings Association
19 Insurance Fund member” and inserting “in-
20 sured by the Deposit Insurance Fund”;

21 (D) in subsection (t)(5)(D)(iii)(II), by
22 striking “affected deposit insurance fund” and
23 inserting “Deposit Insurance Fund”;

1 (E) in subsection (t)(7)(C)(i)(I), by strik-
2 ing “affected deposit insurance fund” and in-
3 serting “Deposit Insurance Fund”; and

4 (F) in subsection (v)(2)(A)(i), by striking
5 “the Savings Association Insurance Fund” and
6 inserting “or the Deposit Insurance Fund”; and
7 (2) in section 10 (12 U.S.C. 1467a)—

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

10 (B) in subsection (e)(1)(B), by striking
11 “Savings Association Insurance Fund or Bank
12 Insurance Fund” and inserting “Deposit Insur-
13 ance Fund”;

14 (C) in subsection (e)(2), by striking “Sav-
15 ings Association Insurance Fund or the Bank
16 Insurance Fund” and inserting “Deposit Insur-
17 ance Fund”;

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

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

23 (F) in subsection (i), by redesignating
24 paragraph (5) as paragraph (4);

1 (G) in subsection (m)(3), by striking sub-
2 paragraph (E), and by redesignating subpara-
3 graphs (F), (G), and (H) as subparagraphs
4 (E), (F), and (G), respectively;

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

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

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

14 (1) in section 317(b)(1)(B) (12 U.S.C.
15 1723i(b)(1)(B)), by striking “Bank Insurance Fund
16 for banks or through the Savings Association Insur-
17 ance Fund for savings associations” and inserting
18 “Deposit Insurance Fund”; and

19 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.
20 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance
21 Fund for banks and through the Savings Association
22 Insurance Fund for savings associations” and insert-
23 ing “Deposit Insurance Fund”.

24 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
25 REFORM, RECOVERY, AND ENFORCEMENT ACT OF

1 1989.—The Financial Institutions Reform, Recovery, and
2 Enforcement Act of 1989 (12 U.S.C. 1811 note) is
3 amended—

4 (1) in section 951(b)(3)(B) (12 U.S.C.
5 1833a(b)(3)(B)), by striking “Bank Insurance
6 Fund, the Savings Association Insurance Fund,”
7 and inserting “Deposit Insurance Fund (or any
8 predecessor deposit insurance fund)”; and

9 (2) in section 1112(c)(1)(B) (12 U.S.C.
10 3341(c)(1)(B)), by striking “Bank Insurance Fund,
11 the Savings Association Insurance Fund,” and in-
12 serting “Deposit Insurance Fund”.

13 (i) AMENDMENT TO THE BANK HOLDING COMPANY
14 ACT OF 1956.—The Bank Holding Company Act of 1956
15 (12 U.S.C. 1841 et seq.) is amended—

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

19 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.
20 1842(d)(1)(D)(iii)), by striking “appropriate deposit
21 insurance fund” and inserting “Deposit Insurance
22 Fund”.

23 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY
24 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12
25 U.S.C. 1828a) is amended in each of subsection (a)(1)(B),

1 paragraphs (2)(B) and (4)(B) of subsection (b), and sub-
2 section (c)(1)(B), by striking “any Federal deposit insur-
3 ance fund” and inserting “the Deposit Insurance Fund”.

4 **SEC. 2007. EFFECTIVE DATE.**

5 (a) IN GENERAL.—Except as otherwise provided in
6 this subtitle, this subtitle and the amendments made by
7 this subtitle shall become effective not later than the first
8 day of the first calendar quarter that begins more than
9 90 days after the date of enactment of this Act.

10 (b) EARLIER IMPLEMENTATION.—

11 (1) CORPORATION DETERMINATION.—If the
12 Corporation determines that merger of the deposit
13 insurance funds should occur before the first day of
14 the first calendar quarter as described in subsection
15 (a), the Corporation shall—

16 (A) announce such determination publicly;

17 and

18 (B) establish the effective date of the
19 merger.

20 (2) EARLIER EFFECTIVE DATE.—On the date
21 established under paragraph (1)(B), this subtitle
22 and the amendments made by this subtitle shall be-
23 come effective.

1 **Subtitle B—Deposit Insurance**
2 **Modernization and Improvement**

3 **SEC. 2011. SHORT TITLE.**

4 This subtitle may be cited as the “Deposit Insurance
5 Reform Act of 2005”.

6 **SEC. 2012. CHANGES TO FEDERAL DEPOSIT INSURANCE**
7 **COVERAGE.**

8 (a) INSURED DEPOSITORY INSTITUTIONS.—

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

12 (A) by striking subparagraph (B) and in-
13 serting the following:

14 “(B) NET AMOUNT OF INSURED DEPOS-
15 ITS.—The net amount of deposit insurance pay-
16 able to any depositor at an insured depository
17 institution shall not exceed the standard max-
18 imum deposit insurance amount, as determined
19 in accordance with subparagraphs (C) through
20 (M).”;

21 (B) by striking subparagraph (D) and in-
22 serting the following:

23 “(D) COVERAGE FOR CERTAIN EMPLOYEE
24 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 (5)(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 based on the inter-
4 est of each participant, in accordance
5 with regulations issued by the Cor-
6 poration.

7 “(E) STANDARD MAXIMUM DEPOSIT IN-
8 SURANCE AMOUNT DEFINED.—For purposes of
9 this paragraph, the term ‘standard maximum
10 deposit insurance amount’ means, until April 1,
11 2010, \$100,000.

12 “(F) DETERMINATION REGARDING INFLA-
13 TION ADJUSTMENTS.—

14 “(i) ADJUSTMENTS TO STANDARD
15 MAXIMUM DEPOSIT INSURANCE AMOUNT.—
16 Not later than April 1, 2010, and the first
17 day of each 5-year period thereafter, the
18 Board of Directors shall determine whether
19 to increase the standard maximum deposit
20 insurance amount based on the factors set
21 forth under subparagraph (G).

22 “(ii) ADJUSTMENTS FOR CERTAIN RE-
23 TIREMENT ACCOUNTS.—Not later than
24 April 1, 2010, and the first day of each 5-
25 year period thereafter, the Board of Direc-

1 tors shall determine whether to increase
2 the amount of insurance available for re-
3 irement accounts under paragraph (3),
4 based on the factors set forth under sub-
5 paragraph (G).

6 “(G) INFLATION ADJUSTMENT CONSIDER-
7 ATIONS.—In making any determination under
8 subparagraph (F), the Board of Directors shall
9 consider—

10 “(i) the economic conditions affecting
11 insured depository institutions;

12 “(ii) the overall risk or risks to the
13 Deposit Insurance Fund;

14 “(iii) a demonstrated need by deposi-
15 tors for the inflation adjustment increase;

16 “(iv) the ability of insured depository
17 institutions to identify and obtain alter-
18 native funding sources;

19 “(v) the ability of insured depository
20 institutions to meet the credit needs of
21 their communities;

22 “(vi) potential problems affecting in-
23 sured depository institutions generally or a
24 specific group or type of insured depository
25 institutions; and

1 “(vii) any other factors that the
2 Board of Directors deems appropriate.

3 “(H) INFLATION ADJUSTMENT CALCULA-
4 TIONS FOR 2010.—

5 “(i) CALCULATION FOR STANDARD
6 MAXIMUM DEPOSIT INSURANCE AMOUNT.—

7 The amount provided for any increase in
8 the standard maximum deposit insurance
9 amount shall be, as of April 1, 2010, the
10 product of—

11 “(I) \$100,000; and

12 “(II) the ratio of the value of the
13 Personal Consumption Expenditures
14 Chain-Type Index (or any successor
15 index thereto), published by the De-
16 partment of Commerce, for December
17 31 of the year preceding the year in
18 which the adjustment is calculated
19 under this subparagraph, to the value
20 of such index for December 31 of the
21 year preceding the effective date of
22 the Safe and Fair Deposit Insurance
23 Act of 2005.

24 “(ii) CALCULATION FOR CERTAIN RE-
25 TIREMENT ACCOUNTS FOR 2010.—The

1 amount provided for any increase in the in-
2 surance for retirement accounts under
3 paragraph (3) shall be, as of April 1,
4 2010, the product of—

5 “(I) \$250,000; and

6 “(II) the ratio of the value of the
7 Personal Consumption Expenditures
8 Chain-Type Index (or any successor
9 index thereto), published by the De-
10 partment of Commerce, for December
11 31 of the year preceding the year in
12 which the adjustment is calculated
13 under this subparagraph, to the value
14 of such index for December 31 of the
15 year preceding the effective date of
16 the Safe and Fair Deposit Insurance
17 Act of 2005.

18 “(I) INFLATION ADJUSTMENT CALCULA-
19 TIONS AFTER 2010.—

20 “(i) CALCULATION FOR THE STAND-
21 ARD MAXIMUM DEPOSIT INSURANCE
22 AMOUNT.—The amount provided for any
23 increase in the standard maximum deposit
24 insurance amount shall be, as of the 1st

1 day of each 5-year period beginning on
2 April 1, 2015, the product of—

3 “(I) the standard maximum de-
4 posit insurance amount; and

5 “(II) the ratio of the value of the
6 Personal Consumption Expenditures
7 Chain-Type Index (or any successor
8 index thereto), published by the De-
9 partment of Commerce, for December
10 31 of the year preceding the year in
11 which the adjustment is calculated
12 under this subparagraph, to the value
13 of such index for December 31 of the
14 6 years prior to the year in which the
15 adjustment is calculated under this
16 subparagraph.

17 “(ii) CALCULATION FOR CERTAIN RE-
18 TIREMENT ACCOUNTS.—The amount pro-
19 vided for any increase in the insurance for
20 retirement accounts under paragraph (3)
21 shall be, as of the 1st day of each 5-year
22 period beginning on April 1, 2015, the
23 product of—

24 “(I) the amount available for re-
25 tirement accounts under paragraph

1 (3), as adjusted pursuant to subpara-
2 graph (H) or this subparagraph, as
3 appropriate; and

4 “(II) the ratio of the value of the
5 Personal Consumption Expenditures
6 Chain-Type Index (or any successor
7 index thereto), published by the De-
8 partment of Commerce, for December
9 31 of the year preceding the year in
10 which the adjustment is calculated
11 under this subparagraph, to the value
12 of such index for December 31 of the
13 6 years prior to the year in which the
14 adjustment is calculated under this
15 subparagraph.

16 “(J) DETERMINATION OF NO INFLATION
17 INCREASES.—If the Board cannot support an
18 increase under subparagraph (F) after consid-
19 eration of the factors in subparagraph (G), no
20 inflation adjustment shall be made until recon-
21 sideration at the beginning of the next 5-year
22 period.

23 “(K) ROUNDING.—If the amount of in-
24 crease determined for any period is not a mul-

1 title of \$10,000, the amount so determined
2 shall be rounded to the nearest \$10,000.

3 “(L) PUBLICATION.—Not later than April
4 1, 2010, and not later than the first day of
5 each 5-year period thereafter, the Board of Di-
6 rectors shall publish in the Federal Register the
7 standard maximum deposit insurance amount
8 and the amount of deposit insurance coverage
9 that may be due to any depositor at any in-
10 sured depository institution during the applica-
11 ble 5-year period.

12 “(M) NO INFLATION ADJUSTMENTS FOR
13 PUBLIC FUNDS.—Subparagraphs (E) through
14 (L) shall not apply to any deposits of depositors
15 described in paragraph (2), and the net amount
16 due to any such depositor at an insured depository
17 institution shall not exceed \$100,000.”.

18 (2) DEPOSIT INSURANCE FOR RETIREMENT AC-
19 COUNTS.—Section 11(a)(3)(A) of the Federal De-
20 posit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is
21 amended—

22 (A) by striking “\$100,000” and inserting
23 “\$250,000”; and

24 (B) by inserting before the period at the
25 end the following: “which amount shall be sub-

1 ject to inflation adjustments as provided in
2 paragraph (1).”.

3 (3) TECHNICAL AND CONFORMING AMENDMENT
4 RELATING TO INSURANCE OF TRUST FUNDS.—Sec-
5 tion 7(i) of the Federal Deposit Insurance Act (12
6 U.S.C. 1817(i)) is amended in each of paragraphs
7 (1) and (3), by striking “\$100,000” each place it
8 appears and inserting “the standard maximum de-
9 posit insurance amount (as determined under section
10 11(a)(1))”.

11 (4) OTHER TECHNICAL AND CONFORMING
12 AMENDMENTS.—The Federal Deposit Insurance Act
13 (12 U.S.C. 1811 et seq.) is amended—

14 (A) in section 11(m)(6) (12 U.S.C.
15 1821(m)(6)), by striking “\$100,000” and in-
16 serting “the standard maximum deposit insur-
17 ance amount (as determined under subsection
18 (a)(1))”;

19 (B) in section 18 (12 U.S.C. 1828), by
20 striking subsection (a) and inserting the fol-
21 lowing:

22 “(a) INSURANCE LOGO.—

23 “(1) INSURED DEPOSITORY INSTITUTIONS.—

24 “(A) IN GENERAL.—Each insured deposi-
25 tory institution shall display at each place of

1 business maintained by that institution a sign
2 or signs relating to the insurance of the depos-
3 its of the institution, in accordance with regula-
4 tions to be prescribed by the Corporation.

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

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

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

21 (C) in section 43(d) (12 U.S.C. 1831t(d)),
22 by striking “\$100,000” and inserting “the
23 standard maximum deposit insurance amount
24 (as determined under section 11(a)(1))”.

25 (b) INSURED CREDIT UNIONS.—

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

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

7 “(k) INSURED AMOUNTS PAYABLE.—

8 “(1) NET INSURED AMOUNT.—

9 “(A) IN GENERAL.—Subject to the provi-
10 sions of paragraph (2), the net amount of share
11 insurance payable to any member at an insured
12 credit union shall not exceed the total amount
13 of the shares or deposits in the name of the
14 member (after deducting offsets), less any part
15 thereof which is in excess of the standard max-
16 imum share insurance amount, as determined
17 in accordance with this paragraph and para-
18 graphs (5) and (6), and consistent with actions
19 taken by the Federal Deposit Insurance Cor-
20 poration under section 11(a) of the Federal De-
21 posit Insurance Act.

22 “(B) AGGREGATION.—Determination of
23 the net amount of share insurance under sub-
24 paragraph (A), shall be in accordance with such
25 regulations as the Board may prescribe, and, in

1 determining the amount payable to any mem-
2 ber, there shall be added together all accounts
3 in the credit union maintained by that member
4 for that member's own benefit, either in the
5 member's own name or in the names of others.

6 “(C) AUTHORITY TO DEFINE THE EXTENT
7 OF COVERAGE.—The Board may define, with
8 such classifications and exceptions as it may
9 prescribe, the extent of the share insurance cov-
10 erage provided for member accounts, including
11 member accounts in the name of a minor, in
12 trust, or in joint tenancy.”;

13 (B) by adding at the end the following:

14 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-
15 EFIT PLAN DEPOSITS.—

16 “(A) PASS-THROUGH INSURANCE.—The
17 Administration shall provide pass-through share
18 insurance for the deposits or shares of any em-
19 ployee benefit plan, subject to subparagraph
20 (B).

21 “(B) PROHIBITION ON ACCEPTANCE OF
22 DEPOSITS.—An insured credit union that is not
23 well capitalized or adequately capitalized may
24 not accept employee benefit plan deposits.

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

3 “(i) CAPITAL STANDARDS.—The
4 terms ‘well capitalized’ and ‘adequately
5 capitalized’ have the same meanings as in
6 section 216(c), as added by section 301 of
7 the Credit Union Membership Access Act
8 (Public Law 105–219, 112 Stat. 931).

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

11 “(I) has the same meaning as in
12 section 3(3) of the Employee Retirement
13 Income Security Act of 1974;

14 “(II) includes any plan described
15 in section 401(d) of the Internal Revenue
16 Code of 1986; and

17 “(III) includes any eligible de-
18 ferred compensation plan described in
19 section 457 of the Internal Revenue
20 Code of 1986.

21 “(iii) PASS-THROUGH SHARE INSUR-
22 ANCE.—The term ‘pass-through share in-
23 surance’ means, with respect to an em-
24 ployee benefit plan, insurance coverage
25 based on the interest of each participant,

1 in accordance with regulations issued by
2 the Corporation.

3 “(5) STANDARD MAXIMUM SHARE INSURANCE
4 AMOUNT DEFINED.—For purposes of this sub-
5 section, the term ‘standard maximum share insur-
6 ance amount’ means, until April 1, 2010, \$100,000.

7 “(6) DETERMINATIONS REGARDING INFLATION
8 ADJUSTMENTS.—

9 “(A) ADJUSTMENTS TO STANDARD MAX-
10 IMUM SHARE INSURANCE AMOUNT.—Not later
11 than April 1, 2010, and the first day of each
12 5-year period thereafter, the Board shall deter-
13 mine whether to increase the standard max-
14 imum share insurance amount based on the fac-
15 tors set forth under paragraph (7).

16 “(B) ADJUSTMENT FOR CERTAIN RETIRE-
17 MENT ACCOUNTS.—Not later than April 1,
18 2010, and the first day of each 5-year period
19 thereafter, the Board shall determine whether
20 to increase the amount of insurance available
21 for retirement accounts under paragraph (3),
22 based on the factors set forth under paragraph
23 (7).

1 “(7) INFLATION ADJUSTMENT CONSIDER-
2 ATIONS.—In making any determination under para-
3 graph (6), the Board shall consider—

4 “(A) the economic conditions affecting in-
5 sured credit unions;

6 “(B) the overall risk or risks to the Na-
7 tional Credit Union Share Insurance Fund;

8 “(C) a demonstrated need by members for
9 the inflation adjustment increase;

10 “(D) the ability of insured credit unions to
11 identify and obtain alternative funding sources;

12 “(E) the ability of insured credit unions to
13 meet the credit needs of their communities;

14 “(F) potential problems affecting insured
15 credit unions generally or a specific group or
16 type of insured credit unions; and

17 “(G) any other factors that the Board
18 deems appropriate.

19 “(8) INFLATION ADJUSTMENT CALCULATIONS
20 FOR 2010.—

21 “(A) CALCULATION FOR STANDARD MAX-
22 IMUM SHARE INSURANCE AMOUNT.—The
23 amount provided for any increase in the stand-
24 ard maximum share insurance amount shall be,
25 as of April 1, 2010, the product of—

1 “(i) \$100,000; and

2 “(ii) the ratio of the value of the Per-
3 sonal Consumption Expenditures Chain-
4 Type Index (or any successor index there-
5 to), published by the Department of Com-
6 merce, for December 31 of the year pre-
7 ceding the year in which the adjustment is
8 calculated under this paragraph, to the
9 value of such index for December 31 of the
10 year preceding the effective date of the
11 Safe and Fair Deposit Insurance Act of
12 2005.

13 “(B) CALCULATION FOR CERTAIN RETIRE-
14 MENT ACCOUNTS FOR 2010.—The amount pro-
15 vided for any increase in the insurance for re-
16 tirement accounts under paragraph (3) shall be,
17 as of April 1, 2010, the product of—

18 “(i) \$250,000; and

19 “(ii) the ratio of the value of the Per-
20 sonal Consumption Expenditures Chain-
21 Type Index (or any successor index there-
22 to), published by the Department of Com-
23 merce, for December 31 of the year pre-
24 ceding the year in which the adjustment is
25 calculated under this paragraph, to the

1 value of such index for December 31 of the
2 year preceding the effective date of the
3 Safe and Fair Deposit Insurance Act of
4 2005.

5 “(9) INFLATION ADJUSTMENT CALCULATIONS
6 AFTER 2010.—

7 “(A) CALCULATION FOR THE STANDARD
8 MAXIMUM SHARE INSURANCE AMOUNT.—The
9 amount provided for any increase in the stand-
10 ard maximum share insurance amount shall be,
11 as of the 1st day of each 5-year period begin-
12 ning on April 1, 2015, the product of—

13 “(i) the standard maximum share in-
14 surance amount; and

15 “(ii) the ratio of the value of the Per-
16 sonal Consumption Expenditures Chain-
17 Type Index (or any successor index there-
18 to), published by the Department of Com-
19 merce, for December 31 of the year pre-
20 ceeding the year in which the adjustment is
21 calculated under this paragraph, to the
22 value of such index for December 31 of the
23 6 years prior to the year in which the ad-
24 justment is calculated under this para-
25 graph.

1 “(B) CALCULATION FOR CERTAIN RETIRE-
2 MENT ACCOUNTS.—The amount provided for
3 any increase in the insurance for retirement ac-
4 counts under paragraph (3) shall be, as of the
5 1st day of each 5-year period beginning on
6 April 1, 2015, the product of—

7 “(i) the amount available for retire-
8 ment accounts under paragraph (3), as ad-
9 justed pursuant to paragraph (8) or this
10 paragraph, as appropriate; and

11 “(ii) the ratio of the value of the Per-
12 sonal Consumption Expenditures Chain-
13 Type Index (or any successor index there-
14 to), published by the Department of Com-
15 merce, for December 31 of the year pre-
16 ceding the year in which the adjustment is
17 calculated under this paragraph, to the
18 value of such index for December 31 of the
19 6 years prior to the year in which the ad-
20 justment is calculated under this para-
21 graph.

22 “(10) DETERMINATION OF NO INFLATION IN-
23 CREASE.—If the Board cannot support an increase
24 under paragraph (6) after consideration of the fac-
25 tors in paragraph (7), no inflation adjustment shall

1 be made until reconsideration at the beginning of
2 the next 5-year period.

3 “(11) ROUNDING.—If the amount of increase
4 determined for any period is not a multiple of
5 \$10,000, the amount so determined shall be rounded
6 to the nearest \$10,000.

7 “(12) PUBLICATION.—Not later than April 1,
8 2010, and not later than the first day of each 5-year
9 period thereafter, the Board shall publish in the
10 Federal Register the standard maximum share in-
11 surance amount and the amount of share insurance
12 coverage that may be due to any depositor at any in-
13 sured credit union during the applicable 5-year pe-
14 riod.

15 “(13) NO INFLATION ADJUSTMENTS FOR PUB-
16 LIC FUNDS.—Paragraphs (5) through (12) shall not
17 apply to any deposits of depositors described in
18 paragraph (2), and the net amount due to any such
19 depositor at an insured credit union shall not exceed
20 \$100,000.”; and

21 (C) in paragraph (3), by striking
22 “\$100,000 per account” and inserting the fol-
23 lowing: “\$250,000 per account, which amount
24 shall be subject to inflation adjustments as pro-
25 vided in paragraphs (6) through (12).”.

1 (2) TECHNICAL AMENDMENT.—Section 202(h)
2 of the Federal Credit Union Act (12 U.S.C.
3 1782(h)) is amended by striking “207(e)(1)” and in-
4 serting “207(k)”.

5 (c) EFFECTIVE DATE.—Except as otherwise specifi-
6 cally provided in this section or the amendments made by
7 this section, this section and such amendments shall be-
8 come effective on the effective date of the regulations re-
9 quired under section 2017(a)(2), relating to the implemen-
10 tation of deposit insurance changes under this section.

11 **SEC. 2013. DESIGNATED RESERVE RATIO.**

12 (a) REPEAL OF RECAPITALIZATION SCHEDULE.—

13 (1) IN GENERAL.—Section 7(b)(3) of the Fed-
14 eral Deposit Insurance Act (12 U.S.C. 1817(b)(3))
15 is amended to read as follows:

16 “ (3) DESIGNATED RESERVE RATIO.—

17 “ (A) ACTION BY THE BOARD.—

18 “ (i) IN GENERAL.—Before the begin-
19 ning of each calendar year, the Board of
20 Directors shall, subject to clause (ii)—

21 “ (I) designate the reserve ratio
22 applicable to the Deposit Insurance
23 Fund for that year; and

24 “ (II) publish the reserve ratio so
25 designated.

1 less favorable conditions, as determined to
2 be appropriate by the Board;

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

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

10 (2) TECHNICAL AND CONFORMING AMEND-
11 MENTS.—Section 3(y) of the Federal Deposit Insur-
12 ance Act (12 U.S.C. 1813), as amended by this title,
13 is amended by adding at the end the following:

14 “(2) RESERVE RATIO.—The term ‘reserve ratio’
15 means the ratio of the fund balance of the Deposit
16 Insurance Fund to aggregate estimated insured de-
17 posits held in all insured depository institutions.

18 “(3) DESIGNATED RESERVE RATIO.—The term
19 ‘designated reserve ratio’ means the reserve ratio
20 designated by the Board of Directors under section
21 7(b)(3).”.

22 (3) EFFECTIVE DATE.—Subject to paragraph
23 (4), and except as otherwise provided, this sub-
24 section and the amendments made by this subsection
25 shall become effective on the effective date of the

1 regulations required under section 2017(a)(1), relat-
2 ing to designation of the reserve ratio by the Board.

3 (4) DESIGNATION OF INITIAL RESERVE RATIO
4 FOR DEPOSIT INSURANCE FUND.—During the period
5 beginning on the effective date of the merger of the
6 deposit insurance funds under section 2003, and
7 ending on the effective date of final regulations des-
8 ignating the reserve ratio, as required by section
9 2017(a)(1), the designated reserve ratio of the De-
10 posit Insurance Fund shall continue to be deter-
11 mined pursuant to section 7(b)(2)(A)(iv), as in ef-
12 fect on the day before the effective date of the merg-
13 er under section 2003.

14 (b) REQUIREMENTS APPLICABLE TO ANY MODIFICA-
15 TION OF THE RISK-BASED ASSESSMENT SYSTEM.—Sec-
16 tion 7(b)(1) of the Federal Deposit Insurance Act (12
17 U.S.C. 1817(b)(1)) is amended by adding at the end the
18 following:

19 (E) REQUIREMENTS APPLICABLE TO ANY
20 MODIFICATION OF THE RISK-BASED ASSESS-
21 MENT SYSTEM.—

22 (i) IN GENERAL.—In revising or
23 modifying the risk-based assessment sys-
24 tem at any time after the date of enact-

1 ment of the Deposit Insurance Reform Act
2 of 2005, the Board of Directors—

3 “(I) may not make any change to
4 the information collected from or re-
5 quired to be retained by insured de-
6 pository institutions solely for pur-
7 poses of the assessment risk classifica-
8 tion, as defined by regulations of the
9 Board, if the change would result in
10 the imposition of an overall greater
11 regulatory or reporting burden on in-
12 sured depository institutions than was
13 the case before that date of enact-
14 ment; and

15 “(II) may implement any such
16 revision or modification in final form
17 only after notice and opportunity for
18 comment.

19 “(ii) **RULE OF CONSTRUCTION.**—An
20 increase in an assessment rate or a revi-
21 sion of the assessment base shall not be
22 considered to be a revision or modification
23 resulting in greater regulatory or reporting
24 burden for purposes of this subpara-
25 graph.”.

1 **SEC. 2014. ASSESSMENT CREDITS AND DIVIDENDS.**

2 (a) IN GENERAL.—Section 7(e)(2) of the Federal De-
3 posit Insurance Act (12 U.S.C. 1817(e)(2)) is amended
4 to read as follows:

5 “(2) ONE-TIME CREDIT BASED ON TOTAL AS-
6 SESSMENT BASE AT YEAR-END 1996.—

7 “(A) IN GENERAL.—The Board of Direc-
8 tors shall, by regulation, provide for a credit to
9 each insured depository institution that was in
10 existence on December 31, 1996, and that had
11 paid a deposit insurance assessment prior to
12 that date (or a successor insured depository in-
13 stitution), based on the assessment base of the
14 institution on that date, as compared to the
15 combined aggregate assessment base of all such
16 institutions, taking into account such factors as
17 the Board may determine to be appropriate.

18 “(B) CREDIT LIMIT.—The aggregate
19 amount of credits available under subparagraph
20 (A) to all insured depository institutions that
21 are eligible for the credit shall not exceed the
22 amount that the Corporation could collect if it
23 imposed an assessment of 9 basis points on the
24 combined assessment base of the Bank Insur-
25 ance Fund and the Savings Association Insur-
26 ance Fund as of December 31, 2001.

1 “(C) DEFINITION OF SUCCESSOR.—The
2 Corporation shall define the term ‘successor’ for
3 purposes of this paragraph, by regulation, and
4 may consider, among other factors and as the
5 Board may deem appropriate, whether and to
6 what extent, if any, an insured depository insti-
7 tution that acquires deposits from another in-
8 sured depository institution may deemed to be
9 a successor.

10 “(D) APPLICATION OF CREDITS.—The
11 amount of a credit to any insured depository in-
12 stitution under this paragraph may be applied
13 by the Corporation to those portions of the as-
14 sessments under subsection (b) applicable to
15 that institution which become due for assess-
16 ment periods beginning after the effective date
17 of regulations required by subparagraph (A).”.

18 (b) AMENDMENTS TO SECTION 7.—Section 7(e) of
19 the Federal Deposit Insurance Act (12 U.S.C. 1817(e))
20 is amended by adding at the end the following new para-
21 graphs:

22 “(3) DIVIDENDS.—

23 “(A) RESERVE RATIO IN EXCESS OF 1.50
24 PERCENT OF ESTIMATED INSURED DEPOSITS.—
25 The Corporation shall provide cash dividends to

1 insured depository institutions in accordance
2 with this paragraph if the reserve ratio of the
3 Deposit Insurance Fund exceeds the maximum
4 amount established under subsection
5 (b)(3)(B)(i), to the extent of that excess
6 amount.

7 “(B) AMOUNT EQUAL TO OR IN EXCESS OF
8 1.40 PERCENT OF ESTIMATED INSURED DEPOS-
9 ITS AND NOT MORE THAN 1.50 PERCENT.—The
10 Corporation shall provide cash dividends to in-
11 sured depository institutions in accordance with
12 this paragraph if the reserve ratio of the De-
13 posit Insurance Fund equals or exceeds 1.40
14 and is not more than 1.50 percent, and that
15 amount shall equal 50 percent of the amount in
16 excess of the amount required to maintain the
17 reserve ratio at 1.40 percent of the estimated
18 insured deposits.

19 “(C) FACTORS FOR CONSIDERATION FOR
20 ALLOCATION OF DIVIDENDS.—In implementing
21 the provisions of this paragraph, and in accord-
22 ance with its regulations, the Corporation shall
23 consider—

24 “(i) the ratio of the assessment base
25 of an insured depository institution (in-

1 including any predecessor institution) on De-
2 cember 31, 1996, to the assessment base
3 of all eligible insured depository institu-
4 tions on such date;

5 “(ii) the total amount of assessments
6 paid on or after January 1, 1997, by an
7 insured depository institution (including
8 any predecessor institution) to the Deposit
9 Insurance Fund (and any predecessor de-
10 posit insurance fund);

11 “(iii) that portion of assessments paid
12 by an insured depository institution (in-
13 cluding any predecessor institution) that
14 reflects higher levels of risk assumed by
15 such institution; and

16 “(iv) such other factors as the Cor-
17 poration determines appropriate.

18 “(D) LIMITATION.—The Board of Direc-
19 tors may suspend or limit dividends paid under
20 subparagraph (B) if the Board determines in
21 writing that—

22 “(i) a significant risk of losses to the
23 Deposit Insurance Fund exists over the
24 next one-year period; and

1 “(ii) it is likely that such losses will be
2 sufficiently high as to justify a finding by
3 the Board that the reserve ratio should
4 temporarily be allowed—

5 “(I) to grow without requiring
6 dividends under subparagraph (B); or

7 “(II) to exceed the maximum
8 amount established under subsection
9 (b)(3)(B)(i).

10 “(E) CONSIDERATIONS.—In making a de-
11 termination under subparagraph (D), the Board
12 shall consider—

13 “(i) national and regional conditions
14 and their impact on insured depository in-
15 stitutions;

16 “(ii) potential problems affecting in-
17 sured depository institutions or a specific
18 group or type of depository institution;

19 “(iii) the degree to which the contin-
20 gent liability of the Corporation for antici-
21 pated failures of insured institutions ade-
22 quately addresses concerns over funding
23 levels in the Deposit Insurance Fund; and

24 “(iv) any other factors that the Board
25 determines are appropriate.

1 “(F) REPORT TO CONGRESS.—

2 “(i) SUBMISSION.—Any determination
3 under subparagraph (D) shall be submitted
4 to the Committee on Banking, Housing,
5 and Urban Affairs of the Senate and the
6 Committee on Financial Services of the
7 House of Representatives, not later than
8 270 days after making such determination.

9 “(ii) CONTENT.—The report sub-
10 mitted under clause (i) shall include—

11 “(I) a detailed explanation for
12 the determination; and

13 “(II) a discussion of the factors
14 required to be considered under sub-
15 paragraph (E).

16 “(G) REVIEW OF DETERMINATION.—

17 “(i) ANNUAL REVIEW.—A determina-
18 tion to suspend or limit dividends under
19 subparagraph (D) shall be reviewed by the
20 Board of Directors annually.

21 “(ii) ACTION BY BOARD.—Based on
22 each annual review under clause (i), the
23 Board of Directors shall either renew or
24 remove a determination to suspend or limit
25 dividends under subparagraph (D), or shall

1 “(5) RECORDS TO BE MAINTAINED BY INSURED
2 DEPOSITORY INSTITUTION.—Each insured deposi-
3 tory institution shall maintain all records that the
4 Corporation may require for verifying the correct-
5 ness of the institution’s assessments until the later
6 of—

7 “(A) 3 years from the due date of each as-
8 sessment payment; or

9 “(B) the date of the final determination of
10 any dispute between the insured depository in-
11 stitution and the Corporation over the amount
12 of any assessment.”.

13 (b) STATUTE OF LIMITATIONS FOR ASSESSMENT AC-
14 TIONS.—Subsection (g) of section 7 of the Federal Deposit
15 Insurance Act (12 U.S.C. 1817(g)) is amended to read
16 as follows:

17 “(g) STATUTE OF LIMITATIONS FOR ASSESSMENT
18 ACTIONS.—The Corporation, in any court of competent
19 jurisdiction, shall be entitled to recover from any insured
20 depository institution the amount of any unpaid assess-
21 ment lawfully payable by such insured depository institu-
22 tion. Notwithstanding any other provision in Federal law,
23 or the law of any State—

24 “(1) any action by an insured depository insti-
25 tution to recover from the Corporation the overpaid

1 amount of any assessment shall be brought within 3
2 years after the date the assessment payment was
3 due, subject to the exception in paragraph (5);

4 “(2) any action by the Corporation to recover
5 from an insured depository institution the underpaid
6 amount of any assessment shall be brought within 3
7 years after the date the assessment payment was
8 due, subject to the exceptions in paragraphs (3) and
9 (5);

10 “(3) if an insured depository institution has
11 made a false or fraudulent statement with intent to
12 evade any or all of its assessment, the Corporation
13 shall have until 3 years after the date of discovery
14 of the false or fraudulent statement in which to
15 bring an action to recover the underpaid amount;

16 “(4) assessment deposit information contained
17 in records no longer required to be maintained pur-
18 suant to subsection (b)(5) shall be considered con-
19 clusive and not subject to change; and

20 “(5) any action for the underpaid or overpaid
21 amount of any assessment that became due prior to
22 the effective date of this subsection shall be subject
23 to the statute of limitations for assessments in effect
24 at the time the assessment became due.”.

1 **SEC. 2016. INCREASE IN FEES FOR LATE ASSESSMENT PAY-**
2 **MENTS.**

3 Subsection (h) of section 18 of the Federal Deposit
4 Insurance Act (12 U.S.C. 1828(h)) is amended—

5 (1) by striking “Any insured depository institu-
6 tion” and inserting “(1) IN GENERAL.—Any insured
7 depository institution”;

8 (2) in paragraph (1), as redesignated, by strik-
9 ing “penalty of not more than \$100” and inserting
10 “penalty in an amount of not more than 1 percent
11 of the amount of the assessment due”; and

12 (3) by inserting new paragraphs (2) and (3) as
13 follows:

14 “(2) EXCEPTION FOR SMALL ASSESSMENT
15 AMOUNTS.—Notwithstanding paragraph (1), if the
16 amount of the assessment for an insured depository
17 institution is less than \$10,000 at the time such in-
18 stitution fails or refuses to pay the assessment, such
19 institution shall be subject to a penalty of not more
20 than \$100 for each day that such violation con-
21 tinues.

22 “(3) AUTHORITY TO MODIFY OR REMIT PEN-
23 ALTY.—The Corporation, in the sole discretion of
24 the Corporation, may compromise, modify, or remit
25 any penalty which the Corporation may assess or
26 has already assessed under paragraph (1) or (2)

1 upon a finding that good cause prevented the timely
2 payment of an assessment.”.

3 **SEC. 2017. REGULATIONS REQUIRED.**

4 (a) IN GENERAL.—Not later than 270 days after the
5 date of enactment of this Act, the Board shall issue final
6 regulations, in accordance with section 553 of chapter 5
7 of title 5, United States Code—

8 (1) designating the reserve ratio for the Deposit
9 Insurance Fund, in accordance with section 7(b)(3)
10 of the Federal Deposit Insurance Act, as amended
11 by section 2013 of this subtitle, which regulations
12 shall become effective not later than 90 days after
13 the date of their publication in final form;

14 (2) implementing changes in deposit insurance
15 coverage in accordance with the amendments made
16 by section 2012, which regulations shall become ef-
17 fective not later than 90 days after the date of their
18 publication in final form;

19 (3) implementing the one-time assessment cred-
20 it to certain insured depository institutions in ac-
21 cordance with section 7(e)(2) of the Federal Deposit
22 Insurance Act, as amended by section 2014 of this
23 subtitle;

24 (4) establishing the qualifications and proce-
25 dures under which the Corporation may provide divi-

1 dends under section 7(e)(3) of the Federal Deposit
2 Insurance Act, as amended by section 2014 of this
3 subtitle; and

4 (5) providing for assessments under section 7 of
5 the Federal Deposit Insurance Act, as amended by
6 this subtitle, which regulations shall become effective
7 on the effective date of the regulations required by
8 paragraph (3).

9 (b) SAVINGS CLAUSE.—

10 (1) IN GENERAL.—

11 (A) CONTINUATION OF EXISTING ASSESS-
12 MENT REGULATIONS.—Nothing in this title or
13 the amendments made by this title shall be con-
14 strued to affect the authority of the Corpora-
15 tion with regard to the setting or collection of
16 deposit insurance assessments pursuant to any
17 regulations in effect prior to the effective date
18 of any regulations required under subsection
19 (a).

20 (B) TREATMENT OF DIF MEMBERS UNDER
21 EXISTING REGULATIONS.—Assessment regula-
22 tions in effect prior to the date of enactment of
23 this title shall be read as applying to members
24 of the Deposit Insurance Fund rather than
25 members of the Bank Insurance Fund or Sav-

1 ings Association Insurance Fund, effective on
2 or after the date on which merger of the deposit
3 insurance funds becomes effective under title I.

4 (2) SETTING ASSESSMENTS.—Clause (i) of sec-
5 tion 7(b)(2)(A) of the Federal Deposit Insurance
6 Act (12 U.S.C. 1817(b)(2)(A)) is amended by strik-
7 ing “necessary—” and all that follows through the
8 period at the end and inserting “necessary.”.

9 **SEC. 2018. STUDIES OF POTENTIAL CHANGES TO THE FED-**
10 **ERAL DEPOSIT INSURANCE SYSTEM.**

11 (a) STUDY AND REPORT BY FDIC AND NCUA.—

12 (1) STUDY.—The Board of Directors of the
13 Federal Deposit Insurance Corporation and the Na-
14 tional Credit Union Administration Board shall each
15 conduct a study of—

16 (A) the feasibility of increasing the limit
17 on deposit insurance for deposits of municipali-
18 ties and other units of general local govern-
19 ment, and the potential benefits and the poten-
20 tial adverse consequences that may result from
21 any such increase; and

22 (B) the feasibility of establishing a vol-
23 untary deposit insurance system for deposits in
24 excess of the maximum amount of deposit in-
25 surance for any depositor, and the potential

1 benefits and the potential adverse consequences
2 that may result from the establishment of any
3 such system.

4 (2) REPORT.—Not later than 1 year after the
5 date of enactment of this title, the Board of Direc-
6 tors of the Federal Deposit Insurance Corporation
7 and the National Credit Union Administration
8 Board shall each submit a report to the Congress on
9 the study required under paragraph (1), containing
10 the findings and conclusions of the reporting agency,
11 together with such recommendations for legislative
12 or administrative changes as the agency may deter-
13 mine to be appropriate.

14 (b) STUDY AND REPORT REGARDING APPROPRIATE
15 RESERVE RATIO.—

16 (1) STUDY.—The Corporation shall conduct a
17 study on the feasibility of using alternatives to esti-
18 mated insured deposits in calculating the reserve
19 ratio of the Deposit Insurance Fund.

20 (2) REPORT.—Not later than 1 year after the
21 date of enactment of this title, the Board shall sub-
22 mit a report to Congress on the results of the study
23 required under paragraph (1), together with such
24 recommendations for legislative or administrative ac-
25 tions as may be determined to be appropriate.

1 **SEC. 2019. EFFECTIVE DATE.**

2 Except as otherwise specifically provided in this sub-
3 title, this subtitle and the amendments made by this sub-
4 title shall become effective on the date of enactment of
5 this Act.

6 **Subtitle C—FHA Asset Disposition**

7 **SEC. 2021. SHORT TITLE.**

8 This subtitle may be cited as the “FHA Asset Dis-
9 position Act of 2005”.

10 **SEC. 2022. DEFINITIONS.**

11 For purposes of this subtitle—

12 (1) the term “affordability requirement” means
13 any requirement or restriction imposed by the Sec-
14 retary, at the time of sale, on any multifamily real
15 property or multifamily loan, including a use restric-
16 tion, rent restriction, or rehabilitation requirement;

17 (2) the term “discount sale” means the sale of
18 multifamily real property in a transaction, including
19 a negotiated sale, in which the sale price is—

20 (A) lower than the property market value;

21 and

22 (B) set outside of a competitive bidding
23 process that has no affordability requirements;

24 (3) the term “discount loan sale” means the
25 sale of a multifamily loan in a transaction, including
26 a negotiated sale, in which the sale price is lower

1 than the loan market value and is set outside of a
2 competitive bidding process that has no affordability
3 requirements;

4 (4) the term “loan market value” means the
5 value of a multifamily loan, without taking into ac-
6 count any affordability requirements;

7 (5) the term “multifamily real property” means
8 any rental or cooperative housing project of 5 or
9 more units owned by the Secretary that prior to ac-
10 quisition by the Secretary was security for a loan or
11 loans insured under title II of the National Housing
12 Act;

13 (6) the term “multifamily loan” means a loan
14 held by the Secretary and secured by a multifamily
15 rental or cooperative housing project of 5 or more
16 units that was formerly insured under title II of the
17 National Housing Act;

18 (7) the term “property market value” means
19 the value of any multifamily real property for its
20 current use, without taking into account any afford-
21 ability requirements; and

22 (8) the term “Secretary” means the Secretary
23 of Housing and Urban Development.

1 **SEC. 2023. APPROPRIATED FUNDS REQUIREMENT FOR**
2 **BELOW MARKET SALES.**

3 (a) DISPOSITIONS BY SECRETARY.—Notwithstanding
4 any other provision of law, other than any statutory af-
5 fordability requirement for the elderly and disabled, dis-
6 position by the Secretary of any multifamily real property
7 through a discount sale under section 207(l) or 246 of
8 the National Housing Act, section 203 of the Housing and
9 Community Development Amendments of 1978, or section
10 204 of the Departments of Veterans Affairs and Housing
11 and Urban Development, and Independent Agencies Ap-
12 propriations Act, 1997, shall be subject to the availability
13 of appropriations to the extent that the property value ex-
14 ceeds the sale proceeds. If the multifamily real property
15 is sold for an amount equal to or greater than the property
16 market value, the transaction is not subject to the avail-
17 ability of appropriations.

18 (b) DISCOUNT LOAN SALES.—Notwithstanding any
19 other provision of law, and in accordance with the Credit
20 Reform Act of 1990, a discount loan sale under 207(k)
21 of the National Housing Act, section 203(k) of the Hous-
22 ing and Community Development Amendments of 1978,
23 or section 204(a) of the Departments of Veterans Affairs
24 and Housing and Urban Development, and Independent
25 Agencies Appropriations Act, 1997, shall be subject to the
26 availability of appropriations, to the extent that the loan

1 value exceeds the sale proceeds. If the multifamily loan
2 is sold for an amount equal to or greater than the loan
3 market value, then the transaction is not subject to the
4 availability of appropriations.

5 (c) LIMITATION.—This section shall not apply to any
6 transaction that formally commences during the 1-year pe-
7 riod preceding the date of enactment of this Act.

8 **SEC. 2024. UP-FRONT GRANTS.**

9 (a) VA-HUD.—Section 204(a) of the Departments of
10 Veterans Affairs and Housing and Urban Development,
11 and Independent Agencies Appropriations Act, 1997 (12
12 U.S.C. 1715z-11a(a)) is amended by adding at the end
13 the following: “A grant provided under this subsection
14 shall be available only to the extent that appropriations
15 are made in advance for such purpose, and shall not be
16 derived from the General Insurance Fund.”.

17 (b) OTHER GRANT AUTHORITY.—Section 203(f) of
18 the Housing and Community Development Amendments
19 of 1978 (12 U.S.C. 1701z-11(f)) is amended—

20 (1) by striking paragraph (4); and

21 (2) by redesignating paragraphs (5) through
22 (9) as paragraphs (4) through (8), respectively.

23 (c) LIMITATION.—The amendments made by this sec-
24 tion shall not apply to any grant in connection with any

1 transaction that formally commences during the 1-year pe-
2 riod preceding the date of enactment of this Act.

3 **SEC. 2025. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated for fiscal
5 year 2006, \$100,000,000 to carry out this subtitle.