MATRIX OF FINANCIAL SERVICES REGULATORY RELIEF PROPOSALS PRESENTED IN TESTIMONY TO THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS ON JUNE 22, 2004 ANNOTATED TO SHOW DEPOSITORY INSTITUTION REGULATORS' POSITIONS

– SECTION I – REGULATORS' PROPOSALS SUPPORTED BY LEGISLATIVE LANGUAGE

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given at their testimony)	Regulators' Positions
Governor Donald Kohn /Board of Governors of the Federal Reserve System (FRB)	
1. Interest on Reserves Authorize the payment of interest on balances held by depository institutions at a Federal reserve bank. (Similar proposals by ACB and ABA)	Supported by: FRB, FDIC, OCC, NCUA, CSBS
2. Reserve Requirement Flexibility Provide the Federal Reserve with greater flexibility to set the ratio of reserves a depository institution must maintain against its transaction accounts, allowing a zero reserve ratio, if appropriate. (Similar proposal by ACB)	Supported by: FRB, FDIC, OCC, NCUA, CSBS
3. Interest on Demand Deposits Repeal the provisions prohibiting depository institutions from paying interest on demand deposits. (Similar proposals by ACB, NFIB, Mr. Pinto (Lenders Residential Asset Company LLC), as well as ICBA (modified along lines of interstate branching language in H.R. 1375))	Supported by: FRB, FDIC[1], OCC, OTS, CSBS

[1] The FDIC supports the repeal of the prohibition against the payment of interest on demand deposits, so long as industrial loan corporations are given parallel authority.

Witness/Agency or Organization Subject Matter/related bills, if known Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
John M. Reich/Federal Deposit Insurance Corporation (FDIC)	
4. Reporting Requirements Relating to Insider Lending – (H.R. 1375 § 403) (See also #111) Repeal the requirements that - • executive officers of banks report to their board of directors indebtedness to other banks; • each bank must update its report of covered loans to executive officers as of each report of condition; and, • executive officers and principal shareholders report to their board of directors loans from correspondent banks. (Similar proposals by ACB, ICBA, FSR)	Supported by: FDIC, FRB, OCC, OTS
5. Streamlining Depository Institution Merger Application Requirements – (H.R. 1375 § 607) Eliminates the requirement that the responsible agency request a competitive factors report from the other Federal banking agencies. Requires the responsible agency to request a report from the Attorney General and provide a copy of the request to the FDIC (when the FDIC is not the responsible agency).	Supported by: FDIC, OCC, OTS
6. Shorten the Post-Approval Waiting Period on Bank Mergers and Acquisitions Where There are No Adverse Affects on Competition – (H.R. 1375 § 609 as introduced) Allows the post-approval waiting periods under the Bank Merger Act and Bank Holding Company Act to be reduced to as few as 5 days with the concurrence of the responsible agency and the Attorney General.	Supported by: FDIC, FRB, OCC, OTS
7. Repeal CRA Sunshine Law Repeal entirely the CRA Sunshine disclosure and annual reporting requirements (Section 48 of the FDI Act, 12 U.S.C. § 1831y) requiring insured depository institutions or affiliates and nongovernmental entities or persons that are parties to agreements providing payments or other consideration in excess of $10,000 or for loans exceeding $50,000 made pursuant to, or in connection with, the fulfillment of the CRA to disclose all such covered agreements to the public and the appropriate Federal banking agency and file an annual report concerning the agreements with the appropriate Federal banking agency.	Supported by: FDIC, OTS[2]

[2] OTS supports deleting only the annual reporting requirement.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
JoAnn Johnson/National Credit Union Administration (NCUA)	
8. Prompt Corrective Action: Risk-Based Net Worth (H.R. 3579 § 301) Establish a system for determining risk-based net worth (i.e., capital) for purposes of prompt corrective action. (Similar proposals by CUNA and NAFCU)	Supported by: NCUA, NASCUS
9. Check Cashing and Money Transfer Services Offered within the Field of Membership (H.R. 1375 § 307 and H.R. 3579 § 107, and similar legislation is also pending in the Senate, S. 1359 and S. 1344) Expand current check selling and cashing authority to persons eligible for membership, and further allow Federal credit unions to receive EFTs for anyone eligible to become a member. (Similar proposals by CUNA, Consumer Groups, NAFCU)	Supported by: NCUA
10. Eliminate 12-Year Limitation of Term of Federal Credit Union Loans – (similar to H.R. 1375 § 304 and H.R. 3579 § 104) Eliminate 12-year maturity limitation on Federal credit union loans, authorizing the NCUA Board to promulgate rules regarding loan maturity limits as necessary for safety and soundness. (Similar proposals by CUNA, NAFCU)	Supported by: NCUA
11. Increase in 1 Percent Investment Limit in Credit Union Service Organizations – (H.R. 1375 § 305 and H.R. 3579 § 105) Raise the aggregate limit for Federal credit unions' investment in CUSOs from 1% to 3% of shares and undivided earnings in such organizations. (Similar proposals by CUNA and NAFCU; **See also # 131** for a related NAFCU proposal)	Supported by: NCUA
12. Investments by Federal Credit Unions – (H.R. 1375 § 303 and H.R. 3579 § 103) Provide Federal credit unions with additional authority to purchase debt obligations for investment purposes, subject to statutory guidelines and investment grade and percentage limitations, as approved by regulation of the NCUA Board. (Similar proposals by CUNA, NAFCU)	Supported by: NCUA

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
JoAnn Johnson/National Credit Union Administration (NCUA) - continued	
13. Voluntary Merger Authority – (H.R. 1375 § 308 and H.R. 3579 § 108) No longer require NCUA to consider spin-offs of groups greater than 3,000 when reviewing and approving voluntary mergers of multiple common bond Federal credit unions. (Similar proposals by CUNA, NAFCU)	Supported by: NCUA
14. Treatment of Credit Unions as Depository Institution Under Securities Laws – (H.R. 1375 § 313 and H.R. 3579 § 115) Exempt federally insured credit unions from the requirement to register with the SEC as broker-dealers when engaging in certain de minimis securities activities. (Similar proposals by NASCUS, CUNA, NAFCU)	Supported by: NCUA, NASCUS
15. Qualified Financial Contracts – (Title IX of H.R. 975 and H.R. 2120) Identifies and provides standards for treatment of qualified financial contracts (QFCs) by a receiver or conservator of an insured financial bank or credit union to avoid destabilization of derivatives market by post-failure repudiation of QFCs.	Supported by: NCUA, FDIC
16. Leases of Land on Federal Facilities for Credit Unions – (H.R. 1375 § 302 and H.R. 3579 § 102) Give military and civilian authorities responsible for buildings erected on Federal property the discretion to extend to credit unions that finance the construction of credit union facilities on Federal land real estate leases at minimal charge. (Similar proposals by CUNA, NAFCU)	* NCUA has no safety and soundness concerns
17. Member Business Loan Exclusion for Loans to Non-Profit Religious Organizations – (H.R. 1375 § 306 and H.R. 3579 § 106) Exclude loans to nonprofit religious organizations from the member business loan limit. (Similar proposals by CUNA, NAFCU)	* Supported by: NCUA, NASCUS

* The item did not originate with NCUA, but was described in NCUA testimony as "Other Credit Union Provisions Included in HR 1375 as passed by the House."

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
JoAnn Johnson/National Credit Union Administration (NCUA) - continued	
18. Conversions Involving Common-Bond Credit Unions – (H.R. 1375 § 309 and H.R. 3579 § 109) In a voluntary conversion of a common-bond credit union into a community credit union, require the NCUA Board to prescribe by regulations criteria under which the Board may determine that a portion of a credit union's existing membership located outside the community can be satisfactorily served by the converting credit union and remain with the field of membership. (Similar proposals by CUNA, NAFCU)	* Supported by: NCUA
19. Credit Union Governance – (H.R. 1375 § 310 and H.R. 3579 § 110) (See #132) Expand the bases for expulsion to encompass "just cause," which includes disruption of credit union operations, as well as nonparticipation by a member in the affairs of the credit union. Also, allows a Federal credit union's bylaws to limit the number of consecutive terms any person may serve on the board of directors, and provides that reimbursement for lost wages due to service on the credit union's board will not be treated as compensation. (Similar proposals by CUNA, NAFCU)	* NCUA has no safety and soundness concerns
20. Providing the NCUA with Greater Flexibility in Responding to Market Conditions – (H.R. 1375 § 311 and H.R. 3579 § 111) In determining whether to lift the usury ceiling for Federal credit unions, allow the NCUA Board to consider rising interest rates or whether prevailing interest rate levels threaten the safety and soundness of individual credit unions. (Similar proposals by CUNA, NAFCU)	* Supported by: NCUA
21. Exemption from Pre-merger Notification Requirement of the Clayton Act – (H.R. 1375 § 312 and H.R. 3579 § 114) Exempt federally-insured credit unions from the pre-merger notification requirements, giving them parity with banks and thrifts. (Similar proposals by CUNA, NAFCU; NASCUS supports expanding proposal to include all State-chartered credit unions)	* Supported by: NCUA, NASCUS
22. Privately Insured Credit Unions Authorized to Become Members of a Federal Home Loan Bank – (H.R. 1375 § 301) Permit certain privately insured credit unions to become members. (Similar proposal by CUNA)	* Supported by: NASCUS

* The item did not originate with NCUA, but was described in NCUA testimony as "Other Credit Union Provisions Included in HR 1375 as passed by the House."

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
JoAnn Johnson/National Credit Union Administration (NCUA) - continued	
23. Technical Corrections – (H.R. 1375 § 802) Make several technical corrections to the FCUA.	Supported by: NCUA
24. Redefinition of Regulatory Capital Necessitated by an Accounting Rule Change Redefine regulatory capital to address unintended consequence of impending FASB rule change. The new FASB rule would apply purchase accounting to credit union mergers with the unintended result that the merging credit union's capital would not flow forward as capital to the combined continuing credit union (pre-merger "retained earnings" (capital) becomes post-merger "acquired equity" (not capital)). To follow both the new FASB rule while still allowing the capital of both credit unions to flow forward as regulatory capital and thus preserve the incentive for desirable credit union mergers, the redefinition of regulatory capital for purposes of prompt corrective action is necessary. The FASB is supportive of a legislative solution and is comfortable that a legislative solution will not impact their standards-setting activities. (Similar proposals by CUNA and NAFCU)	Supported by: NCUA, NASCUS
25. Vendor Examinations Permit NCUA examination of third-party vendors that provide data processing and other related services to insured credit unions.	Supported by: NCUA, NASCUS
Julie Williams/Office of the Comptroller of the Currency (OCC)	
26. Repealing State Opt-In Requirements for <u>De Novo</u> Branching – (H.R. 1375 § 401 as introduced) Remove restrictions on national and State banks' <u>de novo</u> interstate branching by repealing the State opt-in requirement before an out-of-state bank can branch into that State. Eliminates the 5-year age restriction on interstate bank mergers. (Similar proposals by ACB, ICBA, FSR)	Supported by: OCC, FDIC[3], CSBS Opposed by: FRB[4]

[3] The FDIC supports repeal of the state opt-in requirements for <u>de novo</u> interstate branching, so long as industrial loan corporations are given parallel authority.

[4] While the FRB generally supports granting insured banks the right to branch de novo on an interstate basis, the FRB opposes amendments, such as those reflected in section 401 of H.R. 1375, that would grant interstate branching rights to industrial loan companies whose corporate owners are not subject to the consolidated supervision and activity restrictions that apply to the corporate owners of other insured banks under the Bank Holding Company Act.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
27. Providing Relief for Subchapter S National Banks – (H.R. 1375 § 101) Permit the OCC to allow the use of a debt instrument that is subordinated to other liabilities of the bank to satisfy the qualifying shares requirement by directors of national banks operating or seeking to operate in subchapter S form. Such a subordinated debt instrument would be closely equivalent to an equity capital interest, as the directors could only be repaid if other claims of depositors and nondeposit creditors of the bank (including the FDIC) were first paid in full, and would also ensure that directors retain their personal stake in the financial soundness of the bank.	Supported by: OCC
28. Resolving Ambiguities in Federal Court Jurisdiction – (similar to H.R. 1375 § 213 which applies only to Federal thrifts) (See #58) Expressly provide that a national bank is only a citizen of the State in which its main office is located so that all federally chartered depository institutions that are not incorporated in any State will be treated the same for purposes of determining diversity jurisdiction.	Supported by: OCC Opposed by: CSBS
29. Modernizing Corporate Governance – (H.R. 1375 § 102) Permit a national bank to provide in its articles of association which method of electing its directors best suits its business goals and needs -- a national bank could choose whether to allow cumulative voting, which is mandated by the current law.	Supported by: OCC
30. Modernizing Corporate Structure Options – (H.R. 1375 § 109) Allow the OCC to prescribe regulations that would permit a national bank to be organized other than as a body corporate and to provide requirements for the organizational characteristics of such national banks consistent with safety and soundness. Generally, all national banks would continue to have the same rights and be subject to the same restrictions and requirements. This would allow a national bank to organize as a limited liability company, which may have tax advantages and may be particularly attractive for community banks.	Supported by: OCC Opposed by: CSBS

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
31. Simplifying Dividend Calculations for National Banks – (H.R. 1375 § 103) (See also # 81, #117) Provide more flexibility than current law to a national bank to pay dividends as deemed appropriate by its board of directors. Consistent with safety and soundness, the amendment retains the current requirements that OCC approval is necessary if the dividend exceeds a certain amount. These same dividend approval requirements also apply to State member banks except the FRB and not the OCC is the approval authority. (Similar proposal by FSR)	Supported by: OCC
32. Repealing Obsolete Limitations on the OCC's Removal Authority – (H.R. 1375 § 104) Give OCC the same removal authority as the other banking agencies to remove an institution-affiliated party (IAP) from the banking business.	Supported by: OCC, NCUA
33. Repealing Obsolete Intrastate Branch Capital Requirements – (H.R. 1375 § 105) Eliminate the obsolete requirement that a national bank establishing an intrastate branch must meet the capital requirements imposed by the State on State banks seeking to establish intrastate branches.	Supported by: OCC
34. Clarifying the Waiver of Publication Requirements for Bank Merger Notices – (H.R. 1375 § 106) Clarify that the requirement to publish a notice for shareholders about an impending merger may be waived by the OCC in emergency situations **or** by unanimous vote of the shareholders (technical amendment).	Supported by: OCC, FDIC
35. Repealing Obsolete References to the Main Place of Business of a National Bank – (H.R. 1375 § 111) Replace obsolete language with the modern term "main office" (technical amendment)	Supported by: OCC, FDIC
36. Deleting Obsolete Language in the National Bank Act Delete references to two obsolete provisions regarding capital requirements, but would make no changes to the requirements that a national bank cannot reduce its capital unless approved by two-thirds of its shareholders and by the OCC (technical amendment).	Supported by: OCC, FDIC

Witness, Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
37. Enforcing Written Agreements and Commitments – (H.R. 1375 § 405) Clarify the discretionary authority of the Federal banking agencies to enforce (1) any condition imposed in writing in connection with any action on any application, notice, or other request, or (2) any written agreement between the agency and an IAP, particularly those in which an IAP or controlling shareholder agrees to provide capital to the depository institution, without showing unjust enrichment or limiting recovery to 5% of the institution's assets at the time it became undercapitalized. Also, clarify existing FDIC authority as receiver or conservator to enforce written conditions or agreements. Eliminate the requirement that the insured depository institution receiving the transfer be undercapitalized at the time of the transfer.	Supported by: OCC, FDIC, OTS
38. Barring Convicted Felons from Participating in the Affairs of Depository Institutions – (H.R. 1375 § 603) Extend the prohibition to include noninsured national and State member banks and uninsured offices of foreign banks, but the OCC would have authority with respect to noninsured national banks and Federal branches and agencies and the FRB with respect to noninsured State member banks and State branches and agencies.	Supported by: OCC, OTS
39. Ensuring that Accountants of Insured Depository Institutions Are Held to the Same Standard as Other IAPs – (H.R. 1375 § 614 as introduced) Strike the "knowing and reckless" standard for independent contractors in the definition of an IAP, so that independent contractors are held to a standard that is more like the standard that applies to other IAPs.	Supported by: OCC, FDIC, OTS
40. Strengthening the Supervision of Stripped-Charter Institutions – (H.R. 1375 § 409) Amend the bases under the Change in Bank Control Act (CBCA) for extending the time period for Federal banking agency action on a CBCA notice so that the bases include the need to analyze either the safety and soundness of the business plan or the future prospects of the institution. Also amend the bases for disapproving the CBCA notice to include the future prospects of the institution.	Supported by: OCC, FDIC, OTS

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
41. Providing a Statute of Limitations for Judicial Review of Appointment of a Receiver for a National Bank – (similar to H.R. 1375 § 402(a)) Provide greater consistency in Federal law governing how much time is available to challenge the determination by the OCC to appoint a receiver for a national bank by expressly providing for a 30-day period for a party to judicially challenge a determination by the OCC to appoint a receiver for a national bank.	Supported by: OCC, FDIC
42. Allocating Examiner Resources More Efficiently – (H.R. 1375 § 601) (See also #112) Provide the appropriate Federal banking agencies with discretion to adjust the exam cycle of insured depository institutions to ensure that examiner resources are allocated in a manner that provides for the safety and soundness of, and the effective examination and supervision of, insured depository institutions	Supported by: OCC, FDIC, OTS, NCUA
43. Enhancing the Ability of Banking Agencies to Suspend or Remove Bad Actors from Depository Institutions – (an expansion of H.R. 1375 § 606) • Clarify that the appropriate Federal banking agency may suspend or prohibit IAPs charged with certain crimes from participation in the affairs of *any depository institution* and not only the insured depository with which the IAP is or was associated. • Allow the agency to use the prohibition authority even when the institution with which the individuals were associated ceases to exist. Extend suspension and removal authority to include an individual who attempts to become involved in the affairs of an institution after being charged with a covered crime.	Supported by: OCC, FDIC, OTS, NCUA
44. Providing Equal Treatment for Federal Agencies of Foreign Banks – (H.R. 1375 § 107) Clarify that a Federal agency of a foreign bank can receive uninsured deposits from any persons who are not citizens or residents of the United States.	Supported by: OCC, FDIC
45. Maintaining a Federal Branch and a Federal Agency in the Same State – (H.R. 1375 § 108) Repeal the absolute prohibition on maintaining a Federal branch and a Federal agency in the same State and provide that both such offices could be maintained, unless prohibited by State law.	Supported by: OCC

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
46. Improving Information Sharing With Foreign Supervisors – (H.R. 1375 § 609) Provide that a Federal banking agency may not be compelled to disclose information received from a foreign regulatory or supervisory authority if public disclosure of the information would violate the laws applicable to that authority and the agency obtained the information in connection with the administration and enforcement of Federal banking laws or under a memorandum of understanding between the authority and the agency. • Provide that such information would be exempt under FOIA. • Does not authorize an agency to withhold information from Congress or in response to a court order.	Supported by: OCC, FDIC, FRB, OTS, NCUA, CSBS
47. Exempting the FDIC, OCC, and OTS from the Federal Advisory Committee Act Permit the FDIC, OCC, and OTS to establish and use advisory committees in the same manner as the FRB.	Supported by: OCC, FDIC, OTS
48. Improving Information Sharing – (H.R. 1375 § 602(a)) Give all Federal banking agencies the same discretionary authority as the FRB has to share confidential supervisory information.	Supported by: OCC, FDIC, OTS, NCUA, CSBS
49. Providing an Inflation Adjustment for the Small Depository Institution Exception under the Depository Institution Management Interlocks Act (DIMIA) – (H.R. 1375 § 404) Increase the small depository institution exemption limit under DIMIA from $20 million in assets to $100 million in assets. Unless the institutions have less than $20 million in assets, DIMIA currently prohibits a management official of one institution from serving as a management official of any other nonaffiliated depository institution or depository institution holding company if the institutions or an affiliate of such institutions have offices that are located in the same MSA. The amendment would increase this exemption threshold to $100 million in assets. (Similar proposal by ACB)	Supported by: OCC, FDIC, FRB, OTS
50. Implementing Risk-Based Requirements for Federal Branches and Agencies Allow the OCC, after consultation with the FFIEC, to adopt regulations allowing the capital equivalency deposit for a Federal branch or agency to be set on a risk-based, institution-by-institution basis, thereby giving the OCC the same authority to implement a risk-based system that State supervisors have under State law in several key States.	Supported by: OCC, FDIC Opposed by: CSBS

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Julie Williams/Office of the Comptroller of the Currency (OCC) - continued	
51. Allowing the Option for a Federal Representative Office License Provide an option for the OCC to approve the establishment of and supervise Federal representative offices of foreign banks to operate in States that do not otherwise prohibit such offices.	Supported by: OCC Opposed by: CSBS
John Bowman/Office of Thrift Supervision (OTS)	
52. Parity for Savings Associations under the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940 – (H.R. 1375 § 201) Amend the definitions of *bank* and *applicable regulatory agency* to include expressly savings associations and the OTS, respectively (thereby subjecting such associations to the same investment adviser and broker-dealer registration requirements as banks). (Similar proposals by ACB, FSR)	Supported by: OTS, FDIC, NCUA
53. Small Business and Other Commercial Loans – (H.R. 1375 § 212) Add small business lending to the list of loans that a Federal savings association may invest in, sell, or otherwise deal in without limitation. Increases the cap on other commercial lending from 10% to 20%. (Similar proposals by ACB, FSR)	Supported by: OTS, FDIC Opposed by: CSBS
54. Repeal of Qualified Thrift Lender Requirement with Respect to Out-of-State Branches – (H.R. 1375 § 211) Eliminate the requirement that a multi-state savings association meet the QTL test on a state-by-state basis. (Similar proposals by ACB, FSR)	Supported by: OTS, FDIC Opposed by: CSBS

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
John Bowman/Office of Thrift Supervision (OTS) - continued	
55. Investments by Federal Savings Associations Authorized to Promote the Public Welfare – (H.R. 1375 § 202) (See also #96) Give Federal savings associations authority parallel to that of national banks and State member banks to make investments primarily designed to promote the public welfare, directly or indirectly, by investing in an entity primarily engaged in making public welfare investments. There is an aggregate limit on investments of 5% of the savings association's capital and surplus, unless OTS determines a higher amount poses no significant risk to the deposit insurance fund and the savings association is adequately capitalized. In no case may the aggregate investments by a savings association exceed 10% of its capital and surplus. Savings associations could use this new community development investment authority without regard to the prohibition against acquiring or retaining corporate debt that is not of investment grade; no similar limit applies to banks. (Similar proposals by ACB, FSR)	Supported by: OTS, FDIC
56. Eliminating Geographic Limits on Thrift Service Companies – (H.R. 1375 § 503) Permit Federal savings associations to invest in service companies without regard to geographic restrictions.	Supported by: OTS Opposed by: OCC[5], CSBS
57. Mergers and Consolidations of Federal Savings Associations with Non-Depository Institution Affiliates – (H.R. 1375 § 203) Give Federal savings associations authority parallel to that of national banks to merge with one or more of their non-thrift subsidiaries or affiliates. As with national banks' authority, this amendment would not affect the applicability of section 18(c) of the FDI Act (a/k/a the Bank Merger Act).	Supported by: OTS, FDIC
58. Clarifying Citizenship of Federal Savings Associations for Federal Court Jurisdiction – (H.R. 1375 § 213) (See also #28) Expressly provide that a Federal savings association is only a citizen of the State in which its main office is located for purposes of determining diversity jurisdiction. (Similar proposals by ACB, FSR)	Supported by: OTS Opposed by: OCC (unless #28 is also enacted), CSBS
59. Creation of Statutory OTS Deputy Directors Authorize the Treasury Secretary to appoint up to four Deputy Directors for the OTS to assure agency continuity during vacancy in the office of the Director of the OTS or in the absence or disability of the Director of the OTS.	Supported by: OTS, FDIC

[5] Opposes unless a similar change is made to the Bank Service Company Act to eliminate geographic limits on bank service companies.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
John Allison/Mississippi Commissioner of Banking & Consumer Finance/Conference of State Bank Supervisors (CSBS)	
60. Coordination of Examination Authority – (H.R. 1375 § 616) • Underscore authority of the State regulators for the institutions that they charter (i.e, "home" State regulators). • Require both the home and host State bank supervisors to exercise authority in compliance with the applicable cooperative agreements, thus encouraging coordination among the States. • Unless otherwise provided in a cooperative agreement, allow only a home State to assess supervisory fees on the banks it charters. • Authorize the host State supervisor, upon written notice to the home State, to examine for compliance with applicable host State laws subject to the terms of any applicable cooperative agreement with the home State. (Replaces a blanket authorization for the host State supervisor to examine for compliance with host State laws without regard to the home State supervisor). • For the purposes of safety and soundness supervision, clarify that the chartering State is the primary State supervisor and limit host State supervisors to the express terms of any applicable cooperative agreement. However, host States may act unilaterally and examine the branch of an out-of-state State bank if that bank is determined to be "troubled" (i.e., a 4 or 5 CAMELS rating). • Authorize a host State supervisor to enforce applicable host State law, subject to the terms of any cooperative agreement and with written notice to the home State supervisor. (Similar proposals by ACB, FSR)	Supported by: CSBS

– SECTION II –
REGULATORS' PROPOSALS WITHOUT LEGISLATIVE LANGUAGE

(The regulators have not stated an official position on the items in this section. The failure of a regulator to state a position on these items should not be interpreted to mean that a particular regulator supports or opposes any of the suggested concepts.)

Witness/Agency or Organization
Subject Matter (related bills, if known)
Brief Summary of Proposal

(Similar proposals by other witnesses noted to the extent given in their testimony)

John M. Reich/Federal Deposit Insurance Corporation (FDIC)

61. Exempt Merger Transactions Between Depository Institutions and Wholly Owned Subsidiaries or with Wholly Owned Subsidiaries of Their Holding Company from Competitive Factors Review and Post-Approval Waiting Periods – (See also #69)

Exempt merger transactions between insured depository institutions and their affiliates, which are generally accepted as not presenting any competitive issues, from competitive factors review by the Attorney General and other banking agencies and the post-approval waiting period.

62. Eliminate Requirement for Prior Written Consent to Establish Branches by Well-Managed, Well-Capitalized, Highly-Rated Institutions (See also #118)

Permit well-managed, well-capitalized, highly-rated institutions, with CRA ratings of satisfactory or better to establish branches without prior written consent of the appropriate Federal regulator, requiring only local publication prior to establishment and after-the-fact notice to be filed with the regulators. (Preserve opportunity for consumers to raise CRA concerns.)

(Similar proposal by ACB)

63. Eliminate Annual Privacy Notice Requirement for Institutions that Do Not Share Personal Information

Eliminate the annual notice requirement for those financial institutions that do not disclose nonpublic personal information to any nonaffiliated third party in a manner that would be subject to a consumer's right to opt out under either § 503 of the Gramm-Leach-Bliley Act (GLBA) or the Fair Credit Reporting Act (FCRA).

(Similar proposal by ACB)

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
John M. Reich/Federal Deposit Insurance Corporation (FDIC) – continued
64. Waiver of the Three-Day Right of Rescission Authorize the Federal Reserve Board to issue regulations permitting consumers to waive the three-day right of rescission in wider circumstances than the law currently permits, including voluntary waiver by borrowers seeking immediate access to funds with a signed written statement voluntarily waiving or modifying any rights to rescind the transaction. Alternatively, require lenders to provide the closing documents three days prior to closing and incorporate the right of rescission into this three-day period as proposed by the staffs of the Federal Reserve and HUD in 1998. (Similar proposal by ICBA also proposes repealing right)
65. Increased Flexibility for Flood Insurance (See also #107) Amend the Flood Disaster Protection Act of 1973 to: • Address the situation where the official flood map is more than ten years old; • Increase the "small loan" exception (currently $5,000) and allow adjustments for inflation on a regular bases; • Amend the forced-placement rules to allow lenders to force-place flood insurance within 30 days (instead of the current 45 days) of notifying the borrower; and • Eliminate mandatory civil monetary penalties when a regulator finds a pattern and practice of certain violations of the National Flood Insurance Program to provide to provide regulators with greater flexibility to tailor their actions more closely to individual cases. (Similar proposal by ICBA)
John Bowman/Office of Thrift Supervision (OTS)
66. Apply the International Lending Supervisors Act (ILSA) to Savings Associations Subject Federal and State thrifts and their subsidiaries and affiliates to the ILSA on the same basis as other banking institutions. (Similar proposal by ACB)
67. OTS Representation on the Basel Committee Amend ILSA to give the OTS equal representation on the Committee on Banking Regulations and Supervisory Practices of the Group of Ten Countries and Switzerland (a/k/a/ the Basel Committee) (Similar proposal by ACB)
68. Enhanced Examination Flexibility – (See also #42 and #112) Increase the small institution exemption in the examination cycle provision from $250 million to $500 million.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
John Bowman/Office of Thrift Supervision (OTS) - continued
69. Streamlining Agency Action Under the BMA – (See also #61) Eliminate the requirement that each Federal banking agency request a competitive factors report from the other three banking agencies and the Attorney General. Continue requiring only two filings - one with the Attorney General and one with the FDIC, as insurer.
John Allison/Mississippi Commissioner of Banking & Consumer Finance/Conference of State Bank Supervisors (CSBS)
70. Regulatory Flexibility for the Federal Reserve Remove limitations on the powers of State member banks in the Federal Reserve Act eliminating distinction in powers between State-chartered member banks and State nonmember banks.
71. Tax Treatment for Limited Liability Corporations Encourage the IRS to provide State banks organized as State-chartered LLCs the same pass-through tax treatment as is given to partnerships.
72. Federal Financial Institutions Examination Council (FFIEC) Add a representative State regulator as a full voting member on the FFIEC.
Roger W. Little/Deputy Commissioner, Credit Unions, Michigan Office of Financial and Insurance Services/National Association of State Credit Union Supervisors
73. Expand Prompt Corrective Action Provision to Federal Credit Union Act Obligate Federal credit unions to include all forms of capital when calculating required net worth ratio.
74. Expand Business Lending Authority • Raise the statutory basket for member business loans from 12.25% to 20% of total assets; • Redefine member business loan to increase the current limit from $50,000, possibly by using the Fannie/Freddie conforming loan limit, approximately $322,000.
75. Federal Preemption of State Regulation of Consumer Protection Practices Encourage Congress to intervene to block continuing OCC preemption of State laws.

– SECTION III –
MEMBERS' PROPOSALS

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Senator Mary L. Landrieu	
76. Consumer Rental Purchase Agreement Act of 2003 – (S. 884) Amend the Consumer Credit Protection Act to require disclosure of the terms of rental-purchase agreements, including disclosure of all costs to consumers under such agreements, and to provide certain substantive rights to consumers under such agreements. The bill exempts credit sales, consumer leases, or transactions giving rise to a debt incurred in connection with the business of lending money from the definition of a "rental-purchase agreement."	
Senator Blanche Lincoln	
77. Clarification of Scope of Applicable Rate Provision – (S. 904 and H.R. 1375 § 504) Allow nonbank lenders in Arkansas, who are currently subject to a State usury restriction, to charge the same rates of interest that their out-of-state competitors are legally importing into Arkansas under Federal law.	

– SECTION IV –
FINANCIAL INDUSTRY REPRESENTATIVES' PROPOSALS SUPPORTED BY LEGISLATIVE LANGUAGE

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Mark Macomber/President & CEO, Litchfield Bancorp/America's Community Bankers	
78. Expand Availability of Small Institution Exam Cycle (H.R. 3952) (See also #102) Allow banks with less than $1 billion in assets to participate in the longer CRA exam cycle, which requires a routine CRA examination not more than once every 60 months if the institution was rated "outstanding" in its most recent exam, and not more than once every 48 months if the institution was rated "satisfactory" in its most recent exam. (Similar proposals by ICBA, along with an increase to $2 billion with inflation adjustment)	
79. Mortgage Servicer Exemption to FDCPA (H.R. 314 as passed by House) Provide that mortgage servicers of federally related mortgage loans do not have to provide the "mini-Miranda" notices to the borrower before beginning collection efforts on defaulted loans under the FDCPA. (Similar proposal by FSR)	
80. Elimination of RESPA Imprisonment Sanction Strike the imprisonment sanction for violations of section 8 of the Real Estate Settlement Procedures Act (12 U.S.C. § 2607(d)(1))	
81. Eliminating Dividend Notice Requirements -- (H.R. 1375 § 204) (See also #31, #117) Eliminate requirement that a well-capitalized savings association in an S&L holding company notify OTS of its intention to pay a dividend, so long as the association will remain well capitalized after paying the dividend. (Similar proposal by FSR)	
82. Removal of Limitations on Investments in Auto Loans -- (H.R. 1375 § 208) Eliminate restriction on Federal savings associations that limits the amount of auto loans to 35% of total assets. (Similar proposal by FSR)	

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)	Regulators' Positions
Marilyn F. James/CEO, NEPCO Federal Credit Union/Credit Union National Association	
83. Credit Union Conversion Voting Requirements (H.R. 3579 § 113) Require a majority vote of at least 20% of the membership to approve a credit union conversion.	Supported by: NCUA Opposed by: NASCUS
84. Limits on Member Business Loans (H.R. 3579 § 201) Eliminate the current asset limit on member business loans at a credit union from the lesser of 1.75 times actual net worth or 1.75 times the minimum net worth required for a well-capitalized credit union and replaces it with a flat rate of 20% of the total assets of a credit union. (Similar proposal by NAFCU)	Supported by: NCUA, NASCUS
85. Definition of Member Business Loan (H.R. 3579 § 202) Amend the current definition of member business loan to facilitate such loans by giving the NCUA the authority to exclude loans of $100,000 or less as de minimis, rather than the current limit of $50,000. (Similar proposal by NAFCU)	Supported by: NCUA, NASCUS
86. Restrictions on Member Business Loans (H.R. 3579 § 203) Give the NCUA discretion to allow an undercapitalized credit union to make new member business loans.	Supported by: NASCUS

– SECTION V –
FINANCIAL INDUSTRY REPRESENTATIVES' PROPOSALS WITHOUT LEGISLATIVE LANGUAGE

(The regulators have not stated an official position on the items in this section. The failure of a regulator to state a position on these items should not be interpreted to mean that a particular regulator supports or opposes any of the suggested concepts.)

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Mark Macomber/President & CEO, Litchfield Bancorp/America's Community Bankers
87. Increase Limits for Thrifts on Commercial Real Estate Loans Allow thrifts to have commercial real estate loans amounting to 500% of capital and give OTS the flexibility to increase that limit.
88. Eliminate "Per Unit" limit in Residential Housing Development Provision for LTOB Purposes Eliminate the limitation in the Loans to One Borrower provision applicable to thrifts that restricts loans to develop domestic residential housing units to units with a purchase price that does not exceed $500,000.
89. Permit S&L Holding Companies to Acquire Thrifts in Other States under the Same Rules as BHCs Allow multiple S&L holding companies to acquire thrifts in other States under the same rules that apply to bank holding companies under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 by eliminating restrictions that prohibit an S&L holding company from acquiring a thrift if it would cause the holding company to become a multiple S&L holding company controlling thrifts in more than one State.
90. Allow Savings Associations to Act as Agents for Affiliated Depository Institutions Give savings associations the same authority as banks to act as agents for their affiliated depository institutions. (Similar proposal by FSR)
91. Continuing Debt Collection Efforts Make clear that a debt collector need not wait for the 30-day period that a debtor has to dispute a debt to begin collection efforts.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Mark Macomber/President & CEO, Litchfield Bancorp/America's Community Bankers - continued
92. Repeal of Overlapping Rules for Purchased Mortgage Servicing Rights Eliminate a cap on the valuation of purchased mortgage servicing rights at 90% of fair value and thereby permits savings associations to value PMSRs, for purposes of certain capital and leverage requirements, at more than 90% up to 100% of fair market value, if the banking agencies jointly find that doing so would not have an adverse effect on the insurance funds or the safety and soundness of insured institutions, consistent with section 475 of FDICIA, as amended by section 1208 of the American Homeownership and Economic Opportunity Act of 2000 (Pub. L. No. 106-569).
93. Repeal $100,000 Lending Limit on Loans to Executive Officers (See # 111) Eliminate the provision requiring the appropriate Federal banking agencies to set a regulatory lending limit on other purpose loans to executive officers and replaces it with the limit on loans to one borrower.
94. Investments in Service Companies (in part reflected in H.R. 1375 § 406, which allows thrifts to invest in bank service companies) Provide parallel investment authority for banks and thrifts to participate in both bank service companies and thrift service companies, while preserving existing activity limits and maximum investment rules, as well as the roles of the Federal regulatory agencies with respect to subsidiary activities of the institutions under their primary jurisdiction.
95. Streamlining Savings Association Subsidiary Notifications Eliminate the requirement that a savings association notify the FDIC before establishing or acquiring a subsidiary or engaging in a new activity through a subsidiary, but a savings association would still be required to notify OTS.
96. Authorizing Additional Community Development Activities (See also #55) Allow Federal savings associations to invest directly in community development corporations, as national and State member banks are permitted.
97. Reimbursement for the Production of Records Require the government to reimburse banks for the cost of assembling and providing records of corporate bank customers that the government is investigating and clarifies that the reimbursement requirement under the Right to Financial Privacy Act applies to records provided under the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Mark Macomber/President & CEO, Litchfield Bancorp/America's Community Bankers - continued
98. Extending Divestiture Period Provide that unitary savings association holding companies that become multiple savings association holding companies have 10 years (instead of 2 years) to divest non-conforming activities, consistent with the rule applicable to new financial services holding companies under GLBA.
99. Credit Card Savings Associations Permit an S&L holding company to charter a credit card savings association and still be exempt from the activity restrictions imposed on multiple S&L holding companies, consistent with current authority to charter a credit card national or State bank and maintain that exemption. (Similar proposal by FSR)
100. Protection of Information Provided to Banking Agencies Provide that when a depository institution submits information to a Federal, State, or foreign bank regulator as part of the supervisory process, the institution does not waive any privilege it may claim with respect to that information. (Similar proposal by FSR)
Dale L. Leighty/Chairman/President, First National Bank of Las Animas (CO)/Independent Community Bankers of America
101. Industrial Loan Company Exemption Eliminate exemption for industrial loan companies from regulation and supervision of parent company as bank holding company. (Similar proposal by Consumer Groups)
102. Community Reinvestment Act Amendments (See also #78) Increase the asset size limit for eligibility for the small bank streamlined CRA examination process to $2 billion in assets and increase the CRA small bank size limit for examination cycle purposes to $2 billion with inflation adjustments.
103. Tiered Regulation Continue to refine a tiered regulatory and supervisory system that recognizes the differences between community banks and larger, more complex institutions.

Witness/Agency or Organization
Subject Matter (related bills, if known)
Brief Summary of Proposal

(Similar proposals by other witnesses noted to the extent given in their testimony)

Dale L. Leighty/Chairman/President, First National Bank of Las Animas (CO)/Independent Community Bankers of America - continued

104. Truth in Lending Act Amendments

- Repeal the 3-day right of rescission or allow greater latitude to waive (see #64);
- Eliminate the right of rescission for refinancing in which the lender holds the existing lien, refinancing with a new lender where no new money advanced, and home equity lines of credit;
- Simplify and relax, or eliminate, existing restrictions on what may be included and what must be included in advertisements if a certain trigger term is used;
- Simplify the definition of the finance charge so that all consumers can understand the annual percentage rate;
- Synchronize and coordinate early TILA and RESPA disclosures and focus on the information that consumers want most, such as the principal amount of the loan, simple interest rate on the promissory note, amount of the monthly payment, and costs to close the loan;
- Expand time frames for resolution of billing errors to allow banks to investigate and resolve errors and avoid fraud; also increase penalties for frivolous error claims; and
- Provide a de minimis level of $50 for which no restitution need be ordered for inadvertent errors and allow flexibility so banks do not have to review large numbers of consumer files for inadvertent errors and make restitution of nominal amounts where the costs far outweigh the minimal benefits to the consumer.

105. Home Mortgage Disclosure Act Amendments

- Increase the asset threshold for the HMDA exemption from $33 million to at least $250 million, with inflation adjustment;
- Exempt banks that make fewer than 100 reportable loans per year per category;
- Allow the banking agencies to develop a definition of "Metropolitan Statistical Area" that applies to banks, instead of using the Census Bureau definition, to avoid covering certain rural banks;
- Limit reporting to purchase money mortgages and refinancing of such mortgages; and
- Direct the Federal Reserve to streamline HMDA data collection and reporting and eliminate requirements that are not cost-justified.

106. Bank Secrecy Act, USA Patriot Act, Anti-Money Laundering Compliance

- Increase the threshold for filing a Currency Transaction Report from $10,000 to $30,000, adjust it for inflation, and increase other reporting thresholds as well;
- Allow banks filing fewer than 50 CTRs a month to file quarterly;
- Expand ability for banks to exempt from CTR filings certain regular, known customers and eliminate annual recertification for exempt customers; and
- Change record retention requirement under the USA Patriot Act for closed accounts from five to two years.

Witness/Agency or Organization
Subject Matter (related bills, if known)
Brief Summary of Proposal

(Similar proposals by other witnesses noted to the extent given in their testimony)

Dale L. Leighty/Chairman/President, First National Bank of Las Animas (CO)/Independent Community Bankers of America - continued

107. Flood Insurance (See also #65)

- Streamline and simplify flood insurance requirements; and
- Allow exceptions to flood insurance requirements for agricultural real estate where the value of most of the collateral is represented by land, not permanent structures.

108. Privacy Notices

Allow banks that do not share information other than pursuant to the processing or service provider exceptions to provide a short statement to that effect printed on the customer's bank statement.

109. Call Report Streamlining

Direct the agencies to streamline the Call Report and to conduct, in consultation with the industry, a review of Call Report requirements to determine which data requirements are necessary to carry out supervisory responsibilities, what information can be removed from the Call Report, whether reporting can be reduced to once or twice a year for small highly-rated, well-capitalized institutions, and if there is an easier method for the banks to retrieve and prepare the information and send it to the agencies in a format most compatible with existing bank data processing systems.

110. Sarbanes-Oxley Act

- Exempt banks with less than $10 billion in assets from internal control attestation and audit requirement; and
- Establish additional exemption levels under other sections of the Act for small banks/bank holding companies.

111. Credit to Insiders (Reg O) (See also #4, #93)

- Direct agencies to expand overly restrictive executive officer borrowing authority, for example, by increasing dollar amounts officers may borrow for personal residence and children's education and for other purposes;
- Repeal aggregate limit on loans to insiders or set in statute a two-times capital aggregate limit for banks under $1 billion;
- Delete the requirement that loans to executive officers must become due and payable on demand; and
- Streamline and reduce certain reporting requirements regarding loans to executive officers and loans from correspondent banks to executive officers and shareholders.

112. Examination Cycle (See also #42)

Give Federal banking agencies greater flexibility to determine the examination interval for well-rated, well-capitalized banks with less than $1 billion in assets.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Dale L. Leighty/Chairman/President, First National Bank of Las Animas (CO)/Independent Community Bankers of America - continued
113. Money Market Deposit Accounts (Reg D) Expand the number of permissible transfers from money market deposit accounts from 6 to 24 per month.
114. Expedited Funds Availability (Reg CC) Streamline and simplify these requirements.
115. Electronic Fund Transfer Act (Reg E) • Increase consumer liability from $50 to $500 for unauthorized transfers resulting from writing PIN on card or keeping PIN in the same location as the card; and • Extend notification requirement for a change in account terms or conditions contained in the initial Reg E disclosure from 21 days to 30 days consistent with Reg DD.
116. Bank Holding Companies (Reg Y) • Direct the Federal Reserve to increase the size limit for banks eligible for the Small Bank Holding Company Policy Statement on Assessment of Financial and Managerial Factors from $150 million to $1 billion; • Allow the holding company to qualify if it (1) is not engaged in any non-banking activities involving significant leverage, and (2) does not have a significant amount of outstanding debt held by the general public; and • Increase the size threshold for streamlined application and information requirements from $150 million to $1 billion.
117. Dividends (See also #31, #81) Eliminate dividend restriction requirements for banks that are well-capitalized and will continue to be well-capitalized following the declaration of the dividend.
118. Branch Applications/Notices (See also #62) • Eliminate the newspaper publication requirement and eliminate the requirement to file a branch application for certain eligible banks (for example, those with high CAMELS ratings and satisfactory CRA ratings and compliance ratings), if the branch that is acquired is less than a certain percentage of the total consolidated asset value of the bank or less than a certain dollar amount; and • Exempt ATMs, branch acquisitions in the acquirer's service area, branches moved in the same local market, and branches closed due to emergency acquisition or FDIC assistance.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Dale L. Leighty/Chairman/President, First National Bank of Las Animas (CO)/Independent Community Bankers of America - continued
119. SIPC Coverage Provide community banks with the same protection afforded other investors and other depository institutions for their brokerage account assets when a broker dealer fails.
120. Government Securities Act Amend the reporting requirements under the Government Securities Act so that banks do not need to send a statement whenever money is swept from a deposit account into a government repurchase agreement.
Marilyn F. James/CEO, NEPCO Federal Credit Union/Credit Union National Association
121. Leasing Space in Building with Credit Union Offices in Underserved Area Allow credit union to lease excess space in a building or on property in an underserved area on which the credit union maintains a physical presence to other parties. (Similar proposal by NAFCU)
122. Reduce Restrictions on Member Business Loans Allow credit unions to make member business loans unless they are significantly undercapitalized at 4% or less.
123. Community Credit Union Membership Allow community credit unions to continue adding members from groups that were part of the field of membership before the credit union converted to a community charter but are now outside that community. (Similar proposal by NAFCU)
124. Credit Union ATMs Allow credit unions to serve underserved areas with an ATM.
125. NCUA Board Membership Requirement Eliminate the requirement that only one NCUA Board member can have credit union experience.
126. Increase in 1 Percent Borrowing Limit for CUSOs (See also #11, #131) Raise the aggregate borrowing limit that currently restricts loans from credit unions to CUSOs from 1% to 3%.

Witness/Agency or Organization Subject Matter (related bills, if known) Brief Summary of Proposal (Similar proposals by other witnesses noted to the extent given in their testimony)
Margot Saunders/National Consumer Law Center & Edmund Mierzwinski/U.S. PIRG (Consumer Groups)
127. Clarify Application of TILA to Bounce Loans Require that bounce protection loans be treated like other extensions of credit under the Truth in Lending Act by requiring disclosure to consumers of the cost of this type of credit.
128. Payday Lending Prohibit all banks from providing payday loans in violation of State laws, including through "rent-a-bank" arrangements.
129. Update TILA and the Consumer Leasing Act Increase the jurisdiction limits and statutory penalties in TILA and the Consumer Leasing Act and provide for future adjustments for inflation.
130. Expand Application of EFTA Apply the protections of the EFTA to all forms of electronically processed payments, including all checks that are processed in whole or in part by the transmission of electronic information.
William Cheney/President/CEO, Xerox Federal Credit Union/National Association of Federal Credit Unions
131. Further Changes to Investment Limit in Credit Union Service Organizations (See also #11, #126) Give the NCUA Board authority to establish an appropriate investment limit for a credit union's investment in CUSOs.
132. Additional Changes to Credit Union Governance (See also #19) • Allow the NCUA Board to set the amount at which the credit union board of directors must approve a loan to, or guaranteed by, a director or member of the credit union supervisory or credit committee (currently set by statute at $20,000); and • Allow the NCUA Board to determine policies for review of approved or pending applications for membership to the credit union (currently required monthly).
133. Reasonable Proximity Requirement Eliminate outdated requirement that a credit union have a physical presence within a reasonable proximity of the location of a group that the credit union wants to add to its field of membership. (Similar proposal by NAFCU)

Witness/Agency or Organization
Subject Matter (related bills, if known)
Brief Summary of Proposal

(Similar proposals by other witnesses noted to the extent given in their testimony)

William A. Longbrake/Vice Chair, Washington Mutual Incorporated/Financial Services Roundtable

134. Simplify Privacy Notice
Direct the relevant Federal agencies to develop, by rulemaking, a summary privacy notice and an easy, standardized opt-out form, preempt State law so that the simple notice and opt-out form supersede State privacy notices and forms, and replace the annual notice requirement with a requirement that institutions distribute the summary notice when a customer relationship is established and whenever the terms of the institution's privacy policy change materially. Require that an institution's privacy policy be available and provided upon request.

135. Flexibility for Limited Purpose Credit Card Banks for CRA Compliance
Permit limited purpose credit card banks to invest in, or directly offer, residential mortgage, small business and agriculture loans to help meet the credit needs of low and moderate income persons to meet the obligations of the CRA.

136. Anti-tying Modernization Amendment
Limit anti-tyng restrictions to products and services offered by a bank to individual consumers and small businesses or, alternatively, limit the restrictions to products and services offered by a bank to customers who are not "qualified investors" as defined in GLBA (in effect, exempt large corporate customers from the anti-tying provisions).