

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 478
OFFERED BY MR. BARR OF KENTUCKY**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Promoting New Bank
3 Formation Act”.

4 SEC. 2. PHASE-IN OF CAPITAL STANDARDS.

5 The Federal banking agencies shall issue rules that
6 provide for a 3-year phase-in period for a depository insti-
7 tution or depository institution holding company to meet
8 any Federal capital requirements that would otherwise be
9 applicable to the depository institution or depository insti-
10 tution holding company, beginning on—

11 (1) the date on which the depository institution
12 became an insured depository institution; or

13 (2) in the case of a depository institution hold-
14 ing company, the date on which the depository insti-
15 tution subsidiary of the depository institution hold-
16 ing company became an insured depository institu-
17 tion.

1 **SEC. 3. CHANGES TO BUSINESS PLANS.**

2 (a) IN GENERAL.—During the 3-year period begin-
3 ning on the date on which a depository institution became
4 an insured depository institution, the insured depository
5 institution or its depository institution holding company
6 may request to deviate from a business plan that has been
7 approved by the appropriate Federal banking agency by
8 submitting a request to such agency pursuant to this sec-
9 tion.

10 (b) REVIEW OF CHANGES.—The appropriate Federal
11 banking agency shall, not later than the end of the 30-
12 day period beginning on the receipt of a request under
13 subsection (a)—

14 (1) approve, conditionally approve, or deny such
15 request; and

16 (2) notify the applicant of such decision and, if
17 the agency denies the request—

18 (A) provide the applicant with the reason
19 for such denial; and

20 (B) suggest changes to the request that, if
21 adopted, would allow the agency to approve
22 such request.

23 (c) RESULT OF FAILURE TO ACT.—If an appropriate
24 Federal banking agency fails to approve or deny a request
25 within the 30-day period required under subsection (b),
26 such request shall be deemed to be approved.

1 **SEC. 4. RURAL COMMUNITY DEPOSITORY INSTITUTION LE-**
2 **VERAGE RATIO.**

3 (a) IN GENERAL.—During the 3-year period begin-
4 ning on the date on which a rural depository institution
5 became an insured depository institution, the Community
6 Bank Leverage Ratio for the rural community bank shall
7 be 8 percent.

8 (b) PHASE-IN AUTHORITY.—The Federal banking
9 agencies shall issue rules to phase-in the Community Bank
10 Leverage Ratio described under subsection (a) with re-
11 spect to a rural depository institution by setting lower
12 Community Bank Leverage Ratio percentages during the
13 first 2 years of the 3-year period described under sub-
14 section (a).

15 (c) DEFINITIONS.—In this section:

16 (1) COMMUNITY BANK LEVERAGE RATIO.—The
17 term “Community Bank Leverage Ratio” has the
18 meaning given that term under section 201(a) of the
19 Economic Growth, Regulatory Relief, and Consumer
20 Protection Act (12 U.S.C. 5371 note).

21 (2) RURAL DEPOSITORY INSTITUTION.—The
22 term “rural depository institution” means a deposi-
23 tory institution—

24 (A) with total consolidated assets of less
25 than \$10,000,000,000; and

1 (B) located in a rural area, as defined
2 under section 1026.35(b)(iv)(A) of title 12,
3 Code of Federal Regulations.

4 **SEC. 5. AGRICULTURAL LOAN AUTHORITY FOR FEDERAL**
5 **SAVINGS ASSOCIATIONS.**

6 Section 5(c) of the Home Owners' Loan Act (12
7 U.S.C. 1464(c)) is amended—

8 (1) in paragraph (1), by adding at the end the
9 following:

10 “(V) AGRICULTURAL LOANS.—Secured or
11 unsecured loans for agricultural purposes.”; and

12 (2) in paragraph (2)(A), by striking “business,
13 or agricultural” and inserting “or business”.

14 **SEC. 6. STUDY ON DE NOVO INSURED DEPOSITORY INSTI-**
15 **TUTIONS.**

16 (a) STUDY.—The Federal banking agencies shall,
17 jointly, carry out a study on—

18 (1) the principal causes for the low number of
19 de novo insured depository institutions in the 10-
20 year period ending on the date of enactment of this
21 Act; and

22 (2) ways to promote more de novo insured de-
23 pository institutions in areas currently underserved
24 by insured depository institutions.

1 (b) REPORT TO CONGRESS.—Not later than the end
2 of the 1-year period beginning on the date of enactment
3 of this Act, the Federal banking agencies shall, jointly,
4 issue a report to Congress containing all findings and de-
5 terminations made in carrying out the study required
6 under subsection (a).

7 **SEC. 7. DEFINITIONS.**

8 In this Act, the terms “appropriate Federal banking
9 agency”, “depository institution”, “depository institution
10 holding company”, “Federal banking agency”, and “in-
11 sured depository institution” have the meaning given those
12 terms, respectively, under section 3 of the Federal Deposit
13 Insurance Act.

