

Amendment to H.R. 758

Offered by Mr. Toomey

Page 2, after line 21, insert the following new section (and redesignate subsequent sections accordingly):

1 **SEC. 3. INTEREST-BEARING TRANSACTION ACCOUNTS AU-**
2 **THORIZED.**

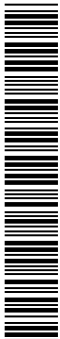
3 (a) REPEAL OF PROHIBITION ON PAYMENT OF IN-
4 TEREST ON DEMAND DEPOSITS.—

5 (1) FEDERAL RESERVE ACT.—Section 19(i) of
6 the Federal Reserve Act (12 U.S.C. 371a) is amend-
7 ed to read as follows:

8 “(i) [Repealed]”.

9 (2) HOME OWNERS’ LOAN ACT.—The first sen-
10 tence of section 5(b)(1)(B) of the Home Owners’
11 Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by
12 striking “savings association may not—” and all
13 that follows through “(ii) permit any” and inserting
14 “savings association may not permit any”.

15 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
16 tion 18(g) of the Federal Deposit Insurance Act (12
17 U.S.C. 1828(g)) is amended to read as follows:



1 “(g) [Repealed]”.

2 (b) EFFECTIVE DATE.—The amendments made by
3 subsection (a) shall take effect at the end of the 1-year
4 period beginning on the date of the enactment of this Act.

Page 7, after line 7, insert the following new section:

5 **SEC. 7. RULE OF CONSTRUCTION.**

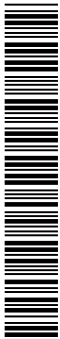
6 In the case of an escrow account maintained at a de-
7 pository institution in connection with a real estate
8 transaction—

9 (1) the absorption, by the depository institution,
10 of expenses incidental to providing a normal banking
11 service with respect to such escrow account;

12 (2) the forbearance, by the depository institu-
13 tion, from charging a fee for providing any such
14 banking function; and

15 (3) any benefit which may accrue to the holder
16 or the beneficiary of such escrow account as a result
17 of an action of the depository institution described
18 in subparagraph (1) or (2) or similar in nature to
19 such action,

20 shall not be treated as the payment or receipt of interest
21 for purposes of this Act and any provision of Public Law
22 93–100, the Federal Reserve Act, the Home Owners’ Loan
23 Act, or the Federal Deposit Insurance Act relating to the



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- 1 payment of interest on accounts or deposits at depository
- 2 institutions.

