

Cosponsor -
Maloney

AMENDMENT TO H.R. 2056

OFFERED BY MR. WESTMORELAND OF GEORGIA,

MR. DAVID SCOTT OF GEORGIA AND
Mrs. Maloney of New York

Page 2, line 11, strike "an asset" and insert "a performing asset".

Page 3, line 2, after "commercial" insert "(including land development and 1- to 4-family residential and commercial construction loans)".

Page 3, strike lines 6 through 8 and insert the following:

1 (iii) the FDIC's policies and proce-
2 dures for monitoring LSAs, including those
3 designed to ensure institutions are not im-
4 prudently selling assets at a depressed
5 value;

Page 3, strike lines 14 through 22 and insert the following (and redesignate the succeeding subparagraph accordingly):

6 (B) the FDIC's policies and procedures for
7 terminating LSAs and mitigating the risk of ac-
8 quiring institutions having substantial assets

1 remaining in their portfolio when the LSAs are
2 due to expire;

3 (C) the extent to which LSAs provide in-
4 centives for loan modifications and other means
5 of increasing the probability of commercial as-
6 sets being considered “performing”;

7 (D) the nature and extent of differences
8 for modifying residential assets and working
9 out commercial real estate under LSAs; and

Page 4, after line 17, insert the following new para-
graphs (and redesignate succeeding paragraphs accord-
ingly):

10 (3) APPRAISALS.—

11 (A) The number of insured depository in-
12 stitutions placed into receivership or con-
13 servatorship due to asset write-downs and the
14 policies and procedures for evaluating the ade-
15 quacy of an insured depository institution’s al-
16 lowance for loan and lease losses.

17 (B) The policies and procedures examiners
18 use for evaluating the appraised values of prop-
19 erty securing real estate loans and the extent to
20 which those policies and procedures are fol-
21 lowed.

1 (C) FDIC field examiner implementation
2 of guidance issued December 2, 2010, titled
3 “Agencies Issue Final Appraisal and Evaluation
4 Guidelines”.

5 (4) CAPITAL.—

6 (A) The factors that examiners use to as-
7 sess the adequacy of capital at insured deposi-
8 tory institutions, including the extent to which
9 the quality and risk profile of the insured insti-
10 tution’s loan portfolio is considered in the ex-
11 aminers’ assessment.

12 (B) The number of applications received by
13 the FDIC from private capital investors to ac-
14 quire insured depository institutions in receiver-
15 ship, the factors used by the FDIC in evalu-
16 ating the applications, and the number of appli-
17 cations that have been approved or not ap-
18 proved, including the reasons pertaining there-
19 to.

20 (C) The policies and procedures associated
21 with the evaluation of potential private invest-
22 ments in insured depository institutions and the
23 extent to which those policies and procedures
24 are followed.

Page 5, line 3, after “commercial” insert “(including land development and 1- to 4-family residential and commercial construction loans)”.

Page 5, line 17, after “extend” insert “or modify”.

Page 5, line 18, after the semicolon insert “and”.

Page 5, line 21, strike “; and” and insert a period.

Page 5, strike lines 22 and 23.

Page 6, beginning on line 1, strike “private capitalization of” and insert “investment in”.

Page 7, after line 6, insert the following new subsection:

1 (e) COORDINATION BETWEEN FDIC IG, TREASURY
2 IG, AND FEDERAL RESERVE IG.—In carrying out this
3 section, the Inspector General of the FDIC shall consult
4 with the Inspectors General of the Treasury and of the
5 Federal Reserve System, and such Inspectors General
6 shall provide any documents or other material requested
7 by the Inspector General of the FDIC in order to carry
8 out this section.

Add at the end the following new section:

1 **SEC. 3. GAO STUDY.**

2 (a) **STUDY.**—The Comptroller General of the United
3 States shall carry out a study on the following:

4 (1) The causes of high levels of bank failures in
5 states with 10 or more failures since 2008.

6 (2) The procyclical impact of fair value ac-
7 counting standards.

8 (3) The causes and potential solutions for the
9 “vicious cycle” of loan write downs, raising capital,
10 and failures.

11 (4) An analysis of the community impact of
12 bank failures.

13 (5) The feasibility and overall impact of loss
14 share agreements.

15 (b) **REPORT.**—Not later than the end of the 1-year
16 period beginning on the date of the enactment of this Act,
17 the Comptroller General shall issue a report to the Con-
18 gress on the study carried out pursuant to subsection (a).



