

**(2) Back-up authority of the appropriate Federal banking agency**

If, within the 60-day period beginning on the date on which the Board receives a recommendation under paragraph (1), the Board does not take enforcement action against the nondepository institution subsidiary or provide a plan for supervisory or enforcement action that is acceptable to the appropriate Federal banking agency that made the recommendation pursuant to paragraph (1), such agency may take the recommended enforcement action against the nondepository institution subsidiary, in the same manner as if the nondepository institution subsidiary were an insured depository institution for which the agency was the appropriate Federal banking agency.

**(f) Coordination among appropriate Federal banking agencies**

Each Federal banking agency, prior to or when exercising authority under subsection (d) or (e) shall—

(1) provide reasonable notice to, and consult with, the appropriate Federal banking agency or State bank supervisor (or other State regulatory agency) of the nondepository institution subsidiary of a depository institution holding company that is described in subsection (d) before commencing any examination of the subsidiary;

(2) to the fullest extent possible—

(A) rely on the examinations, inspections, and reports of the appropriate Federal banking agency or the State bank supervisor (or other State regulatory agency) of the subsidiary;

(B) avoid duplication of examination activities, reporting requirements, and requests for information; and

(C) ensure that the depository institution holding company and the subsidiaries of the depository institution holding company are not subject to conflicting supervisory demands by the appropriate Federal banking agencies.

**(g) Rule of construction**

No provision of this section shall be construed as limiting any authority of the Board, the Corporation, or the Comptroller of the Currency under any other provision of law.

(Sept. 21, 1950, ch. 967, § 2[26], as added Pub. L. 111-203, title VI, § 605(a), July 21, 2010, 124 Stat. 1604.)

**Editorial Notes**

**REFERENCES IN TEXT**

Section 1844(c)(5) of this title, referred to in subsec. (a)(2), was in the original “section 5(c)(5) of the Bank Holding Company Act” and was translated as reading “section 5(c)(5) of the Bank Holding Company Act of 1956” to reflect the probable intent of Congress.

Section 1841(o)(8) of this title, referred to in subsec. (a)(3), was in the original “section 2(o)(8) of the Bank Holding Company Act” and was translated as reading “section 2(o)(8) of the Bank Holding Company Act of 1956” to reflect the probable intent of Congress.

The Consumer Financial Protection Act of 2010, referred to in subssecs. (b) and (d)(2), is title X of Pub. L.

111-203, July 21, 2010, 124 Stat. 1955, which enacted subchapter V (§ 5481 et seq.) of chapter 53 of this title and enacted, amended, and repealed numerous other sections and notes in the Code. Subtitle B of the Act is classified generally to part B (§ 5511 et seq.) of subchapter V of chapter 53 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 5301 of this title and Tables.

**PRIOR PROVISIONS**

A prior section 1831c, act Sept. 21, 1950, ch. 967, § 2[26], as added Nov. 10, 1978, Pub. L. 95-630, title XII, § 1205, 92 Stat. 3711; amended Oct. 15, 1982, Pub. L. 97-320, title I, § 113(p), 96 Stat. 1474; Jan. 12, 1983, Pub. L. 97-457, § 3, 96 Stat. 2507, which related to conversion, merger, or consolidation of mutual savings banks into Federal savings banks or savings banks which are insured institutions within meaning of former section 1724 of this title, was repealed by Pub. L. 103-325, title VI, § 602(f)(1), Sept. 23, 1994, 108 Stat. 2292.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE**

Pub. L. 111-203, title VI, § 605(b), July 21, 2010, 124 Stat. 1607, provided that: “The amendment made by subsection (a) [enacting this section] shall take effect on the transfer date.”

[For definition of “transfer date” as used in section 605(b) of Pub. L. 111-203, set out above, see section 5301 of this title.]

**§ 1831d. State-chartered insured depository institutions and insured branches of foreign banks**

**(a) Interest rates**

In order to prevent discrimination against State-chartered insured depository institutions, including insured savings banks, or insured branches of foreign banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank or insured branch of a foreign bank would be permitted to charge in the absence of this subsection, such State bank or such insured branch of a foreign bank may, notwithstanding any State constitution or statute which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where such State bank or such insured branch of a foreign bank is located or at the rate allowed by the laws of the State, territory, or district where the bank is located, whichever may be greater.

**(b) Interest overcharge; forfeiture; interest payment recovery**

If the rate prescribed in subsection (a) exceeds the rate such State bank or such insured branch of a foreign bank would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than is allowed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been

agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from such State bank or such insured branch of a foreign bank taking, receiving, reserving, or charging such interest.

(Sept. 21, 1950, ch. 967, §2[27], as added Pub. L. 96-221, title V, §521, Mar. 31, 1980, 94 Stat. 164; amended Pub. L. 100-86, title I, §101(g)(2), Aug. 10, 1987, 101 Stat. 563; Pub. L. 101-73, title II, §201(a), Aug. 9, 1989, 103 Stat. 187.)

#### Editorial Notes

##### PRIOR PROVISIONS

Provisions similar to this section were contained in section 1831a of this title prior to its repeal by Pub. L. 96-221.

##### AMENDMENTS

1989—Subsec. (a). Pub. L. 101-73 substituted “insured depository institutions” for “insured banks”.

1987—Subsec. (a). Pub. L. 100-86 struck out “and insured mutual savings banks” after “insured savings banks”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE

Section applicable only with respect to loans made in any State during the period beginning on April 1, 1980, and ending on the date, on or after April 1, 1980, on which such State adopts a law or certifies that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want this section to apply with respect to loans made in such State, except that this section shall apply to a loan made on or after the date such law is adopted or such certification is made if such loan is made pursuant to a commitment to make such loan which was entered into on or after April 1, 1980, and prior to the date on which such law is adopted or such certification is made, see section 525 of Pub. L. 96-221, set out as an Effective Date of 1980 Amendment note under section 1785 of this title.

##### CHOICE OF HIGHEST APPLICABLE INTEREST RATE

In any case in which one or more provisions of, or amendments made by, title V of Pub. L. 96-221, section 1735f-7 of this title, or any other provisions of law, including section 85 of this title, apply with respect to the same loan, mortgage, credit sale, or advance, such loan, mortgage, credit sale, or advance may be made at the highest applicable rate, see section 528 of Pub. L. 96-221, set out as a note under section 1735f-7a of this title.

##### DEFINITION OF “STATE”

For purposes of this section, the term “State” to include the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Trust Territories of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands, see section 527 of Pub. L. 96-221, set out as a note under section 1735f-7a of this title.

#### § 1831e. Activities of savings associations

##### (a) In general

On and after January 1, 1990, a savings association chartered under State law may not engage as principal in any type of activity, or in any ac-

tivity in an amount, that is not permissible for a Federal savings association unless—

(1) the Corporation has determined that the activity would pose no significant risk to the Deposit Insurance Fund; and

(2) the savings association is and continues to be in compliance with the fully phased-in capital standards prescribed under section 1464(t) of this title.

##### (b) Differences of magnitude between State and Federal powers

Notwithstanding subsection (a)(1), if an activity (other than an activity described in section 1464(c)(2)(B) of this title) is permissible for a Federal savings association, a savings association chartered under State law may engage as principal in that activity in an amount greater than the amount permissible for a Federal savings association if—

(1) the Corporation has not determined that engaging in that amount of the activity poses any significant risk to the Deposit Insurance Fund; and

(2) the savings association chartered under State law is and continues to be in compliance with the fully phased-in capital standards prescribed under section 1464(t) of this title.

##### (c) Equity investments by State savings associations

##### (1) In general

Notwithstanding subsections (a) and (b), a savings association chartered under State law may not directly acquire or retain any equity investment of a type or in an amount that is not permissible for a Federal savings association.

##### (2) Exception for service corporations

Paragraph (1) does not prohibit a savings association from acquiring or retaining shares of one or more service corporations if—

(A) the Corporation has determined that no significant risk to the Deposit Insurance Fund is posed by—

(i) the amount that the association proposes to acquire or retain; or

(ii) the activities in which the service corporation engages; and

(B) the savings association is and continues to be in compliance with the fully phased-in capital standards prescribed under section 1464(t) of this title.

##### (3) Transition rule

##### (A) In general

The Corporation shall require any savings association to divest any equity investment the retention of which is not permissible under paragraph (1) or (2) as quickly as can be prudently done, and in any event not later than July 1, 1994.

##### (B) Treatment of noncompliance during divestment

With respect to any equity investment held by any savings association on May 1, 1989, the savings association shall be deemed not to be in violation of the prohibition in paragraph (1) or (2) on retaining such investment so long as the savings association com-