

purpose of this chapter to discriminate in any manner against State nonmember banks and in favor of national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this chapter. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.”

**§ 1831. Separability of certain provisions of this chapter**

The provisions of this chapter limiting the insurance of the deposits of any depositor to a maximum less than the full amount shall be independent and separable from each and all of the provisions of this chapter.

(Sept. 21, 1950, ch. 967, §2[23], formerly §2[21], 64 Stat. 894; renumbered §2[22], Pub. L. 90-203, §3, Dec. 15, 1967, 81 Stat. 610; renumbered §2[23], Pub. L. 91-508, title I, §101, Oct. 26, 1970, 84 Stat. 1114.)

PRIOR PROVISIONS

Section is derived from subsec. (z) of former section 264 of this title. See Codification note set out under section 1811 of this title.

**§ 1831a. Activities of insured State banks**

**(a) Permissible activities**

**(1) In general**

After the end of the 1-year period beginning on December 19, 1991, an insured State bank may not engage as principal in any type of activity that is not permissible for a national bank unless—

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

(B) the State bank is, and continues to be, in compliance with applicable capital standards prescribed by the appropriate Federal banking agency.

**(2) Processing period**

**(A) In general**

The Corporation shall make a determination under paragraph (1)(A) not later than 60 days after receipt of a completed application that may be required under this subsection.

**(B) Extension of time period**

The Corporation may extend the 60-day period referred to in subparagraph (A) for not more than 30 additional days, and shall notify the applicant of any such extension.

**(b) Insurance underwriting**

**(1) In general**

Notwithstanding subsection (a), an insured State bank may not engage in insurance underwriting except to the extent that activity is permissible for national banks.

**(2) Exception for certain federally reinsured crop insurance**

Notwithstanding any other provision of law, an insured State bank or any of its subsidiaries that provided insurance on or before September 30, 1991, which was reinsured in whole or in part by the Federal Crop Insurance Corporation may continue to provide such insurance.

**(c) Equity investments by insured State banks**

**(1) In general**

An insured State bank may not, directly or indirectly, acquire or retain any equity investment of a type that is not permissible for a national bank.

**(2) Exception for certain subsidiaries**

Paragraph (1) shall not prohibit an insured State bank from acquiring or retaining an equity investment in a subsidiary of which the insured State bank is a majority owner.

**(3) Exception for qualified housing projects**

**(A) Exception**

Notwithstanding any other provision of this subsection, an insured State bank may invest as a limited partner in a partnership, the sole purpose of which is direct or indirect investment in the acquisition, rehabilitation, or new construction of a qualified housing project.

**(B) Limitation**

The aggregate of the investments of any insured State bank pursuant to this paragraph shall not exceed 2 percent of the total assets of the bank.

**(C) Qualified housing project defined**

As used in this paragraph—

**(i) Qualified housing project**

The term “qualified housing project” means residential real estate that is intended to primarily benefit lower income people throughout the period of the investment.

**(ii) Lower income**

The term “lower income” means income that is less than or equal to the median income based on statistics from State or Federal sources.

**(4) Transition rule**

**(A) In general**

The Corporation shall require any insured State bank to divest any equity investment the retention of which is not permissible under this subsection as quickly as can be prudently done, and in any event before the end of the 5-year period beginning on December 19, 1991.

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

With respect to any equity investment held by any insured State bank on December 19, 1991, which was lawfully acquired before December 19, 1991, the bank shall be deemed not to be in violation of the prohibition in this subsection on retaining such investment so long as the bank complies with the applicable requirements established by the Corporation for divesting such investments.

**(d) Subsidiaries of insured State banks**

**(1) In general**

After the end of the 1-year period beginning on December 19, 1991, a subsidiary of an insured State bank may not engage as principal