

maximum interest rate that may apply during the term of the mortgage loan.

**(b) Regulations**

The Board of Governors of the Federal Reserve System shall prescribe regulations to carry out the purposes of this section.

**(c) Enforcement**

Any violation of this section shall be treated as a violation of the Truth in Lending Act [15 U.S.C. 1601 et seq.] and shall be subject to administrative enforcement under section 108 [15 U.S.C. 1607] or civil damages under section 130 [15 U.S.C. 1640] of such Act, or both.

**(d) Definitions**

For the purpose of this section—

(1) the term “creditor” means a person who regularly extends credit for personal, family, or household purposes; and

(2) the term “adjustable rate mortgage loan” means any consumer loan secured by a lien on a one- to four-family dwelling unit, including a condominium unit, cooperative housing unit, or mobile home, where the loan is made pursuant to an agreement under which the creditor may, from time to time, adjust the rate of interest.

**(e) Effective date**

This section shall take effect upon the expiration of 120 days after August 10, 1987.

(Pub. L. 100-86, title XII, §1204, Aug. 10, 1987, 101 Stat. 662; Pub. L. 102-550, title IX, §952, Oct. 28, 1992, 106 Stat. 3893.)

**Editorial Notes**

REFERENCES IN TEXT

The Truth in Lending Act, referred to in subsec. (c), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, as amended, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

CODIFICATION

Section was enacted as part of the Competitive Equality Banking Act of 1987, and not as part of the Alternative Mortgage Transaction Parity Act of 1982 which comprises this chapter.

AMENDMENTS

1992—Subsec. (d)(2). Pub. L. 102-550 substituted “any consumer loan” for “any loan”.

**CHAPTER 40—INTERNATIONAL LENDING SUPERVISION**

Sec.	
3901.	Congressional declaration of policy.
3902.	Definitions.
3903.	Strengthened supervision of international lending.
3904.	Reserves.
3904a.	Additional reserve requirements.
3905.	Accounting for fees on international loans.
3906.	Collection and disclosure of international lending data.
3907.	Capital adequacy.
3908.	Foreign loan evaluations.
3909.	General authorities.
3910.	Audit authority of Government Accountability Office.

Sec.	
3911.	Equal representation for Federal Deposit Insurance Corporation and the Office of Thrift Supervision.
3912.	Repealed.

**§ 3901. Congressional declaration of policy**

(a)(1) It is the policy of the Congress to assure that the economic health and stability of the United States and the other nations of the world shall not be adversely affected or threatened in the future by imprudent lending practices or inadequate supervision.

(2) This shall be achieved by strengthening the bank regulatory framework to encourage prudent private decisionmaking and by enhancing international coordination among bank regulatory authorities.

(b) The Federal banking agencies shall consult with the banking supervisory authorities of other countries to reach understandings aimed at achieving the adoption of effective and consistent supervisory policies and practices with respect to international lending.

(Pub. L. 98-181, title I [title IX, §902], Nov. 30, 1983, 97 Stat. 1278.)

**Statutory Notes and Related Subsidiaries**

SHORT TITLE OF 1989 AMENDMENT

Pub. L. 101-240, title IV, §401, Dec. 19, 1989, 103 Stat. 2501, provided that: “This title [enacting section 3904a of this title and enacting provisions set out as notes under section 3904a of this title and section 2291 of Title 22, Foreign Relations and Intercourse] may be cited as the ‘Foreign Debt Reserving Act of 1989.’”

SHORT TITLE

Pub. L. 98-181, title I [title IX, §901], Nov. 30, 1983, 97 Stat. 1278, provided that: “This title [enacting this chapter] may be cited as the ‘International Lending Supervision Act of 1983.’”

ENCOURAGEMENT OF DEBT-FOR-DEVELOPMENT SWAPS THROUGH LOCAL CURRENCY REPAYMENT

Pub. L. 101-240, title V, §531, Dec. 19, 1989, 103 Stat. 2513, provided that:

“(a) STATEMENT OF POLICY.—It is the sense of the Congress that—

“(1) debt-for-development swaps, where payment is made in local currency at the free market rate, serve a useful purpose by providing banking institutions with constructive opportunities for the reduction of the external debt of highly indebted developing countries in a process that involves the participation of private, nonprofit groups in providing a stimulus to the economic and social development of such developing countries;

“(2) debt-for-development swaps provide highly indebted developing countries with a creative method of reducing external debt burdens, while promoting their economic growth and restructuring objectives;

“(3) banking institutions should give careful consideration to engaging in such swaps as one means of strengthening overall loan portfolios through the reduction of high external debt burdens while expanding economic opportunities through private sector initiatives; and

“(4) in order to avoid any bias against such swaps in the regulatory framework applicable to the financial reporting of banking institutions, where payment is made in local currency at the free market rate, appropriate recognition of the fair market exchange value of the currency so received should be made.

“(b) NOTIFICATION RELATING TO LOCAL CURRENCY REPAYMENT THROUGH DEBT-FOR-DEVELOPMENT SWAPS.—Before the end of the 6-month period beginning on the date of the enactment of this section [Dec. 19, 1989], each appropriate Federal banking agency shall adopt uniform guidelines that will effectuate the policy set forth in subsection (a) concerning the regulatory framework and accounting treatment of debt-for-development swaps involving repayment in local currency at the free market rate. For the purpose of such guidelines, the impact of such swaps on reported loan loss reserves shall be determined by valuing currency received in such swaps at fair market exchange value.

“(c) DEFINITIONS.—As used in this section:

“(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term ‘appropriate Federal banking agency’ has the meaning given such term in section 903(1) of the International Lending Supervision Act of 1983 [12 U.S.C. 3902(1)].

“(2) BANKING INSTITUTION.—The term ‘banking institution’ has the meaning given such term in section 903(2) of the International Lending Supervision Act of 1983.

“(3) DEBT-FOR-DEVELOPMENT SWAP.—The term ‘debt-for-development swap’ has the meaning given such term in section 1608(b)(2) of the International Financial Institutions Act [22 U.S.C. 262p-4c(b)(2)].

“(4) HIGHLY INDEBTED COUNTRY.—The term ‘highly indebted country’ means any country designated as a ‘Highly Indebted Country’ in the annual World Debt Tables most recently published by the International Bank for Reconstruction and Development before the date of the enactment of this section [Dec. 19, 1989].”

### § 3902. Definitions

For purposes of this chapter—

(1) the term “appropriate Federal banking agency” has the same meaning given such term in section 1813(q) of this title, except that for purposes of this chapter such term means the Board of Governors of the Federal Reserve System for—

(A) bank holding companies and any nonbank subsidiary thereof;

(B) Edge Act corporations organized under section 25(a)<sup>1</sup> of the Federal Reserve Act [12 U.S.C. 611 et seq.]; and

(C) Agreement Corporations operating under section 25 of the Federal Reserve Act [12 U.S.C. 601 et seq.]; and

(2) the term “banking institution” means—

(A)(i) an insured bank as defined in section 1813(h) of this title or any subsidiary of an insured bank;

(ii) an Edge Act corporation organized under section 25(a)<sup>1</sup> of the Federal Reserve Act [12 U.S.C. 611 et seq.]; and

(iii) an Agreement Corporation operating under section 25 of the Federal Reserve Act [12 U.S.C. 601 et seq.]; and

(B) to the extent determined by the appropriate Federal banking agency, any agency or branch of a foreign bank, and any commercial lending company owned or controlled by one or more foreign banks or companies that control a foreign bank as those terms are defined in the International Banking Act of 1978 [12 U.S.C. 3101 et seq.]. The term “banking institution” shall not include a foreign bank.

(Pub. L. 98-181, title I [title IX, §903], Nov. 30, 1983, 97 Stat. 1278.)

<sup>1</sup> See References in Text note below.

### Editorial Notes

#### REFERENCES IN TEXT

Section 25(a) of the Federal Reserve Act, referred to in pars. (1) and (2)(A), which is classified to subchapter II (§611 et seq.) of chapter 6 of this title, was renumbered section 25A of that act by Pub. L. 102-242, title I, §142(e)(2), Dec. 19, 1991, 105 Stat. 2281. Section 25 of the Federal Reserve Act is classified to subchapter I (§601 et seq.) of chapter 6 of this title.

The International Banking Act of 1978, referred to in par. (2)(B), is Pub. L. 95-369, Sept. 17, 1978, 92 Stat. 607, which enacted chapter 32 (§3101 et seq.) and sections 347d and 611a of this title, amended sections 72, 378, 614, 615, 618, 619, 1813, 1815, 1817, 1818, 1820, 1821, 1822, 1823, 1828, 1829b, 1831b, and 1841 of this title, and enacted provisions set out as notes under sections 247, 611a, and 3101 of this title and formerly set out as notes under sections 36, 247, and 601 of this title. For definitions, see section 3101 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 3101 of this title and Tables.

### § 3903. Strengthened supervision of international lending

(a) Each appropriate Federal banking agency shall evaluate banking institution foreign country exposure and transfer risk for use in banking institution examination and supervision.

(b) Each such agency shall establish examination and supervisory procedures to assure that factors such as foreign country exposure and transfer risk are taken into account in evaluating the adequacy of the capital of banking institutions.

(Pub. L. 98-181, title I [title IX, §904], Nov. 30, 1983, 97 Stat. 1279.)

### § 3904. Reserves

#### (a) Establishment and maintenance of special reserves

(1) Each appropriate Federal banking agency shall require a banking institution to establish and maintain a special reserve whenever, in the judgment of such appropriate Federal banking agency—

(A) the quality of such banking institution’s assets has been impaired by a protracted inability of public or private borrowers in a foreign country to make payments on their external indebtedness as indicated by such factors, among others, as—

(i) a failure by such public or private borrowers to make full interest payments on external indebtedness;

(ii) a failure to comply with the terms of any restructured indebtedness; or

(iii) a failure by the foreign country to comply with any International Monetary Fund or other suitable adjustment program; or

(B) no definite prospects exist for the orderly restoration of debt service.

(2) Such reserves shall be charged against current income and shall not be considered as part of capital and surplus or allowances for possible loan losses for regulatory, supervisory, or disclosure purposes.

#### (b) Accommodation of potential losses on foreign loans by United States banks

The appropriate Federal banking agencies shall analyze the results of foreign loan resched-