

Calendar No. 177104TH CONGRESS
1ST SESSION**S. 883****[Report No. 104-133]**

To amend the Federal Credit Union Act to enhance the safety and soundness of federally insured credit unions, to protect the National Credit Union Share Insurance Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 6 (legislative day, JUNE 5), 1995

Mr. D'AMATO (for himself and Mr. SARBANES) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AUGUST 9 (legislative day, JULY 10), 1995

Reported by Mr. D'AMATO, without amendment

A BILL

To amend the Federal Credit Union Act to enhance the safety and soundness of federally insured credit unions, to protect the National Credit Union Share Insurance Fund, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Credit Union Reform
3 and Enhancement Act”.

4 **SEC. 2. INSURED CREDIT UNION INVESTMENTS IN OTHER**
5 **CREDIT UNIONS.**

6 (a) AMENDMENTS TO SECTION 107.—Section 107(7)
7 of the Federal Credit Union Act (12 U.S.C. 1757(7)) is
8 amended—

9 (1) by striking subparagraph (G); and

10 (2) by redesignating subparagraphs (H)
11 through (K) as subparagraphs (G) through (J), re-
12 spectively.

13 (b) AMENDMENT TO SECTION 205.—Section 205 of
14 the Federal Credit Union Act (12 U.S.C. 1785) is amend-
15 ed by adding at the end the following new subsection:

16 “(j) INSURED CREDIT UNION INVESTMENTS IN
17 OTHER CREDIT UNIONS.—An insured credit union may
18 invest in shares, deposits, notes, or other instruments of
19 another credit union only if such other credit union is also
20 insured pursuant to this title.”.

21 **SEC. 3. ACTIVITIES OF INSURED STATE-CHARTERED CRED-**
22 **IT UNIONS.**

23 Section 205 of the Federal Credit Union Act (12
24 U.S.C. 1785) is amended by adding at the end the follow-
25 ing new subsection:

1 “(k) ACTIVITIES OF INSURED STATE-CHARTERED
2 CREDIT UNIONS.—

3 “(1) IN GENERAL.—A State-chartered insured
4 credit union may not exercise asset powers of a type,
5 or in an amount, not authorized for Federal credit
6 unions, unless either—

7 “(A) the asset power was—

8 “(i) authorized pursuant to the laws
9 of the State in which the credit union is
10 chartered; and

11 “(ii) being utilized by one or more
12 credit unions in that State on May 1,
13 1995; or

14 “(B) the Board determines that the exer-
15 cise of the asset power would pose no signifi-
16 cant risk to the Fund.

17 “(2) CONTINUED RULEMAKING AUTHORITY.—
18 Nothing in this subsection shall restrict or limit in
19 any way the general rulemaking authority of the
20 Board.

21 “(3) DEFINITION.—For purposes of this sub-
22 section, the term ‘asset powers’ refers to any item
23 or activity properly reflected on the asset side of the
24 financial statements of a credit union, as may be

1 more specifically defined by regulation of the
2 Board.”.

3 **SEC. 4. CORPORATE CREDIT UNIONS.**

4 (a) IN GENERAL.—Section 120(a) of the Federal
5 Credit Union Act (12 U.S.C. 1766(a)) is amended—

6 (1) in the second sentence, by striking “central
7 credit union” and inserting “corporate credit
8 union”; and

9 (2) by adding at the end the following: “The
10 Board shall, by regulation, establish limits on loans
11 and investments by a corporate credit union to a
12 single obligor and minimum capital requirements for
13 corporate credit unions.”.

14 (b) DEFINITION.—Section 101 of the Federal Credit
15 Union Act (12 U.S.C. 1752) is amended by adding at the
16 end the following new paragraph:

17 “(10) The term ‘corporate credit union’ has the
18 meaning given to that term under the rules or regu-
19 lations of the Board.”.

20 **SEC. 5. AUTHORITY OF THE NCUA BOARD TO PLACE FED-**
21 **ERALLY INSURED STATE-CHARTERED CRED-**
22 **IT UNIONS INTO LIQUIDATION.**

23 Section 207(a)(1) of the Federal Credit Union Act
24 (12 U.S.C. 1787(a)(1)) is amended—

1 (1) by redesignating subparagraph (B) as sub-
2 paragraph (C);

3 (2) in subparagraph (C), as redesignated, by
4 striking “paragraph (1)” and inserting “subpara-
5 graph (A) or (B)””; and

6 (3) by inserting after subparagraph (A) the fol-
7 lowing new subparagraph:

8 “(B) Notwithstanding any other provision of this Act
9 or other law, the Board may, after prior consultation with
10 the appropriate State credit union supervisory authority,
11 appoint itself as a liquidating agent for any State-char-
12 tered credit union that is insured under this title, and may
13 close such credit union, if the Board determines that the
14 credit union is insolvent or bankrupt. In any such case,
15 the Board shall have all of the rights, privileges, powers,
16 and duties specified in this section as applicable to the
17 liquidation of Federal credit unions.”.

18 **SEC. 6. CONSULTATION FOR CONSERVATORSHIPS OF FED-**
19 **ERALLY INSURED STATE-CHARTERED CRED-**
20 **IT UNIONS.**

21 Section 206(h)(2) of the Federal Credit Union Act
22 (12 U.S.C. 1786(h)(2)) is amended to read as follows:

23 “(2) In the case of a State-chartered insured
24 credit union, the authority conferred by paragraph
25 (1) shall not be exercised without prior consultation

1 with the appropriate State credit union supervisory
2 authority.”.

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