

Suspend the Rules and Pass the Bill, H.R. 3468, with An Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

113TH CONGRESS
2^D SESSION

H. R. 3468

To amend the Federal Credit Union Act to extend insurance coverage to amounts held in a member account on behalf of another person, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 2013

Mr. ROYCE (for himself, Mr. PERLMUTTER, Mr. GARY G. MILLER of California, and Mr. SHERMAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Credit Union Act to extend insurance coverage to amounts held in a member account on behalf of another person, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Union Share
5 Insurance Fund Parity Act”.

1 **SEC. 2. INSURANCE OF AMOUNTS HELD ON BEHALF OF**
2 **OTHERS.**

3 Section 207(k) of the Federal Credit Union Act (12
4 U.S.C. 1787(k)) is amended—

5 (1) in paragraph (1)(A)—

6 (A) by inserting after “payable to any
7 member” the following: “, or to any person with
8 funds lawfully held in a member account,”; and

9 (B) by striking “and paragraphs (5) and
10 (6)”;

11 (2) in paragraph (2)(A), by striking “(as deter-
12 mined under paragraph (5))”;

13 (3) by redesignating paragraph (5) as para-
14 graph (6); and

15 (4) by inserting after paragraph (4) the fol-
16 lowing:

17 “(5) **COVERAGE FOR INTEREST ON LAWYERS**
18 **TRUST ACCOUNTS (IOLTA) AND OTHER SIMILAR ES-**
19 **CROW ACCOUNTS.—**

20 “(A) **PASS-THROUGH INSURANCE.—**The
21 Administration shall provide pass-through share
22 insurance for the deposits or shares of any in-
23 terest on lawyers trust account (IOLTA) or
24 other similar escrow accounts.

25 “(B) **TREATMENT OF IOLTAS.—**

1 “(i) TREATMENT AS ESCROW AC-
2 COUNTS.—For share insurance purposes,
3 IOLTAs are treated as escrow accounts.

4 “(ii) TREATMENT AS MEMBER AC-
5 COUNTS.—IOLTAs and other similar es-
6 crow accounts are considered member ac-
7 counts for purposes of paragraph (1), if
8 the attorney administering the IOLTA or
9 the escrow agent administering the escrow
10 account is a member of the insured credit
11 union in which the funds are held.

12 “(C) DEFINITIONS.—For purposes of this
13 paragraph:

14 “(i) INTEREST ON LAWYERS TRUST
15 ACCOUNT.—The terms ‘interest on lawyers
16 trust account’ and ‘IOLTA’ mean a system
17 in which lawyers place certain client funds
18 in interest-bearing or dividend-bearing ac-
19 counts, with the interest or dividends then
20 used to fund programs such as legal serv-
21 ice organizations who provide services to
22 clients in need.

23 “(ii) PASS-THROUGH SHARE INSUR-
24 ANCE.—The term ‘pass-through share in-
25 surance’ means, with respect to IOLTAs

1 and other similar escrow accounts, insur-
2 ance coverage based on the interest of each
3 person on whose behalf funds are held in
4 such accounts by the attorney admin-
5 istering the IOLTA or the escrow agent
6 administering a similar escrow account, in
7 accordance with regulations issued by the
8 Administration.

9 “(D) RULE OF CONSTRUCTION.—No provi-
10 sion of this paragraph shall be construed as au-
11 thorizing an insured credit union to accept the
12 deposits of an IOLTA or similar escrow account
13 in an amount greater than such credit union is
14 authorized to accept under any other provision
15 of Federal or State law.”.