

**Suspend the Rules and Pass the Bill, H.R. 3584, with An Amendment**

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

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3584

To amend the Federal Home Loan Bank Act to authorize privately insured credit unions to become members of a Federal home loan bank, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2013

Mr. STIVERS introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Home Loan Bank Act to authorize privately insured credit unions to become members of a Federal home loan bank, 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. PRIVATELY INSURED CREDIT UNIONS AUTHOR-**  
2 **IZED TO BECOME MEMBERS OF A FEDERAL**  
3 **HOME LOAN BANK.**

4 (a) IN GENERAL.—Section 4(a) of the Federal Home  
5 Loan Bank Act (12 U.S.C. 1424(a)) is amended by adding  
6 at the end the following new paragraph:

7 “(5) CERTAIN PRIVATELY INSURED CREDIT  
8 UNIONS.—

9 “(A) IN GENERAL.—Subject to the re-  
10 quirements of subparagraph (B), a credit union  
11 shall be treated as an insured depository insti-  
12 tution for purposes of determining the eligibility  
13 of such credit union for membership in a Fed-  
14 eral home loan bank under paragraphs (1), (2),  
15 and (3).

16 “(B) CERTIFICATION BY APPROPRIATE SU-  
17 PERVISOR.—

18 “(i) IN GENERAL.—For purposes of  
19 this paragraph and subject to clause (ii), a  
20 credit union which lacks Federal deposit  
21 insurance and which has applied for mem-  
22 bership in a Federal home loan bank may  
23 be treated as meeting all the eligibility re-  
24 quirements for Federal deposit insurance  
25 only if the appropriate supervisor of the  
26 State in which the credit union is char-

1           tered has determined that the credit union  
2           meets all the eligibility requirements for  
3           Federal deposit insurance as of the date of  
4           the application for membership.

5                   “(ii)       CERTIFICATION       DEEMED  
6           VALID.—If, in the case of any credit union  
7           to which clause (i) applies, the appropriate  
8           supervisor of the State in which such cred-  
9           it union is chartered fails to make a deter-  
10          mination pursuant to such clause by the  
11          end of the 6-month period beginning on  
12          the date of the application, the credit  
13          union shall be deemed to have met the re-  
14          quirements of clause (i).

15                   “(C) SECURITY INTERESTS OF FEDERAL  
16          HOME LOAN BANK NOT AVOIDABLE.—Notwith-  
17          standing any provision of State law authorizing  
18          a conservator or liquidating agent of a credit  
19          union to repudiate contracts, no such provision  
20          shall apply with respect to—

21                           “(i) any extension of credit from any  
22                           Federal home loan bank to any credit  
23                           union which is a member of any such bank  
24                           pursuant to this paragraph; or

1           “(ii) any security interest in the as-  
2           sets of such credit union securing any such  
3           extension of credit.

4           “(D) CONDITIONS ON ADVANCES.—Before  
5           making an advance pursuant to section 10 to a  
6           credit union which lacks Federal deposit insur-  
7           ance, a Bank shall—

8           “(i) determine the concentration risk  
9           exposure of the Bank to such a credit  
10          union, including all advances of the Bank  
11          to other such credit unions;

12          “(ii) ensure that the advance will not  
13          result in a significant risk of insolvency to  
14          the Bank; and

15          “(iii) ensure that the Bank—

16                  “(I) has sufficient reserves to  
17                  withstand any potential losses of mak-  
18                  ing such advance;

19                  “(II) has priority over the claims  
20                  and rights of the State in which the  
21                  credit union is chartered or a conser-  
22                  vator or a liquidating agent of the  
23                  credit union; and

24                  “(III) has secure access to the  
25                  collateral obtained from such credit

1 union in the event of material finan-  
2 cial distress or failure of such credit  
3 union.”.

4 (b) COPIES OF AUDITS OF PRIVATE INSURERS OF  
5 CERTAIN DEPOSITORY INSTITUTIONS REQUIRED TO BE  
6 PROVIDED TO SUPERVISORY AGENCIES.—Section  
7 43(a)(2)(A) of the Federal Deposit Insurance Act (12  
8 U.S.C. 1831t(a)(2)(A)) is amended—

9 (1) in clause (i), by striking “and” at the end;

10 (2) in clause (ii), by striking the period at the  
11 end and inserting a semicolon; and

12 (3) by inserting at the end the following new  
13 clause:

14 “(iii) in the case of depository institu-  
15 tions described in subsection (e)(2)(A) the  
16 deposits of which are insured by the pri-  
17 vate insurer which are members of a Fed-  
18 eral home loan bank, to the Federal Hous-  
19 ing Finance Agency, not later than 7 days  
20 after the audit is completed.”.

21 **SEC. 2. GAO REPORT.**

22 Not later than 18 months after the date of enactment  
23 of this Act, the Comptroller General of the United States  
24 shall conduct a study and submit a report to Congress—

1           (1) on the adequacy of insurance reserves held  
2           by a private deposit insurer that insures deposits in  
3           an entity described in section 43(e)(2)(A) of the  
4           Federal Deposit Insurance Act (12 U.S.C.  
5           1831t(e)(2)(A)); and

6           (2) for an entity described in paragraph (1) the  
7           deposits of which are insured by a private deposit in-  
8           surer, information on the level of compliance with  
9           Federal regulations relating to the disclosure of a  
10          lack of Federal deposit insurance.