To amend the Home Owners' Loan Act to allow Federal savings associations to elect to operate as national banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2017

Mr. ROTHFUS (for himself and Mr. Himes) introduced the following bill; which was referred to the Committee on Financial Services

JANUARY --, 2018

Committed to the Committee of the Whole House on the State of the Union, and ordered to be printed
A BILL

To amend the Home Owners’ Loan Act to allow Federal savings associations to elect to operate as national banks, and for other purposes.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Federal Savings Association Charter Flexibility Act of 2017”.

SEC. 2. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

The Home Owners’ Loan Act is amended by inserting after section 5 (12 U.S.C. 1464) the following:

“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS ASSOCIATION.

“(a) DEFINITION.—In this section, the term ‘covered savings association’ means a Federal savings association that makes an election approved under subsection (b).

“(b) ELECTION.—

“(1) IN GENERAL.—Upon issuance of the rules described in subsection (f), a Federal savings association may elect to operate as a covered savings association by submitting a notice to the Comptroller of such election.

“(2) APPROVAL.—A Federal savings association shall be deemed to be approved to operate as a covered savings association on the date that is 60 days after the date on which the Comptroller receives the
notice under paragraph (1), unless the Comptroller
notifies the Federal savings association otherwise.

“(c) RIGHTS AND DUTIES.—Notwithstanding any
other provision of law and except as otherwise provided
in this section, a covered savings association shall—

“(1) have the same rights and privileges as a
national bank that has its main office situated in the
same location as the home office of the covered sav-
ings association; and

“(2) be subject to the same duties, restrictions,
penalties, liabilities, conditions, and limitations that
would apply to such a national bank.

“(d) TREATMENT OF COVERED SAVINGS ASSOCIA-
tions.—A covered savings association shall be treated as
a Federal savings association for the purposes—

“(1) of governance of the covered savings asso-
ciation, including incorporation, bylaws, boards of
directors, shareholders, and distribution of divi-
dends;

“(2) of consolidation, merger, dissolution, con-
version (including conversion to a stock bank or to
another charter), conservatorship, and receivership;

and

“(3) determined by regulation of the Compt-
troller.
“(e) EXISTING BRANCHES.—A covered savings association may continue to operate any branch or agency the covered savings association operated on the date on which an election under subsection (b) is approved.

“(f) RULEMAKING.—The Comptroller shall issue rules to carry out this section—

“(1) that establish streamlined standards and procedures that clearly identify required documentation or timelines for an election under subsection (b);

“(2) that require a Federal savings association that makes an election under subsection (b) to identify specific assets and subsidiaries—

“(A) that do not conform to the requirements for assets and subsidiaries of a national bank; and

“(B) that are held by the Federal savings association on the date on which the Federal savings association submits a notice of such election;

“(3) that establish—

“(A) a transition process for bringing such assets and subsidiaries into conformance with the requirements for a national bank; and
“(B) procedures for allowing the Federal savings association to provide a justification for grandfathering such assets and subsidiaries after electing to operate as a covered savings association;

“(4) that establish standards and procedures to allow a covered savings association to terminate an election under subsection (b) after an appropriate period of time or to make a subsequent election;

“(5) that clarify requirements for the treatment of covered savings associations, including the provisions of law that apply to covered savings associations; and

“(6) as the Comptroller deems necessary and in the interests of safety and soundness.”