

115TH CONGRESS  
2D SESSION

# H. R. 1426

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IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2018

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To amend the Home Owners' Loan Act to allow Federal savings associations to elect to operate as national banks, 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 “Federal Savings Asso-  
3 ciation Charter Flexibility Act of 2017”.

4 **SEC. 2. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO**  
5 **OPERATE AS A COVERED SAVINGS ASSOCIA-**  
6 **TION.**

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

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

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

14 “(b) ELECTION.—

15 “(1) IN GENERAL.—Upon issuance of the rules  
16 described in subsection (f), a Federal savings asso-  
17 ciation may elect to operate as a covered savings as-  
18 sociation by submitting a notice to the Comptroller  
19 of such election.

20 “(2) APPROVAL.—A Federal savings association  
21 shall be deemed to be approved to operate as a cov-  
22 ered savings association on the date that is 60 days  
23 after the date on which the Comptroller receives the  
24 notice under paragraph (1), unless the Comptroller  
25 notifies the Federal savings association otherwise.

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

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

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

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

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

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

22           “(3) determined by regulation of the Comp-  
23 troller.

24       “(e) EXISTING BRANCHES.—A covered savings asso-  
25 ciation may continue to operate any branch or agency the

1 covered savings association operated on the date on which  
2 an election under subsection (b) is approved.

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

5 “(1) that establish streamlined standards and  
6 procedures that clearly identify required documenta-  
7 tion or timelines for an election under subsection  
8 (b);

9 “(2) that require a Federal savings association  
10 that makes an election under subsection (b) to iden-  
11 tify specific assets and subsidiaries—

12 “(A) that do not conform to the require-  
13 ments for assets and subsidiaries of a national  
14 bank; and

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

19 “(3) that establish—

20 “(A) a transition process for bringing such  
21 assets and subsidiaries into conformance with  
22 the requirements for a national bank; and

23 “(B) procedures for allowing the Federal  
24 savings association to provide a justification for  
25 grandfathering such assets and subsidiaries

1 after electing to operate as a covered savings  
2 association;

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

7 “(5) that clarify requirements for the treatment  
8 of covered savings associations, including the provi-  
9 sions of law that apply to covered savings associa-  
10 tions; and

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

Passed the House of Representatives January 29,  
2018.

Attest:

KAREN L. HAAS,

*Clerk.*