

PUBLIC LAW 111-382—JAN. 4, 2011

NATIONAL CREDIT UNION  
AUTHORITY CLARIFICATION

Public Law 111–382  
111th Congress

An Act

Jan. 4, 2011  
[S. 4036]

To clarify the National Credit Union Administration authority to make stabilization fund expenditures without borrowing from the Treasury.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. STABILIZATION FUND.**

(a) **ADDITIONAL ADVANCES.**—Section 217(c)(3) of the Federal Credit Union Act (12 U.S.C. 1790e(c)(3)) is amended by inserting before the period at the end the following: “and any additional advances”.

(b) **ASSESSMENTS.**—Section 217 of the Federal Credit Union Act (12 U.S.C. 1790e) is amended by striking subsection (d) and inserting the following:

Deadlines.

“(d) **ASSESSMENT AUTHORITY.**—

“(1) **ASSESSMENTS RELATING TO EXPENDITURES UNDER SUBSECTION (B).**—In order to make expenditures, as described in subsection (b), the Board may assess a special premium with respect to each insured credit union in an aggregate amount that is reasonably calculated to make any pending or future expenditure described in subsection (b), which premium shall be due and payable not later than 60 days after the date of the assessment. In setting the amount of any assessment under this subsection, the Board shall take into consideration any potential impact on credit union earnings that such an assessment may have.

“(2) **SPECIAL PREMIUMS RELATING TO REPAYMENTS UNDER SUBSECTION (C)(3).**—Not later than 90 days before the scheduled date of each repayment described in subsection (c)(3), the Board shall set the amount of the upcoming repayment and shall determine whether the Stabilization Fund will have sufficient funds to make the repayment. If the Stabilization Fund is not likely to have sufficient funds to make the repayment, the Board shall assess with respect to each insured credit union a special premium, which shall be due and payable not later than 60 days after the date of the assessment, in an aggregate amount calculated to ensure that the Stabilization Fund is able to make the required repayment.

“(3) **COMPUTATION.**—Any assessment or premium charge for an insured credit union under this subsection shall be stated as a percentage of its insured shares, as represented on the previous call report of that insured credit union. The percentage shall be identical for each insured credit union. Any insured credit union that fails to make timely payment

of the assessment or special premium is subject to the procedures and penalties described under subsections (d), (e), and (f) of section 202.”.

**SEC. 2. EQUITY RATIO.**

Section 202(h)(2) of the Federal Credit Union Act (12 U.S.C. 1782(h)(2)) is amended by striking “when applied to the Fund,” and inserting “which shall be calculated using the financial statements of the Fund alone, without any consolidation or combination with the financial statements of any other fund or entity,”.

**SEC. 3. NET WORTH DEFINITION.**

Section 216(o)(2) of the Federal Credit Union Act (12 U.S.C. 1790d(o)(2)) is amended to read as follows:

“(2) NET WORTH.—The term ‘net worth’—

“(A) with respect to any insured credit union, means the retained earnings balance of the credit union, as determined under generally accepted accounting principles, together with any amounts that were previously retained earnings of any other credit union with which the credit union has combined;

“(B) with respect to any insured credit union, includes, at the Board’s discretion and subject to rules and regulations established by the Board, assistance provided under section 208 to facilitate a least-cost resolution consistent with the best interests of the credit union system; and

“(C) with respect to a low-income credit union, includes secondary capital accounts that are—

“(i) uninsured; and

“(ii) subordinate to all other claims against the credit union, including the claims of creditors, shareholders, and the Fund.”.

**SEC. 4. STUDY OF NATIONAL CREDIT UNION ADMINISTRATION.**

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the National Credit Union Administration’s supervision of corporate credit unions and implementation of prompt corrective action.

(b) ISSUES TO BE STUDIED.—In conducting the study required under subsection (a), the Comptroller General shall—

(1) determine the reasons for the failure of any corporate credit union since 2008; Determination.

(2) evaluate the adequacy of the National Credit Union Administration’s response to the failures of corporate credit unions, including with respect to protecting taxpayers, avoiding moral hazard, minimizing the costs of resolving such corporate credit unions, and the ability of insured credit unions to bear any assessments levied to cover such costs; Evaluation.

(3) evaluate the effectiveness of implementation of prompt corrective action by the National Credit Union Administration for both insured credit unions and corporate credit unions; and Evaluation.

(4) examine whether the National Credit Union Administration has effectively implemented each of the recommendations by the Inspector General of the National Credit Union Administration in its Material Loss Review Reports, and, if not, the adequacy of the National Credit Union Administration’s reasons for not implementing such recommendation.

(c) REPORT TO COUNCIL.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit a report on the results of the study required under this section to—

(1) the Committee on Banking, Housing, and Urban Affairs of the Senate;

(2) the Committee on Financial Services of the House of Representatives; and

(3) the Financial Stability Oversight Council.

(d) COUNCIL REPORT OF ACTION.—Not later than 6 months after the date of receipt of the report from the Comptroller General under subsection (c), the Financial Stability Oversight Council shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on actions taken in response to the report, including any recommendations issued to the National Credit Union Administration under section 120 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5330).

Approved January 4, 2011.

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LEGISLATIVE HISTORY—S. 4036:

CONGRESSIONAL RECORD, Vol. 156 (2010):

Dec. 16, considered and passed Senate.

Dec. 22, considered and passed House.

