

114TH CONGRESS
2D SESSION

H. R. 5541

To amend the Federal Credit Union Act to establish procedures for Federal credit unions to provide credit union services to underserved areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 2016

Mr. RYAN of Ohio (for himself and Mr. NORCROSS) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Credit Union Act to establish procedures for Federal credit unions to provide credit union services to underserved areas, 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 “Financial Services for
5 the Underserved Act of 2016”.

1 **SEC. 2. AMENDMENTS RELATING TO CREDIT UNION SERV-**
2 **ICE TO UNDERSERVED AREAS.**

3 (a) IN GENERAL.—Paragraph (2) of section 109(c)
4 of the Federal Credit Union Act (12 U.S.C. 1759(c)(2))
5 is amended to read as follows:

6 “(2) EXCEPTION FOR UNDERSERVED AREAS.—

7 “(A) IN GENERAL.—Notwithstanding sub-
8 section (b), the Board may approve an applica-
9 tion by a Federal credit union to allow the
10 membership of such credit union to include any
11 person or organization whose principal resi-
12 dence or place of business is located within a
13 local community, neighborhood, or rural district
14 if—

15 “(i) the Board determines—

16 “(I) at any time after August 7,
17 1998, that the local community,
18 neighborhood, or rural district taken
19 into account for purposes of this para-
20 graph is an underserved area (as de-
21 fined in section 101(10)); and

22 “(II) at the time of such ap-
23 proval, that the credit union is well
24 capitalized or adequately capitalized
25 (as defined in section 216(c)(1)); and

1 “(ii) before the end of the 24-month
2 period beginning on the date of such ap-
3 proval, the credit union has established
4 and maintains an ongoing method to pro-
5 vide services in the local community, neigh-
6 borhood, or rural district.

7 “(B) TERMINATION OF APPROVAL.—Any
8 failure of a Federal credit union to meet the re-
9 quirement of clause (ii) of subparagraph (A) by
10 the end of the 24-month period referred to in
11 such clause shall constitute a termination, as a
12 matter of law, of any approval of an application
13 under this paragraph by the Board with respect
14 to the membership of such credit union.

15 “(C) ANNUAL CREDIT UNION REPORTING
16 REQUIREMENT.—Any Federal credit union
17 which has an application approved under this
18 paragraph shall submit an annual report to the
19 Administration on the number of members of
20 the credit union who are members by reason of
21 such application and the number of offices or
22 facilities maintained by the credit union in the
23 local community, neighborhood, or rural district
24 taken into account by the Board in approving
25 such application.

1 “(D) PUBLICATION BY ADMINISTRA-
2 TION.—The Administration shall publish annu-
3 ally a report containing—

4 “(i) a list of all the applications ap-
5 proved under this paragraph prior to the
6 publication of the report;

7 “(ii) the number and locations of the
8 underserved areas taken into account in
9 approving such applications; and

10 “(iii) the total number of members of
11 credit unions who are members by reason
12 of the approval of such applications.”.

13 (b) UNDERSERVED AREA DEFINED.—Section 101 of
14 the Federal Credit Union Act (12 U.S.C. 1752) is amend-
15 ed—

16 (1) by striking “and” at the end of paragraph
17 (8);

18 (2) by striking the period at the end of para-
19 graph (9) and inserting “; and”; and

20 (3) by adding at the end the following new
21 paragraph:

22 “(10) the term ‘underserved area’—

23 “(A) means a geographic area consisting of
24 a single census tract or a group of census
25 tracts, each of which meets the criteria for—

1 “(i) a low-income community, as de-
2 fined in section 45D(e) of the Internal
3 Revenue Code of 1986; or

4 “(ii) is underserved, based on data of
5 the Board and the Federal banking agen-
6 cies (as defined in section 3 of the Federal
7 Deposit Insurance Act), by other deposi-
8 tory institutions (as defined in section
9 19(b)(1)(A) of the Federal Reserve Act);
10 and

11 “(B) notwithstanding subparagraph (A),
12 includes, with respect to any Federal credit
13 union, any geographic area within which such
14 credit union—

15 “(i) has received approval to provide
16 service before the date of the enactment of
17 this paragraph from the National Credit
18 Union Administration; and

19 “(ii) has established a service facility
20 before such date of enactment.”.

21 (c) CONFORMING AMENDMENT.—Section 109(e)(2)
22 of the Federal Credit Union Act (12 U.S.C. 1759(e)(2))
23 is amended by inserting “subsection (c)(2) and” after
24 “provided in”.

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