

114TH CONGRESS
2D SESSION

S. 2722

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 SENATE OF THE UNITED STATES

MARCH 17, 2016

Ms. HEITKAMP (for herself and Mr. MORAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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.

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 “Federal Savings Asso-
5 ciation Charter Flexibility Act of 2016”.

1 **SEC. 2. OPTION FOR FEDERAL SAVINGS ASSOCIATIONS TO**
 2 **OPERATE AS A COVERED SAVINGS ASSOCIA-**
 3 **TION.**

4 The Home Owners' Loan Act (12 U.S.C. 1461 et
 5 seq.) is amended by inserting after section 5 the following:

6 **"SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS**
 7 **ASSOCIATION.**

8 "(a) DEFINITION.—In this section, the term 'covered
 9 savings association' means a Federal savings association
 10 that makes an election approved under subsection (b).

11 "(b) ELECTION.—

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

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

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

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

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

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

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

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

19 “(3) determined by regulation of the Comp-
20 troller.

21 “(e) EXISTING BRANCHES.—A covered savings asso-
22 ciation may continue to operate any branch or agency the
23 covered savings association operated on the date on which
24 an election under subsection (b) is approved.

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

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

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

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

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

17 “(3) that establish—

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

21 “(B) procedures for allowing the Federal
22 savings association to provide a justification for
23 grandfathering such assets and subsidiaries
24 after electing to operate as a covered savings
25 association;

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

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

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

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