

With that, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from West Virginia (Mrs. CAPITO) that the House suspend the rules and pass the bill, H.R. 3329.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

### CREDIT UNION SHARE INSURANCE FUND PARITY ACT

Mr. ROYCE. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 3468) to amend the Federal Credit Union Act to extend insurance coverage to amounts held in a member account on behalf of another person, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3468

*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 "Credit Union Share Insurance Fund Parity Act".

#### SEC. 2. INSURANCE OF AMOUNTS HELD ON BEHALF OF OTHERS.

Section 207(k) of the Federal Credit Union Act (12 U.S.C. 1787(k)) is amended—

(1) in paragraph (1)(A)—

(A) by inserting after "payable to any member" the following: "or to any person with funds lawfully held in a member account,"; and

(B) by striking "and paragraphs (5) and (6)";

(2) in paragraph (2)(A), by striking "(as determined under paragraph (5))";

(3) by redesignating paragraph (5) as paragraph (6); and

(4) by inserting after paragraph (4) the following:

"(5) COVERAGE FOR INTEREST ON LAWYERS TRUST ACCOUNTS (IOLTA) AND OTHER SIMILAR ESCROW ACCOUNTS.—

"(A) PASS-THROUGH INSURANCE.—The Administration shall provide pass-through share insurance for the deposits or shares of any interest on lawyers trust account (IOLTA) or other similar escrow accounts.

"(B) TREATMENT OF IOLTAS.—

"(i) TREATMENT AS ESCROW ACCOUNTS.—For share insurance purposes, IOLTAs are treated as escrow accounts.

"(ii) TREATMENT AS MEMBER ACCOUNTS.—IOLTAs and other similar escrow accounts are considered member accounts for purposes of paragraph (1), if the attorney administering the IOLTA or the escrow agent administering the escrow account is a member of the insured credit union in which the funds are held.

"(C) DEFINITIONS.—For purposes of this paragraph:

"(i) INTEREST ON LAWYERS TRUST ACCOUNT.—The terms 'interest on lawyers trust account' and 'IOLTA' mean a system in which lawyers place certain client funds in interest-bearing or dividend-bearing accounts, with the interest or dividends then used to fund programs such as legal service organizations who provide services to clients in need.

"(ii) PASS-THROUGH SHARE INSURANCE.—The term 'pass-through share insurance' means, with respect to IOLTAs and other similar escrow accounts, insurance coverage based on the interest of each person on whose behalf

funds are held in such accounts by the attorney administering the IOLTA or the escrow agent administering a similar escrow account, in accordance with regulations issued by the Administration.

"(D) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the deposits of an IOLTA or similar escrow account in an amount greater than such credit union is authorized to accept under any other provision of Federal or State law."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. ROYCE) and the gentleman from Colorado (Mr. PERLMUTTER) each will control 20 minutes.

The Chair recognizes the gentleman from California.

#### GENERAL LEAVE

Mr. ROYCE. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to include extraneous materials on the bill, H.R. 3468.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROYCE. Madam Speaker, I yield myself such time as I may consume.

I rise in strong support of the Credit Union Share Insurance Fund Parity Act. This is a bill which passed out of the Financial Services Committee on a voice vote. This is bipartisan, common-sense legislation. The bill is supported by the Credit Union National Association, the National Association of Federal Credit Unions, the California and Nevada Credit Union Leagues, as well as the American Bar Association.

What this bill does is to ensure that there is parity in the treatment of trust accounts covered by the National Credit Union Share Insurance Fund and the Federal Deposit Insurance Corporation, the FDIC.

The Financial Services Committee has heard the testimony of credit unions from West Virginia to Texas that:

There is no public policy reason for deposit insurance purposes to distinguish credit union interest on lawyer trust accounts (IOLTAs) from those insured by FDIC. It is essential for the NCUA's share insurance fund to be treated identically in order to maintain parity between the two Federal insurance programs.

Specifically, the bill amends the Federal Credit Union Act to require that pass-through share insurance coverage be provided when a credit union member holds funds on behalf of a non-member in an IOLTA or other similar account.

Unlike FDIC coverage, currently the National Credit Union Administration treats funds held by credit union members on behalf of those who are not federally insured credit union members as not covered by the National Credit Union Share Insurance Fund. This has created, of course, a disparity in coverage, specifically when looking at IOLTAs and prepaid debit master accounts.

Part of the mission of credit unions from their very beginning has been to reach out to the community around them, especially to reach out to the underserved. Maintaining a strong commitment to the IOLTA community and removing a barrier to greater participation sustains that very mission.

I urge my colleagues to support this bill, a bill which corrects a technical disparity between the way trust accounts are federally insured at credit unions and at banks.

I look forward to the statement of the other ED, the gentleman from Colorado, my friend, who has been a champion of this important bill.

I reserve the balance of my time.

Mr. PERLMUTTER. Madam Speaker, I thank my friend, Mr. ROYCE of California, for his remarks, and I yield myself such time as I may consume. As I say: "Two Eds are better than one." So we will start with that.

This bill is designed to create parity between certain accounts held at credit unions and those held at FDIC insured banks.

As a preliminary matter, I introduce into the RECORD six letters.

The first is a letter dated September 17, 1996, signed by Richard Schulman, the associate general counsel of the National Credit Union Administration. Second is a letter dated October 8, 2008. That is from Sheila A. Albin, associate general counsel.

A letter dated May 6, 2014, from the American Bar Association, signed by the president, James R. Silkenat.

A letter dated May 5, 2014, signed by Brad Thaler of the National Association of Federal Credit Unions.

A letter dated May 5, 2014, signed by Bill Cheney, president of the Credit Union National Association.

And finally, a letter signed by Scott Earl from Mountain West Credit Union Association.

SEPTEMBER 17, 1996.

Re Interest on Lawyers Trust Accounts ("IOLTA"), (Your August 22, 1996, Letter)

ELYSE E. ROGERS, Esq.,  
Mette, Evans & Woodside,  
Harrisburg, PA.

DEAR MS. ROGERS: In your letter, you requested our opinion as to whether Pennsylvania attorneys can maintain client trust funds, in association with Pennsylvania's IOLTA Program, in share draft accounts at credit unions regulated by the National Credit Union Administration. As discussed below, the answer depends upon the credit union membership status of the clients whose funds are contained in the IOLTA account.

#### ANALYSIS

Generally, an IOLTA account is set-up by an attorney or a law firm as an escrow account containing pooled client funds. In a credit union, an IOLTA account would be set-up as an "agent" account. Section 745.3(a)(2) of NCUA's Regulations defines an agent account as "[f]unds owned by a principal [member] and deposited in one or more accounts in the names of agents or nominees. . . ." The client continues to own the funds while the attorney or law firm serves only as a custodial agent.

A federal credit union (FCU) can only accept funds belonging to its member or those

that qualify for membership. There are limited exceptions which permit an FCU to accept nonmember funds if it serves predominantly low-income members and thereby has a "low-income" designation. 12 U.S.C. §1757(6). NCUA Regulations define a member as "those persons enumerated in the credit union's field of membership." 12 C.F.R. §745.1(b). Membership in an FCU is limited "to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district." 12 U.S.C. §1759. An FCU's charter outlines its membership. 12 U.S.C. §§1753, 1754.

With an agent account, the membership status of the client (owner of the funds) and not that of the agent (attorney, law firm or IOLTA Board) is determinative as to whether an IOLTA account can be properly maintained. Consequently, in order for an attorney or law firm to maintain an IOLTA account at an FCU, either all of the clients whose funds would be deposited must be members of that FCU or the FCU must be designated as a low income which would allow it to accept nonmember funds.

Sincerely,

RICHARD S. SCHULMAN,  
*Associate General Counsel.*

OCTOBER 8, 2008.

Re Insurance Coverage for Interest on Lawyers Trust Accounts (IOLTA) Accounts

MARY HOEFT SMITH,  
*Trust Account Program Administrator, Supreme Court of Wisconsin, Office of Lawyer Regulation, Madison, WI.*

DEAR MS. HOEFT SMITH: You have asked us about the insurance coverage by the National Credit Union Share Insurance Fund (NCUSIF) for IOLTA accounts in federal and state-chartered credit unions and those designated as "low-income." As discussed below, client funds in an IOLTA account are insured for those clients who are members of the credit union or, if a credit union is designated as low-income, all funds are insured regardless of the client's membership status.

Under IOLTA programs, lawyers and law firms establish accounts to hold their clients' funds in trust to pay costs related to legal services. Participation in IOLTA programs by lawyers and law firms is required in some states and is optional in other states. A lawyer or law firm opens an IOLTA account and, as an agent, deposits its clients' funds in the account and holds them there in trust until they are needed. The interest earned from the money in the IOLTA accounts is aggregated and paid generally to another state agency or private nonprofit organization, such as a state bar association, to subsidize legal aid services or for other charitable purposes.

The clients, not their lawyers or law firms, own the funds in an IOLTA account. The lawyers or law firms are merely the agents holding the funds in trust for their clients. While NCUSIF insurance coverage might cover clients as the beneficial owners of the funds, 12 C.F.R. §745.3(a)(2); see, e.g., OGC Op. 96-0841 (Sept. 17, 1996), OGC Op. 94-0119 (Feb. 9, 1994) (available on NCUA's website at [www.ncua.gov](http://www.ncua.gov)), the NCUSIF insures only member accounts. Therefore, client funds in an IOLTA account are insured by the NCUSIF only for those clients who are members of the credit union. 12 C.F.R. §§745.0, 745.1(b). In the event of a credit union's liquidation, the amount of each client's insured funds in IOLTA accounts is added together with any other individual account of the client. 12 C.F.R. §745.3. Insurance coverage is the same whether the credit union is a federal or state-chartered credit union. 12 C.F.R. Part §745.

You have also asked about NCUSIF insurance coverage for IOLTA accounts at federal and state-chartered credit unions designated as low-income. Both federal credit unions and state-chartered credit unions designated as low-income can accept nonmember funds. 12 U.S.C. §1757(6); 12 C.F.R. §701.34; see, e.g., OGC Op. 96-0841. A state-chartered credit union can also be designated as low-income. 12 C.F.R. §741.204(b). Nonmembers at low-income credit unions are considered members for purposes of NCUSIF coverage. 12 C.F.R. §745.1(b). Therefore, a nonmember client's funds in an IOLTA account at a low-income credit union are entitled to NCUSIF coverage. 12 C.F.R. §745.1(b).

Sincerely,

SHEILA A. ALBIN,  
*Associate General Counsel.*

AMERICAN BAR ASSOCIATION,  
*Chicago, IL, May 6, 2014.*

Hon. ED PERLMUTTER,  
*House of Representatives,*  
*Washington, DC.*

DEAR REPRESENTATIVE PERLMUTTER: On behalf of the American Bar Association and its nearly 400,000 members, I am writing in support of H.R. 3468, the "Credit Union Share Insurance Fund Parity Act."

This legislation would benefit state charitable programs receiving revenue from Interest on Lawyers' Trust Accounts (IOLTA) by providing attorneys the ability to hold client funds in credit unions, which have historically provided higher interest rates than other financial institutions. More than 90 percent of IOLTA grants fund the delivery of legal services to Americans living in poverty. Legal aid and pro bono programs receiving IOLTA funds provide legal assistance to veterans, domestic violence victims, those coping with the after-effects of natural disasters, and those undergoing foreclosures and other housing issues.

Thank you for your leadership on this important issue. The ABA stands ready to assist you in helping this legislation become law.

Sincerely,

JAMES R. SILKENAT,  
*President.*

NATIONAL ASSOCIATION OF  
FEDERAL CREDIT UNIONS,  
*Arlington, VA, May 3, 2014.*

Re Support and Pass H.R. 3468, the Credit Union Share Insurance Fund Parity Act

Hon. JOHN BOEHNER,  
*Speaker, House of Representatives,*  
*Washington, DC.*

Hon. NANCY PELOSI,  
*Minority Leader, House of Representatives,*  
*Washington, DC.*

DEAR SPEAKER BOEHNER AND MINORITY LEADER PELOSI: On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federal credit unions, I write in strong support of the Credit Union Share Insurance Fund Parity Act (H.R. 3468), and to urge swift passage of this important bipartisan legislation.

Maintaining parity between the coverage provided by the National Credit Union Share Insurance Fund (NCUSIF) and the Federal Deposit Insurance Corporation (FDIC) on all types of deposits and accounts is imperative and a longstanding goal of NAFCU member credit unions. Consumers often do not distinguish between the government backing on accounts at financial institutions. It is important that the law dictate that there is no difference in coverage, so as not to favor one type of institution over another in the marketplace. NAFCU is pleased that the legisla-

tion, as favorably reported out of committee, will provide NCUSIF parity with the FDIC for certain accounts, including Interest on Lawyers Trust Accounts (IOLTAs).

We applaud and thank the bill's sponsors, as well as House leadership, for addressing this important issue as it will provide much needed relief to our nation's credit unions. We appreciate your consideration of this measure and would welcome the opportunity to discuss this issue further should you need additional information. If my colleagues or I can be of assistance to you, please feel free to contact myself or NAFCU's Director of Legislative Affairs, Jillian Pevo.

Sincerely,

BRAD THALER,  
*Vice President of Legislative Affairs.*

CREDIT UNION NATIONAL ASSOCIATION,  
*Washington, DC, May 5, 2014.*

DEAR REPRESENTATIVE. On behalf of the Credit Union National Association (CUNA), I am writing in support of certain regulatory relief measures scheduled on the suspension calendar this week. CUNA is the largest credit union advocacy organization in the United States, representing America's state and federally chartered credit unions and their 99 million members.

Credit unions face a crisis of creeping complexity with respect to regulatory burden. It is not any one regulatory change or requirement that is causing this crisis, but the ever-increasing, never decreasing accumulation of regulations over time that cripples credit unions' ability to efficiently serve their members. The bills that the House will consider this week will take small steps toward alleviating some of that burden, and better enable credit unions to more fully serve their members.

Credit unions support H.R. 3584, the Capital Access for Small Community Financial Institutions Act; H.R. 3468, the Credit Union Share Insurance Fund Parity Act; and H.R. 2672, the CFPB Rural Designation Petition and Correction Act. We urge the House to pass these measures.

H.R. 3584—CAPITAL ACCESS FOR SMALL  
COMMUNITY FINANCIAL INSTITUTIONS ACT

H.R. 3584, introduced by Representatives Steve Stivers (R-OH) and Joyce Beatty (D-OH), seeks to correct a drafting error in the Federal Home Loan Bank (FHLB) Act that prohibits state chartered, privately insured credit unions from joining the FHLB system. This legislation was reported out of the Financial Services Committee on March 14, 2014 by a vote of 55-0; similar legislation has also been approved by the House of Representatives as part of comprehensive regulatory relief legislation in 2006 and 2008. By correcting the oversight in the original legislation, 132 privately insured credit unions across the country will be eligible for membership in the FHLB system and have additional opportunities to provide mortgage credit to their members.

H.R. 3468—CREDIT UNION SHARE INSURANCE  
FUND PARITY ACT

H.R. 3468, introduced by Representatives Ed Royce (R-CA) and Ed Perlmutter (D-CO), provide National Credit Union Share Insurance Fund (NCUSIF) coverage for trust accounts, such as Interest on Lawyer Trust Accounts (IOLTAs) and other similar accounts. This legislation is necessary because the National Credit Union Administration (NCUA) has interpreted that the Federal Credit Union Act does not permit it to extend such coverage. The legislation would direct the NCUA to extend share insurance to the fund held in trust accounts opened and managed by credit union members, even if the funds in such accounts are owned by one or more nonmembers. This would provide parity in the

insurance treatment of trust accounts offered by credit unions with the treatment of similar accounts offered by banks.

H.R. 3468 was reported out of the Financial Services Committee on November 14, 2013 by voice vote.

H.R. 2672—CFPB RURAL DESIGNATION PETITION AND CORRECTION ACT

H.R. 2672, introduced by Representative Andy Barr (R-KY) would direct the CFPB to establish an application process determining whether a county should be designated as a rural area if the CFPB has not designated it as one. Designation of "rural" by the CFPB has many implications for credit unions, particularly with respect to the type of products credit unions may offer their members in these areas. For instance, the Escrow Requirements under the Truth in Lending Act Rule require certain lenders to create an escrow account for at least five years for higher-priced mortgage loans. If those loans are made by small lenders that operate predominantly in rural or underserved counties, they are exempt from this requirement. Another example includes the Ability to Repay and Qualified Mortgage (QM) Standards Under the Truth in Lending Act rule by which mortgage loans with balloon payments do not meet the QM standard. Like the Escrow Rule, small lenders that operate predominantly in rural areas are eligible to originate balloon-payment QMs. The CFPB has defined "rural" by using the U.S. Department of Agriculture Economic Research Services' urban influence codes.

H.R. 2672 was reported out of the Financial Services Committee on March 14, 2014 by a vote of 54-1.

CONCLUSION

Each of these bills would reduce credit unions regulatory burden and help them better serve their members. They were all subject to thorough consideration by the Financial Services Committee, and as the votes indicate, they are noncontroversial. We urge you to support the bills when they come to the floor.

On behalf of America's credit unions and their 99 million members, thank you very much for your consideration of our views.

Best regards,

BILL CHENEY,  
President & CEO.

MOUNTAIN WEST  
CREDIT UNION ASSOCIATION,  
Denver, CO.

Hon. ED PERLMUTTER,  
Longworth House Office Building,  
Washington, DC.

DEAR REPRESENTATIVE PERLMUTTER, On behalf of the Mountain West Credit Union Association, the trade association that represents Colorado credit unions, I am writing to express our support for H.R. 3468—Credit Union Share Insurance Fund Parity Act, which provides the National Credit Union Share Insurance Fund (NCUSIF) coverage for trust accounts, such as interest on Lawyer Trust Accounts (IOLTAS) and other similar accounts.

As you know, attorneys routinely receive client funds that are to be placed in IOTLA accounts. These accounts generate interest for charitable causes, primarily civil legal services for economically disadvantaged citizens. Currently, credit unions are unable to offer IOTLA accounts to members because the Federal Credit Union Act does not permit NCUA to extend insurance coverage to these accounts. As a result, credit union members that would like to open IOLTAS are then forced to go to thrift or a bank.

If passed, this legislation would provide parity in the insurance treatment of these accounts for credit unions.

On behalf of Mountain West Credit Union Association and our member credit unions, I want to thank you and Congressman Royce for your leadership in sponsoring this important piece of legislation.

Sincerely,

SCOTT EARL,  
President/CEO.

Mr. PERLMUTTER. Specifically, the bill extends insurance coverage to Interest on Lawyer Trust Accounts, as Mr. ROYCE said, and I will call those "trust accounts or similar escrow accounts," those that are held at credit unions that are otherwise fully insured at FDIC-insured banks up to \$250,000.

As a practicing lawyer for 25 years, I know Lawyer Trust Accounts in Colorado as COLTAs, or Colorado Lawyer Trust Accounts, which we established for our clients so that interest can be earned for various charities that might exist. For instance, legal aid which provides assistance to veterans or people involved in domestic violence situations.

Under our bill, if a credit union were ever to fail and needed to be resolved, then the client funds held in an escrow account would be insured and thus protected, regardless if the beneficiary is a member of the credit union or not. In my instance, if I had a trust account which had a number of different clients, some clients might be members of the credit union, others are not. Only those under current law that are members of the credit union are covered by share insurance. Those that are not members of the credit union are not covered. So we are trying to stop this differentiation between banks and credit unions.

Currently, the NCUA's regulations and legal opinions as established in 1996, which is one the letters we are introducing today, do not allow Federal deposit insurance equal to the coverage provided by the FDIC for accounts held by credit union members that contain funds owned by one or more nonmembers.

IOLTA accounts often contain funds from many clients, some of whom may not be members of the particular credit union where the attorney or the escrow agent has opened the account.

With an IOLTA account or other escrow accounts held in trust, under current law, the membership status of the client/beneficiary, and not of the agent or the attorney, is determinative as to whether an IOLTA account can be properly maintained. In order for a law firm or a real estate escrow company to maintain an IOLTA account at a credit union, either all of the clients whose funds would be deposited must be members of that credit union or the credit union must be designated as a low-income, which would allow it to accept nonmember funds.

Many States or bar associations require the funds in an IOLTA to be fully insured, meaning a lawyer may not be able to use a credit union for these accounts if they can't be fully covered.

It is important to note that this legislation should not be seen as an au-

thorization to take nonmember deposits beyond the current regulatory limits, nor should it be seen as an authorization for the NCUA to increase those thresholds.

What we have before us today is a negotiated compromise. The language as introduced in the manager's amendment narrowly defines which accounts will be extended Credit Union Share Insurance Fund coverage. This includes IOLTA/COLTAs and other escrow accounts held in trust.

I thank my friend from California for bringing this legislation. It is time that there be parity and that all of the clients be covered by the Share Insurance Fund.

I urge quick passage of H.R. 3468, the Credit Union Share Insurance Fund Parity Act.

I yield back the balance of my time. Mr. ROYCE. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. ROYCE) that the House suspend the rules and pass the bill, H.R. 3468, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

FOREIGN CULTURAL EXCHANGE  
JURISDICTIONAL IMMUNITY  
CLARIFICATION ACT

Mr. CHABOT. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 4292) to amend chapter 97 of title 28, United States Code, to clarify the exception to foreign sovereign immunity set forth in section 1605(a)(3) of such title.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4292

*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 "Foreign Cultural Exchange Jurisdictional Immunity Clarification Act".

SEC. 2. CLARIFICATION OF JURISDICTIONAL IMMUNITY OF FOREIGN STATES.

(a) IN GENERAL.—Section 1605 of title 28, United States Code, is amended by adding at the end the following:

"(h) JURISDICTIONAL IMMUNITY FOR CERTAIN ART EXHIBITION ACTIVITIES.—

"(1) IN GENERAL.—If—

"(A) a work is imported into the United States from any foreign country pursuant to an agreement that provides for the temporary exhibition or display of such work entered into between a foreign state that is the owner or custodian of such work and the United States or one or more cultural or educational institutions within the United States,

"(B) the President, or the President's designee, has determined, in accordance with subsection (a) of Public Law 89-259 (22 U.S.C. 2459(a)), that such work is of cultural significance and the temporary exhibition or display of such work is in the national interest, and

"(C) the notice thereof has been published in accordance with subsection (a) of Public Law 89-259 (22 U.S.C. 2459(a)),