

## Union Calendar No. 395

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 1426

[Report No. 115–530]

To amend the Home Owners' Loan Act to allow Federal savings associations to elect to operate as national banks, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2017

Mr. ROTHFUS (for himself and Mr. HIMES) introduced the following bill;  
which was referred to the Committee on Financial Services

JANUARY 29, 2018

Additional sponsors: Mr. STIVERS, Mr. CRAMER, Mr. COURTNEY, Mr. TIPTON,  
Mr. MESSER, and Mr. GOTTHEIMER

JANUARY 29, 2018

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

# **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 2017”.

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

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

11 **“SEC. 5A. ELECTION TO OPERATE AS A COVERED SAVINGS**  
12 **ASSOCIATION.**

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

16 “(b) ELECTION.—

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

22 “(2) APPROVAL.—A Federal savings association  
23 shall be deemed to be approved to operate as a cov-  
24 ered savings association on the date that is 60 days  
25 after the date on which the Comptroller receives the

1 notice under paragraph (1), unless the Comptroller  
2 notifies the Federal savings association otherwise.

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

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

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

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

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

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

24 “(3) determined by regulation of the Comp-  
25 troller.

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

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

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

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

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

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

21               “(3) that establish—

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

1           “(B) procedures for allowing the Federal  
2           savings association to provide a justification for  
3           grandfathering such assets and subsidiaries  
4           after electing to operate as a covered savings  
5           association;

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

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

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



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