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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Federal Credit Union Act to increase the borrowing authority of the National Credit Union Administration, establish a National Credit Union Share Insurance Fund restoration plan period, assess insured credit unions for the costs associated with the corporate credit union stabilization effort on an anti-cyclical basis, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. KANJORSKI introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Federal Credit Union Act to increase the borrowing authority of the National Credit Union Administration, establish a National Credit Union Share Insurance Fund restoration plan period, assess insured credit unions for the costs associated with the corporate credit union stabilization effort on an anti-cyclical basis, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Credit Union Share  
3 Insurance Stabilization Act”.

4 **SEC. 2. NCUA BORROWING AUTHORITY.**

5 (a) NCUA BORROWING AUTHORITY.—Section  
6 203(d)(1) of the Federal Credit Union Act (12 U.S.C.  
7 1783(d)(1)) is amended to read as follows:

8 “(1) If, in the judgment of the Board, a loan  
9 to the insurance fund, or to the stabilization fund  
10 described in section 217, is required at any time for  
11 purposes of this title, the Secretary of the Treasury  
12 shall make the loan, but loans under this paragraph  
13 shall not exceed in the aggregate \$6,000,000,000  
14 outstanding at any one time. Except as otherwise  
15 provided in this subsection, section 217, and in sub-  
16 section (e) of this section, each loan under this para-  
17 graph shall be made on such terms as may be fixed  
18 by agreement between the Board and the Secretary  
19 of the Treasury.”.

20 (b) TEMPORARY INCREASES OF BORROWING AU-  
21 THORITY FOR NCUA.—Section 203(d) of the Federal  
22 Credit Union Act (12 U.S.C. 1783(d)) is amended by add-  
23 ing at the end the following:

24 “(4) TEMPORARY INCREASES AUTHORIZED.—  
25 “(A) RECOMMENDATIONS FOR IN-  
26 CREASE.—During the period beginning on the

1 date of enactment of this paragraph and ending  
2 on December 31, 2010, if, upon the written rec-  
3 ommendation of the Board (upon a vote of not  
4 less than two-thirds of the members of the  
5 Board) and the Board of Governors of the Fed-  
6 eral Reserve System (upon a vote of not less  
7 than two-thirds of the members of such Board),  
8 the Secretary of the Treasury (in consultation  
9 with the President) determines that additional  
10 amounts above the \$6,000,000,000 amount  
11 specified in paragraph (1) are necessary, such  
12 amount shall be increased to the amount so de-  
13 termined to be necessary, not to exceed  
14 \$30,000,000,000.

15 “(B) REPORT REQUIRED.—If the bor-  
16 rowing authority of the Board is increased  
17 above \$6,000,000,000 pursuant to subpara-  
18 graph (A), the Board shall promptly submit a  
19 report to the Committee on Banking, Housing,  
20 and Urban Affairs of the Senate and the Com-  
21 mittee on Financial Services of the House of  
22 Representatives describing the reasons and need  
23 for the additional borrowing authority and its  
24 intended uses.”.

1 **SEC. 3. ESTABLISHMENT OF A NATIONAL CREDIT UNION**  
2 **SHARE INSURANCE FUND RESTORATION**  
3 **PLAN PERIOD.**

4 Section 202(c)(2) of the Federal Credit Union Act  
5 (12 U.S.C. 1782(c)(2)) is amended by adding at the end  
6 the following new subparagraph:

7 “(D) FUND RESTORATION PLANS.—

8 “(i) IN GENERAL.—Whenever—

9 “(I) the Board projects that the  
10 equity ratio of the Fund will, within 6  
11 months of such determination, fall  
12 below the minimum amount specified  
13 in subparagraph (C); or

14 “(II) the equity ratio of the Fund  
15 actually falls below the minimum  
16 amount specified in subparagraph (C)  
17 without any determination under sub-  
18 clause (I) having been made,

19 the Board shall establish and implement a  
20 restoration plan within 90 days that meets  
21 the requirements of clause (ii) and such  
22 other conditions as the Board determines  
23 to be appropriate.

24 “(ii) REQUIREMENTS OF RESTORA-  
25 TION PLAN.—A restoration plan meets the  
26 requirements of this clause if the plan pro-

1 vides that the equity ratio of the Fund will  
2 meet or exceed the minimum amount speci-  
3 fied in subparagraph (C) before the end of  
4 the 8-year period beginning upon the im-  
5 plementation of the plan (or such longer  
6 period as the Board may determine to be  
7 necessary due to extraordinary cir-  
8 cumstances).

9 “(iii) TRANSPARENCY.—Not more  
10 than 30 days after the Board establishes  
11 and implements a restoration plan under  
12 clause (i), the Board shall publish in the  
13 Federal Register a detailed analysis of the  
14 factors considered and the basis for the ac-  
15 tions taken with regard to the plan.”.

16 **SEC. 4. TEMPORARY CORPORATE CREDIT UNION STA-**  
17 **BILIZATION FUND.**

18 (a) ESTABLISHMENT OF TEMPORARY CORPORATE  
19 CREDIT UNION STABILIZATION FUND.—Title II of the  
20 Federal Credit Union Act (12 U.S.C. 1781 et seq.) is  
21 amended by adding at the end the following new section:

22 **“SEC. 217. TEMPORARY CORPORATE CREDIT UNION STA-**  
23 **BILIZATION FUND.**

24 “(a) ESTABLISHMENT OF STABILIZATION FUND.—  
25 There is hereby created in the Treasury of the United

1 States a fund to be known as the ‘Temporary Corporate  
2 Credit Union Stabilization Fund’ (and referred to here-  
3 after in this section as the ‘Stabilization Fund’) to be ad-  
4 ministered by the Board as prescribed by section 209.

5 “(b) EXPENDITURES FROM STABILIZATION FUND.—  
6 Money in the Stabilization Fund shall be available upon  
7 requisition by the Board, without fiscal year limitation, for  
8 making payments for the purposes described in section  
9 203(a), subject to the following additional limitations:

10 “(1) All payments other than administrative  
11 payments shall be connected to the conservatorship,  
12 liquidation, or threatened conservatorship or liquida-  
13 tion, of a corporate credit union.

14 “(2) Prior to authorizing each payment, the  
15 Board shall—

16 “(A) certify that, absent the existence of  
17 the Stabilization Fund, the Board would have  
18 made the identical payment out of the National  
19 Credit Union Share Insurance Fund; and

20 “(B) report each such certification to the  
21 Committee on Banking, Housing, and Urban  
22 Affairs of the Senate and the Committee on Fi-  
23 nancial Services of the House of Representa-  
24 tives.

25 “(c) AUTHORITY TO BORROW.—

1           “(1) IN GENERAL.—The Stabilization Fund is  
2 authorized to borrow from the Secretary of the  
3 Treasury from time-to-time as deemed necessary by  
4 the Board. The maximum outstanding amount of all  
5 borrowings from the Treasury by the Stabilization  
6 Fund and the National Credit Union Share Insur-  
7 ance Fund, combined, is limited to the amount pro-  
8 vided for in section 203(d)(1), including any author-  
9 ized increases in that amount.

10           “(2) REPAYMENT OF ADVANCES.—

11           “(A) IN GENERAL.—The advances made  
12 under this section shall be repaid by the Sta-  
13 bilization Fund, and interest on such advances  
14 shall be paid, to the General Fund of the  
15 Treasury.

16           “(B) VARIABLE RATE OF INTEREST.—The  
17 Secretary of the Treasury shall make the first  
18 rate determination at the time of the first ad-  
19 vance under this section and shall reset the rate  
20 again for all advances on each anniversary of  
21 the first advance. The interest rate shall be  
22 equal to the average market yield on out-  
23 standing marketable obligations of the United  
24 States with remaining periods to maturity equal  
25 to 12 months.

1           “(3) REPAYMENT SCHEDULE.—The Stabiliza-  
2           tion Fund shall repay the advances on a first-in,  
3           first-out basis, with interest on the amount repaid,  
4           at times and dates determined by the Board at its  
5           discretion. All advances shall be repaid not later  
6           than the date of the seventh anniversary of the first  
7           advance to the Stabilization Fund, unless the Board  
8           extends this final repayment date. The Board shall  
9           obtain the concurrence of the Secretary of the  
10          Treasury on any proposed extension, including the  
11          terms and conditions of the extended repayment.

12          “(d) ASSESSMENT TO REPAY ADVANCES.—At least  
13          90 days prior to each repayment described in subsection  
14          (c)(3), the Board shall set the amount of the upcoming  
15          repayment and determine if the Stabilization Fund will  
16          have sufficient funds to make the repayment. If the Sta-  
17          bilization Fund might not have sufficient funds to make  
18          the repayment, the Board shall assess each federally in-  
19          sured credit union a special premium due and payable  
20          within 60 days in an aggregate amount calculated to en-  
21          sure the Stabilization Fund is able to make the repay-  
22          ment. The premium charge for each credit union shall be  
23          stated as a percentage of its insured shares as represented  
24          on the credit union’s previous call report. The percentage  
25          shall be identical for each credit union. Any credit union

1 that fails to make timely payment of the special premium  
2 is subject to the procedures and penalties described under  
3 subsections (d), (e), and (f) of section 202.

4 “(e) DISTRIBUTIONS FROM INSURANCE FUND.—At  
5 the end of any calendar year in which the Stabilization  
6 Fund has an outstanding advance from the Treasury, the  
7 Insurance Fund is prohibited from making the distribu-  
8 tion to insured credit unions described in section  
9 202(e)(3). In lieu of the distribution described in that sec-  
10 tion, the Insurance Fund shall make a distribution to the  
11 Stabilization Fund of the maximum amount possible that  
12 does not reduce the Insurance Fund’s equity ratio below  
13 the normal operating level and does not reduce the Insur-  
14 ance Fund’s available assets ratio below 1.0 percent.

15 “(f) INVESTMENT OF STABILIZATION FUND AS-  
16 SETS.—The Board may request the Secretary of the  
17 Treasury to invest such portion of the Stabilization Fund  
18 as is not, in the Board’s judgment, required to meet the  
19 current needs of the Stabilization Fund. Such investments  
20 shall be made by the Secretary of the Treasury in public  
21 debt securities, with maturities suitable to the needs of  
22 the Stabilization Fund, as determined by the Board, and  
23 bearing interest at a rate determined by the Secretary of  
24 the Treasury, taking into consideration current market

1 yields on outstanding marketable obligations of the United  
2 States of comparable maturity.

3       “(g) REPORTS.—The Board shall submit an annual  
4 report to Congress on the financial condition and the re-  
5 sults of the operation of the Stabilization Fund. The re-  
6 port is due to Congress within 30 days after each anniver-  
7 sary of the first advance made under subsection (c)(1).  
8 Because the Stabilization Fund will use advances from the  
9 Treasury to meet corporate stabilization costs with full re-  
10 payment of borrowings to Treasury at the Board’s discre-  
11 tion not due until 7 years from the initial advance, to the  
12 extent operating expenses of the Stabilization Fund exceed  
13 income, the financial condition of the Stabilization Fund  
14 may reflect a deficit. With planned and required future  
15 repayments, the Board shall resolve all deficits prior to  
16 termination of the Stabilization Fund.

17       “(h) CLOSING OF THE STABILIZATION FUND.—With-  
18 in 90 days following the seventh anniversary of the initial  
19 Stabilization Fund advance, or earlier at the Board’s dis-  
20 cretion, the Board shall distribute any funds, property, or  
21 other assets remaining in the Stabilization Fund to the  
22 Insurance Fund and shall close the Stabilization Fund.  
23 If the Board extends the final repayment date as per-  
24 mitted under subsection (c)(3), the mandatory date for

1 closing the Stabilization Fund shall be extended by the  
2 same number of days.”.

3 (b) CONFORMING AMENDMENT.—Section  
4 202(c)(3)(A) of the Federal Credit Union Act (12 U.S.C.  
5 1782(c)(3)(A)) is amended by inserting “, subject to the  
6 requirements of section 217(e),” after “The Board shall”.