

**(c) Successor liability**

This section shall not apply to a successor to the interests of, or a person who acquires, a credit union that violated a provision of law described in subsection (a) of this section, if the successor succeeds to the interests of the violator, or the acquisition is made, in good faith and not for purposes of evading this section or regulations prescribed under this section.

(June 26, 1934, ch. 750, title I, § 131, as added Pub. L. 102-550, title XV, § 1502(c), Oct. 28, 1992, 106 Stat. 4047; amended Pub. L. 103-325, title IV, § 411(c)(2)(B), Sept. 23, 1994, 108 Stat. 2253.)

## AMENDMENTS

1994—Subsec. (a)(2). Pub. L. 103-325 substituted “section 5322 or 5324 of title 31” for “section 5322 of title 31”.

**§ 1773. District of Columbia credit unions; conversion to Federal status**

Any credit union organized under the District of Columbia Credit Unions Act, as amended, may apply for conversion into a Federal credit union by filing with the National Credit Union Administration Board (in sections 1773 to 1775 of this title referred to as the Board), pursuant to a resolution adopted by a majority of its directors, an organization certificate meeting the requirements of section 1753 of this title.

(Pub. L. 88-395, § 1, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

## REFERENCES IN TEXT

The District of Columbia Credit Unions Act, referred to in text, was repealed by Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377.

## CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

## TRANSFER OF FUNCTIONS

“National Credit Union Administration Board” and “Board” substituted in text for “Director of the Bureau of Federal Credit Unions” and “Director”, respectively, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

## REPEALS; REVOCATION OF ORGANIZATION CERTIFICATES ISSUED UNDER DISTRICT OF COLUMBIA CREDIT UNIONS ACT

Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377, provided that: “Effective thirty days after enactment of this Act [Aug. 1, 1964], the District of Columbia Credit Unions Act (47 Stat. 326), as amended, is repealed and all organization certificates issued thereunder and still in force are revoked.”

**§ 1774. Approval of certificate; assets and obligations of applicant credit union**

The Board shall approve any such organization certificate meeting such requirements. Upon such approval, the applicant credit union shall become a Federal credit union, and shall be vested with all of the assets and shall continue

responsible for all of the obligations of such applicant credit union to the same extent as though the conversion had not taken place.

(Pub. L. 88-395, § 2, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

## CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

## TRANSFER OF FUNCTIONS

“Board”, meaning the National Credit Union Administration Board, substituted in text for “Director”, meaning Director of Bureau of Federal Credit Unions, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

**§ 1775. Conditions upon conversion to Federal status**

Any District of Columbia credit union converting into a Federal credit union in accordance with sections 1773 to 1775 of this title shall thereupon be subject to the limitations, vested with the powers, and charged with the liabilities conferred and imposed by this chapter upon credit unions organized thereunder, except that—

(1) no fee shall be imposed upon a credit union converting pursuant to sections 1773 to 1775 of this title as an incident to its conversion;

(2) any loan or investment made by a credit union converting pursuant to sections 1773 to 1775 of this title in conformity with the District of Columbia Credit Unions Act prior to its conversion, which does not conform to the requirements of this chapter and is still outstanding at the time of conversion, shall be liquidated at or before its maturity or, if it has no maturity date, in a prudent manner and within a reasonable period of time;

(3) a credit union converting pursuant to sections 1773 to 1775 of this title shall submit proposed bylaws to the Board for the Board’s approval after its conversion, but not later than thirty days following its next annual meeting or six months after August 1, 1964, whichever is later: *Provided*, That any existing bylaw inconsistent with any other requirements of this chapter shall be deemed null and void.

(Pub. L. 88-395, § 3, Aug. 1, 1964, 78 Stat. 377; Pub. L. 91-206, § 3, Mar. 10, 1970, 84 Stat. 49; Pub. L. 95-630, title V, § 501, Nov. 10, 1978, 92 Stat. 3680.)

## REFERENCES IN TEXT

The District of Columbia Credit Unions Act, referred to in text, was repealed by Pub. L. 88-395, § 4, Aug. 1, 1964, 78 Stat. 377.

## CODIFICATION

Section was not enacted as part of the Federal Credit Union Act which comprises this chapter.

## TRANSFER OF FUNCTIONS

“Board” and “the Board’s”, meaning the National Credit Union Administration Board, substituted in par.

(3) for "Director" and "his", respectively, meaning Director of Bureau of Federal Credit Unions, pursuant to section 3 of Pub. L. 91-206 and section 501 of Pub. L. 95-630 [12 U.S.C. 1752a] which transferred functions of Bureau of Federal Credit Unions, and Director thereof, to National Credit Union Administration and vested authority for management of Administration in National Credit Union Administration Board.

## SUBCHAPTER II—SHARE INSURANCE

### § 1781. Insurance of member accounts

#### (a) Eligibility

The Board, as hereinafter provided, shall insure the member accounts of all Federal credit unions and it may insure the member accounts of (1) credit unions organized and operated according to the laws of any State, the District of Columbia, the several territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, and (2) credit unions organized and operating under the jurisdiction of the Department of Defense if such credit unions are operating in compliance with the requirements of subchapter I of this chapter and regulations issued thereunder.

#### (b) Application; agreement

Application for insurance of member accounts shall be made immediately by each Federal credit union and may be made at any time by a State credit union or a credit union operating under the jurisdiction of the Department of Defense. Applications for such insurance shall be in such form as the Board shall provide and shall contain an agreement by the applicant—

(1) to pay the reasonable cost of such examinations as the Board may deem necessary in connection with determining the eligibility of the applicant for insurance: *Provided*, That examinations required under subchapter I of this chapter shall be so conducted that the information derived therefrom may be utilized for share insurance purposes, and examinations conducted by State regulatory agencies shall be utilized by the Board for such purposes to the maximum extent feasible;

(2) to permit and pay the reasonable cost of such examinations as in the judgment of the Board may from time to time be necessary for the protection of the fund and of other insured credit unions;

(3) to permit the Board to have access to any information or report with respect to any examination made by or for any public regulatory authority, including any commission, board, or authority having supervision of a State-chartered credit union, and furnish such additional information with respect thereto as the Board may require;

(4) to provide protection and indemnity against burglary, defalcation, and other similar insurable losses, of the type, in the form, and in an amount at least equal to that required by the laws under which the credit union is organized and operates;

(5) to maintain such regular reserves as may be required by the laws of the State, district, territory, or other jurisdiction pursuant to which it is organized and operated, in the case of a State-chartered credit union, or as may be

required by this chapter, in the case of a Federal credit union;

(6) to maintain such special reserves as the Board, by regulation or in special cases, may require for protecting the interest of members or to assure that all insured credit unions maintain regular reserves which are not less than those required under subchapter I of this chapter;

(7) not to issue or have outstanding any account or security the form of which, by regulation or in special cases, has not been approved by the Board except for accounts authorized by State law for State credit unions;

(8) to pay and maintain its deposit and to pay the premium charges for insurance imposed by this subchapter; and

(9) to comply with the requirements of this subchapter and of regulations prescribed by the Board pursuant thereto.

#### (c) Approval of application

(1) Before approving the application of any credit union for insurance of its member accounts, the Board shall consider—

(A) the history, financial condition, and management policies of the applicant;

(B) the economic advisability of insuring the applicant without undue risk of the fund;

(C) the general character and fitness of the applicant's management;

(D) the convenience and needs of the members to be served by the applicant; and

(E) whether the applicant is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

(2) The Board shall disapprove the application of any credit union for insurance of its member accounts if it finds that its reserves are inadequate, that its financial condition and policies are unsafe or unsound, that its management is unfit, that insurance of its member accounts would otherwise involve undue risk to the fund, or that its powers and purposes are inconsistent with the promotion of thrift among its members and the creation of a source of credit for provident or productive purposes.

(3) Repealed. Pub. L. 95-22, title III, §301, Apr. 19, 1977, 91 Stat. 49.

#### (d) Certificate of insurance

Upon the approval of any application for insurance, the Board shall notify the applicant and shall issue to it a certificate evidencing the fact that it is, as of the date of issuance of the certificate, an insured credit union under the provisions of this subchapter.

#### (e) Prohibition on certain associations

##### (1) In general

No insured credit union may be sponsored by or accept financial support, directly or indirectly, from any Government-sponsored enterprise, if the credit union includes the customers of the Government-sponsored enterprise in the field of membership of the credit union.

##### (2) Routine business financing

Paragraph (1) shall not apply with respect to advances or other forms of financial assistance