

(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The District of Columbia Credit Unions Act, referred to in text, was repealed by Pub.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 generally provided by a Government-sponsored enterprise in the ordinary course of business of the enterprise.

**(3) "Government-sponsored enterprise" defined**

For purposes of this subsection, the term "Government-sponsored enterprise" has the meaning given to such term in section 1404(e)(1)(A) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

**(4) Employee credit union**

No provision of this subsection shall be construed as prohibiting any employee of a Government-sponsored enterprise from becoming a member of a credit union whose field of membership is the employees of such enterprise.

(June 26, 1934, ch. 750, title II, §201, as added Pub. L. 91-468, §1(3), Oct. 19, 1970, 84 Stat. 994; amended Pub. L. 92-221, §§1, 2, Dec. 23, 1971, 85 Stat. 796, 797; Pub. L. 95-22, title III, §301, Apr. 19, 1977, 91 Stat. 49; Pub. L. 95-630, title V, §§502(b), 504, Nov. 10, 1978, 92 Stat. 3681, 3682; Pub. L. 98-369, div. B, title VIII, §2801, July 18, 1984, 98 Stat. 1203; Pub. L. 104-208, div. A, title II, §2615(a), Sept. 30, 1996, 110 Stat. 3009-478; Pub. L. 109-351, title VII, §726(11), Oct. 13, 2006, 120 Stat. 2002.)

REFERENCES IN TEXT

For definition of Canal Zone, referred to in text, see section 3602(b) of Title 22, Foreign Relations and Intercourse.

Section 1404(e)(1)(A) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, referred to in subsec. (e)(3), is section 1404(e)(1)(A) of Pub. L. 101-73, which is set out as a note under section 1811 of this title.

AMENDMENTS

2006—Subsec. (b)(5). Pub. L. 109-351 substituted "this chapter" for "section 1762 of this title".

1996—Subsec. (e). Pub. L. 104-208 added subsec. (e).

1984—Subsec. (b)(8). Pub. L. 98-369 inserted provisions relating to payment and maintenance of the deposit.

1978—Subsec. (a). Pub. L. 95-630, §§502(b), 504(a), substituted "Board" for "Administrator" and "it" for "he", and inserted ", including the trust territories," after "the several territories".

Subsec. (b). Pub. L. 95-630, §§502(b), 504(b), substituted "Board" for "Administrator" wherever appearing and inserted in par. (7) "except for accounts authorized by State law for State credit unions" after "by the Board".

Subsec. (c). Pub. L. 95-630, §502(b), substituted "Board" for "Administrator" wherever appearing, and in par. (2) substituted "it" for "he" before "finds".

Subsecs. (d), (e). Pub. L. 95-630, §§502(b), 504(c), struck out subsec. (d), redesignated subsec. (e) as (d) and substituted "Board" for "Administrator".

1977—Subsec. (c)(3) Pub. L. 95-22 struck out par. (3) which provided for approval by Administrator of applications of State credit unions for insurance of its member accounts where credit union meets requirements of this chapter and where in the event of liquidation of the credit union, the claims with respect to demand deposit accounts shall be subordinate to the claims with respect to member accounts.

1971—Subsec. (c)(2). Pub. L. 92-221, §1(a), substituted "disapproved" for "reject".

Subsec. (c)(3). Pub. L. 92-221, §2, added par. (3).

Subsec. (d). Pub. L. 92-221, §1(b), substituted provisions allowing, in certain cases, a two-year period to meet the requirements for insurance following the disapproval of an application for insurance by a Federal credit union, for provisions mandating the suspension or revocation of the charter of a Federal credit union unless the credit union met the requirements for insurance and became an insured credit union within one year of the rejection of its application for insurance.

EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-208, div. A, title II, §2615(c), Sept. 30, 1996, 110 Stat. 3009-479, provided that: "The amendments made by this section [amending this section and section 1828 of this title] shall apply on and after January 1, 1996."

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-630 effective on expiration of 120 days after Nov. 10, 1978, and transitional provisions, see section 509 of Pub. L. 95-630, set out as a note under section 1752 of this title.

**§ 1782. Administration of insurance fund**

**(a) Reports of condition**

(1) Each insured credit union shall make reports of condition to the Board upon dates which shall be selected by it. Such reports of condition shall be in such form and shall contain such information as the Board may require. The reporting dates selected for reports of condition shall be the same for all insured credit unions except that when any of said reporting dates is a non-business day for any credit union the preceding