

## [H.R. 299, the Capital Access for Small Community Financial Institutions Act of 2015](#)

### FLOOR SITUATION

On Monday, April 13, 2015, the House will consider [H.R. 299](#), the *Capital Access for Small Community Financial Institutions Act of 2015*, under a suspension of the rules. The bill was introduced on January 13, 2015 by Rep. Steve Stivers (R-OH) and was referred to the Committee on Financial Services, which ordered the bill reported by a vote of 56 to 1 on March 26, 2015.<sup>1</sup>

### SUMMARY

H.R. 299 amends the Federal Home Loan Bank Act (Public Law 72-304) to treat certain privately insured credit unions as insured depository institutions for purposes of determining eligibility for membership in a Federal Home Loan Bank (FHLB). In order to be eligible for membership, a privately insured credit union would need to be certified as meeting all eligibility requirements for Federal deposit insurance by the appropriate state supervisor.

Additionally, the private insurer of the credit union would be required to provide a copy of the credit union's annual audit report to the National Credit Union Administration (NCUA) and the Federal Housing Finance Agency (FHFA). Moreover, the Comptroller General of the United States is required to report to Congress on the adequacy of insurance reserves held by a private deposit insurer and provide information on the level of compliance with Federal regulations relating to the disclosure of a lack of Federal deposit insurance within 18 months of enactment of this bill.

### BACKGROUND

The Federal Home Loan Bank System ("FHLB System") was created in 1932 to improve the availability of funds to support home ownership. The system is comprised of 12 regional banks that are owned by their members, which include banks and other financial institutions involved in housing finance.<sup>2</sup> The FHLB provides liquidity to its nearly 7,400 members through secured loans or cash

<sup>1</sup> See [FC-13](#)

<sup>2</sup> See [CRS Report](#) at 2

advances, thereby helping its members finance affordable housing and economic development efforts in their service areas.<sup>3</sup>

According to the bill sponsor, there are 132 privately insured credit unions ineligible to apply to the FHLB system that operate in nine states: Alabama, California, Idaho, Illinois, Indiana, Maryland, Nevada, Ohio, and Texas. Permitting these credit unions to apply for membership to the FHLB System would help them serve the financial needs of their members without exposing the FHLB System to any additional appreciable risk.<sup>4</sup>

An identical bill, [H.R. 3584](#), passed the House by a vote of 395 to 0 on May 6, 2014 ([See Roll No. 195](#)). The Senate did not act on the House-passed bill during the 113<sup>th</sup> Congress.

### **COST**

[CBO estimates](#) that implementing H.R. 299 would cost less than \$500,000, subject to availability of appropriated funds. H.R. 299 would impose a private-sector mandate, as defined in Unfunded Mandates Reform Act (UMRA), on private insurers of deposits at credit unions that are members of the FHLB system. It would require such insurers to submit a copy of their annual independent audit to the FHFA. Based on information from the NCUA, CBO estimates that the cost of complying with the mandate would be small and would fall well below the annual threshold for private-sector mandates established in UMRA (\$154 million in 2015, adjusted annually for inflation).

### **STAFF CONTACT**

For questions or further information contact the House Republican Policy Committee at 6-5539.

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<sup>3</sup> See [Department of Housing and Urban Development Report](#)

<sup>4</sup> <http://stivers.house.gov/news/documentsingle.aspx?DocumentID=398504>