

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO
H.R.**

[CREDIT UNION SHARE INSURANCE]

OFFERED BY MR. Royce & Mr. Perlmutter

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

**4 SEC. 2. INSURANCE OF AMOUNTS HELD ON BEHALF OF
5 OTHERS.**

6 Section 207(k) of the Federal Credit Union Act (12
7 U.S.C. 1787(k)) is amended—

8 (1) in paragraph (1)(A)—

9 (A) by inserting after “payable to any
10 member” the following: “, or to any person with
11 funds lawfully held in a member account,”; and

12 (B) by striking “and paragraphs (5) and
13 (6)”;

14 (2) in paragraph (2)(A), by striking “(as deter-
15 mined under paragraph (5))”;

16 (3) by redesignating paragraph (5) as para-
17 graph (6); and

1 (4) by inserting after paragraph (4) the fol-
2 lowing:

3 “(5) COVERAGE FOR INTEREST ON LAWYERS
4 TRUST ACCOUNTS (IOLTA) AND OTHER SIMILAR ES-
5 CROW ACCOUNTS.—

6 “(A) PASS-THROUGH INSURANCE.—The
7 Administration shall provide pass-through share
8 insurance for the deposits or shares of any in-
9 terest on lawyers trust account (IOLTA) or
10 other similar escrow accounts.

11 “(B) TREATMENT OF IOLTAS.—

12 “(i) TREATMENT AS ESCROW AC-
13 COUNTS.—For share insurance purposes,
14 IOLTAs are treated as escrow accounts.

15 “(ii) TREATMENT AS MEMBER AC-
16 COUNTS.—IOLTAs and other similar es-
17 crow accounts are considered member ac-
18 counts for purposes of paragraph (1), if
19 the attorney administering the IOLTA or
20 the escrow agent administering the escrow
21 account is a member of the insured credit
22 union in which the funds are held.

23 “(C) DEFINITIONS.—For purposes of this
24 paragraph:

1 “(i) INTEREST ON LAWYERS TRUST
2 ACCOUNT.—The terms ‘interest on lawyers
3 trust account’ and ‘IOLTA’ mean a system
4 in which lawyers place certain client funds
5 in interest-bearing or dividend-bearing ac-
6 counts, with the interest or dividends then
7 used to fund programs such as legal serv-
8 ice organizations who provide services to
9 clients in need.

10 “(ii) PASS-THROUGH SHARE INSUR-
11 ANCE.—The term ‘pass-through share in-
12 surance’ means, with respect to IOLTAs
13 and other similar escrow accounts, insur-
14 ance coverage based on the interest of each
15 person on whose behalf funds are held in
16 such accounts by the attorney admin-
17 istering the IOLTA or the escrow agent
18 administering a similar escrow account, in
19 accordance with regulations issued by the
20 Administration.

21 “(D) RULE OF CONSTRUCTION.—No provi-
22 sion of this paragraph shall be construed as au-
23 thorizing an insured credit union to accept the
24 deposits of an IOLTA or similar escrow account
25 in an amount greater than such credit union is

1 authorized to accept under any other provision
2 of Federal or State law.”.

