



# FCWG Compendium



Concept	Type	Description & Suggestion	Type	Location
Member Expulsion	Governance	<p>The Federal Credit Union Act (FCUA) requires a 2/3 membership vote to expel an active member only after there's been an opportunity to be heard. Through regulations and policy, the National Credit Union Administration (NCUA) has tried to create some flexibility but the FCUA is a significant barrier.</p> <p>Recommendation – Update the act and make this a management decision.</p>	<p>Statutory</p> <p>Passed Congress in 2022</p>	<p>12 USC 1764 a</p>
Board Comp	Governance	<p>Board compensation is prohibited by the FCUA. Change and allow for development of regulations.</p> <p>Recommendation – Update the act and authorize NCUA to create rules governing board compensation.</p>	Statutory	<p>12 USC 1761 (c)</p>
Bylaws	Governance	<p>The FCUA requires the adoption of Standard Bylaws. Updating this section and giving the NCUA additional authority to allow credit unions to create custom bylaws would be beneficial. NCUA adopted new bylaws through regulation at its October, 2019 meeting.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for additional flexibility around credit union governance.</p>	Statutory	1758
Change Supervisory Committee to Audit Committee	Governance	<p>Remove from statute the ability of members to suspend management and board members, and the ability to call special meetings. This will allow for more clear governance and will maintain board authority.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for additional flexibility around credit union governance.</p>	Statutory	1761.d
Electronic Meetings	Governance	<p>Remove all references to “place,” which could be interpreted as a physical location. However, nothing in the FCUA prohibits board meetings from being conducted via electronic communication. Generally only the annual meeting and membership meetings refer to “place.”</p>	Statutory	1761 (b)

		Recommendation – Update the act and make this a management decision.		
Board Duties	Governance	<p>The duties of the board should be outlined in regulations and removed from Statute. See supplemental document for review.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for additional flexibility around board governance.</p>	Statutory	1761 (b)
Director Loans Over \$20K	Lending	<p>The Act requires that loans to Directors or Supervisory Committee members over \$20,000 must be approved by the board. The loan amount was not indexed to inflation and has not been updated in years.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for additional flexibility around approving loans to directors.</p>	Statutory	12 USC 1757 (c)(1) (b)(iv)
Prepayment Penalties on Commercial Loans	Lending	<p>The cost of putting together a commercial loan package is material and lenders need to ensure that the costs are recouped. The Federal Credit Union Act does not allow for prepayment penalties. Prepayment penalties are standard features of commercial loans, and credit unions need parity to be competitive.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for reasonable pre-payment penalties on commercial loans.</p>	Statutory	1757 (5)(A)(viii)
Maturity Cap on Loans	Lending	<p>There is a 15-year maturity cap on loans with exceptions outlined. This has typically not been a significant barrier, but this should be a business decision. The maturity cap create challenges for borrowers who are looking for home loans not attached to real property or business owners who are looking to secure longer term loans.</p> <p>Recommendation – Update the act and make this a management decision.</p>	Statutory	1757 (5)
Member Business Lending Cap Waiver or Increase	Lending	<p>This is a creative way to make a change to the MBL limitations by granting the regulator the authority to grant a waiver from the 1.75-times minimum net worth. This approach does not change the cap but allows the NCUA to grant increases on a case-by-case basis.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for MBL waivers.</p>	Statutory	1757 (b)

Increase Non-Member Deposits	Deposits	<p>The NCUA is in the process of updating rules that would increase the limit on non-member deposits to 50% of assets. Currently, non-LICU-designated credit unions can only accept non-member deposits from other credit unions and public entities. We recommend that the statutory prohibition is removed to allow all credit unions access to non-member deposits from any source.</p> <p>Recommendation – Update the act and make this a management decision.</p>	Statutory	1757 (6)
Subordinated Debt	Deposits	<p>Federal Statute allows low-income-designated credit unions to raise secondary capital. Nothing in the Act prohibits what types of capital can be raised. However, equity would certainly jeopardize the not-for-profit structure of the credit union. We expect rules prior to the end of the year that will create greater subdebt options for LICU credit unions, as well as a sub-debt option for risk-based purposes for all credit unions.</p> <p>Recommendation – Update the act and remove prohibition that excludes non-low income designated credit unions from accessing subordinated debt, that counts as regulatory loss absorbing capital.</p>	Statutory	1790d (3)(o)(2)
Field of Membership Retention in Mergers	FOM	<p>In a voluntary merger, the continuing credit union does not get to assume the Field of Membership (FOM) of the acquired credit union. However, in the case of an involuntary merger, the continuing credit union can pick up the members of the acquired credit union.</p> <p>Recommendation – Update the act and allow for a surviving credit union in a voluntary merger to continue to serve the FOM of the merged credit union.</p>	Statutory	1759(2)(C) 1785
Field of Membership Retention in Conversions	FOM	<p>In a conversion from a federal charter to a state charter, a credit union can retain its FOM if state law allows. This is typically the case. If a state-chartered credit union is converting to a federal charter and has multiple common bonds, it is able to retain its FOM, but if the state charter is a community credit union, it cannot keep its community unless it conforms to the FCUA definition of a community.</p> <p>Recommendation – Update the act and allow for a surviving federal credit union in a voluntary merger to continue to serve the FOM of the merged credit union.</p>	Statutory	1759(3)

Parity with State Acts, HQ State Acts, and Parity with Banks	Parity	<p>The FCUA does not contemplate parity to state acts and therefore parity can't be obtained. Parity concepts suggested by FCUA workgroup included:</p> <ul style="list-style-type: none"> <li>• Parity to the State Act where the credit union is headquartered.</li> <li>• Parity to banks, like Michigan has.</li> <li>• Parity to all state acts.</li> </ul> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow NCUA to grant parity requests..</p>	Statutory	Need a new section
Private Share Insurance	Insurance	<p>The FCUA requires that all FCUs maintain NCUSIF insurance.</p> <p>Recommendation – Update the act and allow Federal Credit Unions the authority to access private share insurance.</p>	Statutory	1781
Gender-Specific Terms	Misc.	<p>The FCUA still uses terms such as “he” in statute.</p> <p>Recommendation – Update the act and change all gender specific pronouns to non-gender specific.</p>	Statutory	Various places
All Numerical Limitations that Apply to Credit Union Operations Removed from Statutory and Moved to Rules	Misc.	<p>The FCUA sets a number of numerical limitations on credit unions, and the consensus is that those limitations should be outlined in regulations, rather than putting hard numbers in the statute. See supplemental handout.</p> <p>Recommendation – Update the act and authorize NCUA to create rules that would allow for regulatory oversight of numbers that limit credit unions ability to serve their members.</p>	Statutory	Various places
Share Account Clean Up	Misc.	<p>Ensuring that the statute is clear on the share for each member and the credit union's flexibility to administer that share in multiple formats, and ensuring the ability for credit unions to set the monetary value of that share.</p> <p>Recommendation – Update the act and make a management decision.</p>	Statutory	Various Places