

Federal Issues and Federal Credit Union Act Modernization Priorities

The GoWest Federal Issues Working Group (FIWG), through discussion, research, and deliberation has established the following federal priorities, listed in order of importance based on FIWG member input. The group is providing the following recommendations to the representative government affairs committees for each GoWest state and to the GoWest Board as we establish our plans for development and collaboration on statutory updates and modernization of the FCUA.

FIWG members understand that these priorities will be outlined to the American Association of Credit Union Leagues and America’s Credit Unions as well as other partners, following approval by the GACs and GoWest Board, with the hope of developing a strong, industry-wide federal advocacy agenda, where these priorities can be presented to Congress and advanced in the coming years.

Final Priority Rank	Issue Area (Internal)	FCUA Priority Modernization	Code Section
1	7	Membership / Field of Membership Potential Action: Modernize the field of membership statute to allow more flexibility to serve a broader cross section of each community.	<u>1759</u>
2	4(a)	15-year loan maturity limitations on all non-residential loans, lines, and secondary home loans Potential Action: Increase to market levels	<u>1757(5)</u>
3	11	Member Expulsion Modernization / Simplification Potential Action: Fully modernize the member expulsion process to allow credit union leaders to expel a member for safety concerns.	<u>1764</u>
4	5	Member Business Lending Potential Action: Significantly increase or eliminate the Member Business Lending cap to allow credit unions to serve more small businesses and communities.	<u>1757a</u>
5	10	Board Meeting Modernization Potential Action: Allow credit union boards to meet six times a year versus monthly and allow true remote access.	<u>1761b</u>
6	4(c)	Total Interest Rate Threshold – Statutorily set at 15% Potential Action: Provide regulator authority to increase the threshold above 15% to allow for PALs loans to be utilized, and flexibility during states of emergency.	<u>1757(5)</u> <u>(A)(vi)</u>

7	9	Virtual Annual Member Meeting Potential Action: Allow credit unions to hold annual membership meetings virtually.	<u>1760</u>
8	4(b)	Regulator approval of loans of over \$20,000 to Board and Supervisory committee members Potential Action: Significantly increase or eliminate	<u>1757(5)(A)(v)</u>
9	7(a)	Automatic Field of Membership for underserved areas Potential Action: Ease credit union membership requirements to allow more access for persons in underserved areas, including serving member businesses.	<u>1759</u> New Code Section
10	2	Federal credit union organization – Removal of FOM Potential Action: Removal of Field of Membership specifics in the overall organization of CUs	<u>1753</u>
11	14	Eliminate Pre-Payment Penalties on Commercial Loans Potential Action: Allow federal credit unions to begin charging pre-payment penalties for commercial loans and provide operational flexibility in the commercial lending arena.	<u>1757</u> <u>(5)(A) vii</u>
12	13	Expanding Riegle Neal to include credit unions or advancing similar credit union specific code. Potential Action: Allow federal and state-chartered credit unions flexibility to branch across state lines more simply.	New Code Section
13	19	CLF Expansion and Agency for Small Credit Unions Potential Action: Overhaul the NCUA's Central Liquidity Facility to be an active liquidity source for credit unions and allow corporates to become members to act as an agent for small asset credit unions.	<u>1795b</u>
14	18	Remove statutory net worth requirements in statute Potential Action: Allow NCUA to adjust net worth requirements according to market conditions and provide guidelines to reduce net worth structure to match current bank net worth requirements.	<u>702.202</u>
15	12	Real Property Occupancy Flexibility Potential Action: Allow credit unions more flexibility to purchase real property and hold the property for a period that best fits the operational needs and certain market conditions.	<u>1757 (4)</u>
16	1	National Credit Union Administration Potential Action: Increase board size, flexible make-up, allowing inclusion of an industry-member.	<u>1752a</u>

17	4(h)	Address the NCUA's formal list of incidental powers and establish a true incidental powers capability. Potential Action: NCUA currently lists acceptable "incidental" powers, which defeats the purpose of incidental power authority.	<u>1757</u>
18	4(e)	Direct Investment Authority Flexibility Potential Action: Broaden language to allow direct investment authority in fintechs, outside of CUSOs, and provide NCUA with authority to broaden investments.	<u>1757(7)</u>
19	17	Reduce Record Retention Requirements Potential Action: Establish a more reasonable records retention standard to meet other federal standards (IRS, etc.)	<u>1786 (7)</u>
20	3	NCUA operating fees & investment of operating fees Potential Action: Treasuries make up the majority of the NCUA operating investments of idle funds - provide flexibility to broaden investment authority.	<u>1755</u>
21	4(g)	Allow check cashing for non-members Potential Action: Allow credit unions to serve a specific need in underserved communities.	<u>1757</u>
22	16	NCUA Investment Flexibility in the Share Insurance Fund Potential Action: Provide NCUA flexibility to broaden investment authority with SIF funds.	<u>1781</u>
23	4(f)	Loan Participation Retention Requirements Potential Action: Eliminate or reduction of loan participation retention to 5% or less.	<u>1757(5)(E)</u>
24	15	Board Member / Supervisory Member Compensation Potential Action: Allow federally chartered credit unions the autonomy to make the determination to compensate their board and supervisory committee members.	<u>1761 (c)</u>
25	6	Standardized Bylaws Potential Action: Allow credit unions to develop their own bylaws that meet the mission of the individual credit union.	<u>1758</u>
26	4(d)	Penalties for exceeding Interest Rate Threshold Potential Action: Eliminate or modify the draconian measures that can be taken against credit unions who slip over.	<u>1757(5)(A) (ii)</u>
27	8	Fiscal Year Determination Potential Action: Allowing credit unions to determine when they want their fiscal year to end versus dictating year-end.	<u>1760</u>

28	NEW	NCUA OTR Transparency and Oversight into Calculation	<u>1758</u>
29	NEW	NCUA Technical Assistance to other countries allowed besides just Poland and Hungary	<u>1757</u>