

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. This 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 Federal Credit Union Act.

Upon approval by the GACs and Board, GoWest will present the priorities through the identified processes outlined by the American Association of Credit Union Leagues and America's Credit Unions, for inclusion in the national credit unions federal advocacy agenda, presented to Congress, and advanced in the coming years.

The collective work of the 2023-2024 FIWG has culminated in the following recommendations and advocacy priorities for incorporation into credit unions' federal advocacy agenda for the next several years. The members of the work group developed, reviewed, and approved the list of priorities and are seeking corresponding recommendations from the GoWest Government Affairs Committees to move the recommendations forward to the full GoWest Board of Directors.

2023-2024 Federal Issues Working Group Members

CU Leader	Credit Union	Position	State
Alan Althouse	TruWest CU	President and CEO	Arizona
Robert Blumberg	Wauna CU	President and CEO	Oregon
Chris Bradberry	Fibre Federal CU	President and CEO	Washington / Oregon
Kristy Carper	Atlantic City FCU	VP of Operations and Branching	Wyoming
Nicole Cypers	America's First CU	VP Governmental Relations	Idaho / Arizona
Larry Ellifritz	Consolidated Community CU	President and CEO	Oregon
Jana Farace	Canopy CU	VP of Risk Management	Washington
Matthew Gaspari	Tucson FCU	President and CEO	Arizona
Laura Hansen	Rogue CU	SVP, Loyalty & Employee Exp.	Oregon / Idaho
Chris Loseth	PIFCU	President and CEO	Idaho / Washington
Holly McHugh	First Tech FCU	Deputy General Counsel, VP	OR / WA / ID / CO
Deidre Miner	Red Canoe CU	President	Washington
Jim Morrell	Peninsula CU	President and CEO	Washington
Suzanne Oliver	Mountain America CU	VP Govt. & Comm. Engagement	Idaho / Arizona
Chad Olney	Pacific Crest FCU	President and CEO	Oregon
Brian Rohrbacher	Atlantic City FCU	President and CEO	Wyoming
Tim Sullivan	Global CU	Government Affairs Manager	Idaho / Washington
Brandon Smith	Meridian Trust FCU	CFO	Wyoming
Karen Troester	Grand Junction FCU	President and CEO	Colorado
Bryan Thomas	Meridian Trust FCU	President and CEO	Wyoming
Lyman Williams	Sound Credit Union	SVP & Chief Lending Officer	Washington / Oregon
Mike Williams	Colorado CU	CEO	Colorado
Jim Yates	First Education FCU	President and CEO	Wyoming

Final Priority Rank	FCUA Priority Modernization	Code Section
1	<p>Protection of the Credit Union Tax Status</p> <p>Continue our work to protect the credit union tax exemption, while ensuring it is not included in any revenue generating legislation.</p>	<p><u>12 U.S.C. §1768</u></p>
2	<p>Membership / Field of Membership</p> <p><i>Conceptual Action:</i> Reduce field of membership barriers to effective fulfillment of service mission for credit unions.</p>	<p><u>1759</u></p>
3	<p>15-year loan maturity limitations on all non-residential loans, lines, and secondary home loans</p> <p><i>Conceptual Action:</i> Increase to market levels.</p>	<p><u>1757(5)</u></p>
4	<p>Member Expulsion Modernization / Simplification</p> <p><i>Conceptual Action:</i> Fully modernize the member expulsion process to allow credit union leaders to expel a member for safety concerns.</p>	<p><u>1764</u></p>
5	<p>Member Business Lending Cap Increase or Elimination</p> <p><i>Conceptual Action:</i> Significantly increase or eliminate the MBL cap to allow credit unions to serve more small businesses and communities.</p>	<p><u>1757a</u></p>
6	<p>National Credit Union Administration Board Size and Make-Up</p> <p><i>Conceptual Action:</i> Increase NCUA board size, flexible make-up, allowing inclusion of an industry-member.</p>	<p><u>1752a</u></p>
7	<p>Board Meeting Modernization</p> <p><i>Conceptual Action:</i> Allow credit union boards to meet six times a year versus monthly and allow true remote access. (Current Bills - <u>H.R. 582</u> / <u>S. 610</u>)</p>	<p><u>1761b</u></p>
8	<p>Modernize Total Interest Rate Ceiling – Currently statutorily set at 15%, with NCUA authority to increase based on specific factors and review process</p> <p><i>Conceptual Action:</i></p> <ul style="list-style-type: none"> a) Remove archaic limitation and replace with variable ceiling and parity with state institutions similar to National Bank Act; or b) Clarify the regulator authority to increase the ceiling based on market factors and simplify process. 	<p><u>1757(5)(A)(vi)</u></p>

9	<p>Elimination of pre-payment penalties on commercial loans</p> <p><i>Conceptual Action:</i> Allow federal credit unions to begin charging pre-payment penalties for commercial loans and provide operational flexibility in the commercial lending arena.</p>	1757 (5)(A) vii
10	<p>Virtual Annual Member Meetings</p> <p><i>Conceptual Action:</i> Allow credit unions to hold annual membership meetings virtually.</p>	1760
11	<p>Update regulator oversight and review of loans of over \$20,000 to the credit union's Board and Supervisory committee members</p> <p><i>Conceptual Action:</i> Duplicate Banking Regulation 'O' to increase the threshold for Board and Supervisory Committee members to be the higher of \$25k+ or 5% of net worth of the credit union.</p>	1757(5) (A)(v)
12	<p>Automatic Field of Membership for underserved areas</p> <p><i>Conceptual Action:</i> Ease credit union membership requirements to allow more access for persons in underserved areas, including serving member businesses.</p>	1759 New Code Section
13	<p>Removal of Field of Membership in the statutory organization of federal credit unions</p> <p><i>Conceptual Action:</i> Removal of Field of Membership specifics in the overall organization of credit unions in the Federal Credit Union Act.</p>	1753
14	<p>Expand Riegle Neal to include credit unions or advance similar credit union specific code</p> <p><i>Conceptual Action:</i> Allow state-chartered credit unions flexibility to branch across state lines more simply.</p>	New Code Section
15	<p>CLF expansion, accessibility and agency for small credit unions</p> <p><i>Conceptual Action:</i> Overhaul the NCUA's Central Liquidity Facility to be an active liquidity source for credit unions, including increased liquidity response time and reduced approval hurdles, and allow corporate credit unions to become members to act as an agent for smaller asset-sized credit unions.</p>	1795b
16	<p>Remove statutory net worth requirements in statute</p> <p><i>Conceptual Action:</i> 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.</p>	702.202

17	<p>Real property occupancy flexibility for federal credit unions</p> <p><i>Conceptual Action:</i> 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.</p>	<u>1757 (4)</u>
18	<p>Address the NCUA's formal list of incidental powers and establish a true incidental powers capability.</p> <p><i>Conceptual Action:</i> NCUA currently lists acceptable "incidental" powers, which defeats the purpose of incidental power authority.</p>	<u>1757</u>
19	<p>Direct investment authority flexibility</p> <p><i>Conceptual Action:</i> Broaden language to allow direct investment authority in fintechs, outside of CUSOs, and provide NCUA with authority to broaden investments.</p>	<u>1757(7)</u>
20	<p>Reduction in record retention requirements</p> <p><i>Conceptual Action:</i> Establish a more reasonable records retention standard to meet other federal standards (IRS, etc.)</p>	<u>CFR 749.4, 749.5</u>
21	<p>NCUA operating fees & investment of operating fees</p> <p><i>Conceptual Action:</i> Treasuries make up the majority of the NCUA operating investments of idle funds - provide flexibility to broaden investment authority.</p>	<u>1755</u>
22	<p>Allow check cashing for non-members</p> <p><i>Conceptual Action:</i> Allow credit unions to serve a specific need in underserved communities.</p>	<u>1757</u>
23	<p>NCUA investment flexibility in the Share Insurance Fund</p> <p><i>Conceptual Action:</i> Provide NCUA flexibility to broaden investment authority with SIF funds.</p>	<u>1781</u>
24	<p>Loan participation retention requirements</p> <p><i>Conceptual Action:</i> Eliminate or reduce loan participation retention to 5% or less.</p>	<u>1757(5) (E)</u>
25	<p>Board Member / Supervisory Member Compensation</p> <p><i>Conceptual Action:</i> Allow federally chartered credit unions the autonomy to make the determination to compensate their board and supervisory committee members.</p>	<u>1761 (c)</u>

26	<p>Standardize federal credit union bylaws</p> <p><i>Conceptual Action:</i> Allow credit unions to develop their own bylaws that meet the mission of the individual credit union.</p>	<u>1758</u>
27	<p>Eliminate penalties for exceeding interest rate threshold</p> <p><i>Conceptual Action:</i> Eliminate or modify the draconian measures that can be taken against credit unions who slip over.</p>	<u>1757(5) (A) (ii)</u>
28	<p>Flexibility on fiscal year determination</p> <p><i>Conceptual Action:</i> Allow credit unions to determine when they want their fiscal year to end versus dictating year-end.</p>	<u>1760</u>

Important Issues to Track

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

GoWest Support Team: Ryan Fitzgerald, SVP, Advocacy
John Trull, VP, Regulatory Advocacy
Hal Scoggins, GoWest Outside Counsel
Madeline Robertson, Director, Federal Legislative Affairs
Gracie Nelson, Director, Regulatory Advocacy