

**Cooperative Credit Union Association, Inc.**  
**116<sup>th</sup> Congressional Session**  
**January 3, 2019 to January 3, 2021**  
**Modernization of Federal Credit Union Act**

**Goal:**

Maintain a competitive federal credit union charter  
Seek incremental changes to the Act on an ongoing basis

**History:**

- Last major update to the Federal Credit Union Act: 1998 (generally addressed field-of membership and imposed member business loan cap)
- Some limitations in the FCUA date back to 1934
- The financial services sector has changed dramatically over the last 20 years

**Federal Credit Union Act:**

Maturity limits for federal credit union loans are set generally under the Federal Credit Union Act at 15 years, but the Act provides exceptions and authorizes the NCUA Board to adjust them further:

*Section 107(5) of the FCU Act grants FCUs the power “to make loans, the maturities of which shall not exceed 15 years, except as otherwise provided herein.”*

Aside from the general limit, the rules provide a 40-year maturity limit on first-lien residential real estate loans (a higher limit may be approved case by case); a 20-year maturity limit on other loans related to a member’s residence, including first-lien mobile home loans, second mortgages and loans for the repair, alteration or improvement of the residence; and limits that, for loans backed or to be purchased by the federal government, a state government or any agency, meet the terms and conditions specified by law for such loans.

**New Legislation Introduced Effective March 8:**

**Bill: HR 1661**

**Title: To Provide the National Credit Union Administration Board Flexibility to Increase Federal Credit Union Loan Maturities, and for Other Purposes**

**Sponsor: Rep. Lee Zeldin (R-NY)**

**Co-Sponsor: Rep. Vicente Gonzalez (D-TX)**

**Status: Referred to the House Committee on Financial Services**

**Grants authority to NCUA to increase federal credit union loan maturities.**

**Other Key Areas for Change Under Development:**

- Permit federal credit unions to establish their own fiscal years
- Protect the privacy of loan officers by limiting the disclosure of information
- Enhance flexibility to federal credit unions to schedule board meetings
- Remove some outdated responsibilities of federal credit union board of directors
- Allow credit unions to more easily expel disruptive members
- Permit electronic balloting when converting between state and federal charters