



# CREDIT UNION LOAN MATURITY RELIEF

Provide NCUA Greater Flexibility to Address Marketplace Conditions in Lending

NAFCU has long heard from member credit unions on the need to increase loan maturity limits and change residence requirements for maturities on home mortgage loans. Some examples of reasons for increasing the loan maturity:

- › Defense credit unions would like to offer longer term loans on non-primary residences for military members who are close to retirement and may be stationed and living elsewhere, but want to buy their future home now.
- › Jovia (NY) and Nuvison (CA) credit unions would like to offer 25-year loans to members for solar units, which is a very common term for these loans.
- › Members taking out loans for educational purposes often want longer duration loans to reduce monthly payments.
- › As interest rates are set to rise, members are starting to consider the impacts this will have on monthly payments and would prefer to extend them further to lower monthly costs.

The Federal Credit Union Act (FCUA) has a general statutory limit on federal credit union loans of 15 years, with a limited number of exceptions, such as mortgage loans for a primary residence. The National Credit Union Administration's (NCUA) ability to address this through regulation is limited. The current 15-year limit is outdated and does not conform to maturities that are commonly accepted in the market today. Fortunately, there are bipartisan legislative proposals in both chambers of Congress to fix this.

## **H.R. 5189, the Member Business Loan Expansion Act:**

- › Introduced by Representatives Vicente Gonzalez D-TX and Brian Fitzpatrick R-PA.

This legislation includes a provision that would provide the flexibility to allow the NCUA Board to set longer maturity terms for certain types of loans.

## **S.762, Expanding Access to Lending Options Act:**

- › Introduced in the Senate by Banking Committee members Tim Scott, R-SC, and Catherine Cortez-Masto, D-NV.

This timely legislation would allow the NCUA Board to increase the maturity of a federal credit union loan from 15 to 20 years. Additionally, it removes the requirement for a mortgage from a credit union that a property must be a credit union member's principal residence.

We encourage you to support credit union loan maturity reform as it will provide important relief to credit unions and their members.