



The National Association of State Credit Union Supervisors

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3 February 26, 2026

4 Melane Conyers-Ausbrooks
5 Secretary of the Board
6 National Credit Union Administration
7 1775 Duke Street
8 Alexandria, VA 22314

9 **Re: Limits on Loans to Other Credit Unions (Proposed Rule); RIN 3133-AF72;**
10 **Docket No. NCUA-2025-1435**

11 Dear Ms. Conyers-Ausbrooks:

12 The National Association of State Credit Union Supervisors¹ (NASCUS) appreciates the
13 opportunity to comment on the National Credit Union Administration (NCUA) Board’s
14 proposed rule, Limits on Loans to Other Credit Unions², which would remove § 701.25(b)
15 (board-approval and written-policy requirements) and make conforming changes.

16 NASCUS supports the Board’s deregulatory approach and rightsizing federal insurance rules
17 in areas where statute and state law already provide clear guardrails.

18 **Key Observations and Recommendations**

19 **NASCUS Supports Removing § 701.25(b) as Unnecessarily Duplicative and**
20 **Prescriptive**

21 The proposal recognizes that the Federal Credit Union Act³ already requires federal credit
22 union (FCU) boards to approve loans to other credit unions, making § 701.25(b)’s approval
23 requirement largely redundant. Further, the rule acknowledges that federally insured state
24 credit unions (FISCUs) should look to state law and regulation instead of the requirements of
25 § 701.25(b) applied through § 741.227, to determine board-approval and policy expectations—
26 an appropriate deference to state frameworks and risk-based supervision. Accordingly,
27 eliminating § 701.25(b) reduces burden while retaining existing statutory limits and the
28 remaining provisions of § 701.25 for safety and soundness.

¹NASCUS is the professional association of the nation’s forty-five state and territorial credit union regulatory agencies that charter and supervise over 1,800 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State-chartered credit unions hold approximately half of the \$2.4 trillion assets in the credit union system and are proud to represent nearly half of the 145 million members. The remaining six states lack state-chartered credit unions.

² 90 FR 60583

³ 12 USC Ch. 14

29 NASCUS agrees that FISCU boards and state supervisors are best positioned to calibrate
30 governance and documentation expectations based on the size, complexity, and risk profile of
31 inter-credit-union lending in general, and commercial lending more broadly. The Board's
32 stated intent to afford greater flexibility to FISCUs aligns with longstanding dual charter
33 principles and will reduce superfluous policy-paper requirements without eroding prudential
34 standards.

35 **Consolidate and Separate NCUA Deposit-Insurance Rules from FCU Operational**
36 **Rules**

37 NCUA's Deregulation Project, and Executive Order 14192, are intended to reduce regulatory
38 burden and the cost of compliance. As part of this deregulatory initiative, NASCUS
39 recommends that NCUA undertake a structural re-organization of its rules and regulations to
40 consolidate all deposit-insurance-related provisions into a clearly delineated, self-contained
41 sub-chapter that is distinct from FCU charter/operations rules. This would:

- 42 • Clarify when NCUA is acting in its capacity as share insurer for all FICUs versus as
43 chartering/operating regulator for FCUs, reducing ambiguity for state-chartered
44 institutions and examiners.
- 45 • Significantly reduce regulatory burden by eliminating the current need of FISCUs to
46 navigate through NCUA's entire rules and regulations to find even minor share
47 insurance provisions applicable to FISCUs and eliminate confusion among NCUA
48 examiners regarding which rules apply exclusively to FCUs and those applicable to all
49 FICUs.

50 **Conclusion**

51 NASCUS appreciates the Board's leadership in streamlining regulations that are redundant
52 with statute, more effectively managed through risk-based supervision, or more suitably the
53 provence of the states in the case of FISCUs.. We support finalizing the removal of § 701.25(b)
54 and encourage the Board to consider complementary steps outlined above. These actions
55 would enhance clarity for state and federal stakeholders, reduce burden, and preserve a
56 strong, risk-focused supervisory posture.

57 NASCUS stands ready to collaborate with the NCUA and the state regulatory community on
58 implementation details, Call Report taxonomy updates, and examiner training.

59 Sincerely,

60 -signature redacted for electronic publication -

61 John J. Kolhoff
62 Senior Vice President,
63 Policy and Supervision
64 NASCUS