



The National Association of State Credit Union Supervisors

1
2

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: Suretyship and Guaranty (Proposed Rule); RIN 3133-AF80; Docket No.**
10 **NCUA-2025-1434**

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, Suretyship and Guaranty², which would amend **12 CFR §701.20**, by
15 removing the segregated deposit and collateral requirements applicable when federally
16 insured credit unions (FICUs) engage in suretyship and guaranty activities.³

17 NASCUS generally supports the objectives of the proposed rule and offers the observations
18 and recommendations below to ensure appropriate flexibility for credit unions while
19 preserving the safety and soundness of the credit union system and respecting the dual
20 chartering framework.

21

22 **Key Observations and Recommendations**

23 **General Comments and NASCUS Position**

24 NASCUS supports modernizing outdated and/or overly prescriptive requirements where a
25 principle-based framework provides adequate supervisory oversight. Removing the automatic

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 60586

³ NCUA’s rules regarding Suretyship and Guaranty apply to federally insured state credit unions by reference in 12 CFR §741.221.

26 segregated deposit and collateral requirements in Parts 741.221 and §701.20(c)(3) and (d)
27 appropriately recognizes that:

- 28 • FICUs must already ensure that any guaranty or suretyship arrangements constitute
- 29 an authorized loan and comply with applicable lending regulations, including Part 723.
- 30 • The 2016 commercial lending reforms to Part 723 shifted the regulatory framework
- 31 toward risk-management expectations rather than strict collateral formulations⁴.
- 32

33 Given this existing regulatory structure, the rigid 100/110 percent collateralization rules are
34 duplicative, burdensome, and can impede the development of innovative member-serving
35 products.

36 NASCUS supports removing the segregated deposit and collateral requirements provided that
37 the final rule clearly articulates supervisory expectations and preserves state flexibility.

38

39 **State System Considerations and Dual-Chartering Principles**

40 The NCUA notes that §741.221 extends the federal suretyship and guaranty requirements of
41 §701.20(c)(3) and (d) to FISCUs. Removal of the collateral requirements will remove a
42 regulatory burden from both federal credit unions (FCUs) and FISCUs.

43 From a state-system perspective, NASCUS emphasizes:

- 44 1. States should retain primary authority to determine collateral requirements for state-
- 45 chartered credit unions (SCUs) engaging in suretyship or guaranty activities.
- 46 2. The final rule should explicitly preserve the ability of state regulators to establish
- 47 alternative or more tailored requirements as part of their supervisory frameworks.
- 48 3. Where a state has adopted its own commercial-lending or suretyship framework, that
- 49 framework should control for the state-chartered institutions under its jurisdiction.

50

51 **Consolidate and Separate NCUA Deposit-Insurance Rules from FCU Operational** 52 **Rules**

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

⁴ See Final Rule, Member Business Loans; Commercial Lending, 81 FR 13530, 13533 (Mar. 14, 2016); 12 CFR part 723.

- 58 • Clarify when NCUA is acting in its capacity as share insurer for all FICUs versus as
59 chartering/operating regulator for FCUs, reducing ambiguity for state-chartered
60 institutions and examiners.
61 • Improve rule navigation, streamline compliance mapping, and support better
62 examiner/stakeholder training consistency across state and federal systems.

63 The current proposal already touches both authorities by referencing Parts 741.221 and
64 §701.20(c)(3) and (d) application to FISCUs. Consolidating NCUA rules applicable to FISCUs
65 within a single chapter would substantially reduce regulatory burden and enhance
66 transparency for stakeholders.

67

68 **Conclusion**

69 NASCUS appreciates the NCUA's continued efforts to modernize and streamline its
70 regulations. We support the removal of the prescriptive collateral and segregated deposit
71 requirements in §701.20 so long as the final rule:

- 72 • maintains robust principles-based supervisory expectations;
73 • expressly preserves state authority within the dual-chartering system; and
74 • provides clarity to both credit unions and examiners on risk-management
75 expectations.

76 Thank you for the opportunity to comment. We welcome continued dialogue with NCUA on
77 this and other regulatory modernization initiatives. Please do not hesitate to contact us with
78 questions or for further discussion.

79 Sincerely,

80 -signature redacted for electronic publication -

81 John J. Kolhoff
82 Senior Vice President,
83 Policy and Supervision
84 NASCUS