



The National Association of State Credit Union Supervisors

May 20, 2026

Melanie Conyers-Ausbrooks Secretary  
of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

**RE: Comments on Proposed Rule – 12 CFR Part 701.21(h) and 741.203(c) Third-Party Servicing**

Dear Ms. Conyers-Ausbrooks:

On behalf of the National Association of State Credit Union Supervisors<sup>1</sup> (NASCUS), thank you for the opportunity to comment on NCUA's proposed amendments to Part 701.21(h) and 741.203(c) regarding third-party servicing. NASCUS appreciates the Board's continued efforts to review and modernize existing regulations under its current deregulation initiative.

As an advocate of the state credit union system, NASCUS is providing comments on this proposal given its relevance to Federally Insured State-Chartered Credit Unions (FISCU), as reflected in Part 741.203(c).

The Board states these changes are intended to reduce unduly regulatory burden and allow credit unions greater flexibility relating to activities associated with third party servicing.

NASCUS supports the Board's proposal to remove the prescriptive concentration limits associated with third party servicing arrangements under Part 701.21(h) and 741.203(c). NASCUS agrees with the board's view that a credit union's board and supervisory committee are best suited to develop policies and procedures relating to safety and soundness of their third-party servicing and indirect lending.

NASCUS believes the proposal would provide credit unions with greater flexibility to structure and manage indirect lending and third-party servicing in a manner that is consistent with their strategic goals and risk appetites as an organization.

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<sup>1</sup> NASCUS 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.



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NASCUS also agrees with the Board's view that risks associated with these activities can continue to be addressed through existing supervisory processes and risk-focused examination activities without maintaining blanket regulatory concentration limits.

NASCUS also recognizes that the proposal would make an amendment to Part 746.201(c) by removing the citation to Part 701.21(h)(3), which currently identifies the appeal provision tied to waiver determinations under the existing rule. NASCUS agrees that the elimination of the underlying concentration limits makes the associated waiver and appeal requirements unnecessary.

### Conclusion

We commend NCUA's recognition of the dual chartering system and the importance of maintaining a balanced approach in applying federal expectations to FISCUs.

NASCUS supports NCUA's efforts to reduce outdated, redundant, and overly prescriptive regulations and maintaining the strength of the dual chartering system. NASCUS appreciates the Board's consideration of these comments and would be happy to discuss them further at your convenience.

Sincerely,

-signature redacted for electronic publication -

Craig Money

Vice President, Regulatory Affairs

NASCUS