



The National Association of State Credit Union Supervisors

June 1, 2026

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

RE: Comments on NCUA’s Regulatory Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

Dear Ms. Conyers-Ausbrooks:

The National Association of State Credit Union Supervisors (NASCUS)¹ appreciates the opportunity to comment on the NCUA’s voluntary review of its regulations under the Economic Growth and Regulatory Paperwork Reduction Act of 1996² (“EGRPRA”). NASCUS applauds the NCUA Board (“Board”) for voluntarily reviewing its regulations under EGRPRA, as well as NCUA’s annual one-third review of its regulations. NASCUS would like to take this opportunity to commend the Board and staff for being open and willing to consider changes to NCUA’s regulations. We also implore the Board to continue voluntarily complying with EGRPRA and conducting its annual one-third review. We believe these reviews provide credit union stakeholders with an opportunity to help NCUA better calibrate its regulations. With that in mind, NASCUS has reviewed each regulation that is part of this EGRPRA cycle, and we offer the following comments, suggestions, and proposals.

Consolidation of Regulations that Apply to State Chartered Credit Unions.

In keeping with the purpose of EGRPRA, one change that would have a very positive effort to impact on reducing burden ratio is to include the text and citation of every section of NCUA’s regulations that apply to federally insured, state-chartered credit unions (“FISCUs”) in one section or part of 741. While this may seem duplicative, in practice, it allows FISCUs to easily and efficiently find the regulations that apply to them without searching through the entire chapter.

While NASCUS recognizes that part 741 is an attempt to codify regulations by incorporation this section, over the years, has become overly cumbersome and, in some places, inaccurate. For example, § 741.7 – conversion to a state-chartered credit union is listed in subpart A as a regulation that is not codified elsewhere, while at the same time §741.208 is listed in subpart

¹ NASCUS is the professional association of the nation’s forty-six state and territorial credit union regulatory agencies that charter and supervise almost 1688 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 \$2.5 trillion assets in the credit union system and are proud to represent nearly half of the 146 million members. The remaining 5 states lack state-chartered credit unions.

² 12 U.S.C. 3311.

B and specifically deals with conversions and references part 708b. This is just one example of the confusion caused by part 741. A second example, as discussed in more detail in our comments on part 715, is the lack of clarity in this part regarding what sections apply to FISCUs.

As FISCUs are subject to two regulatory constructs and two statutory constructs, their compliance costs are already high. The structure and issues with part 741 make FISCUs' compliance with NCUA's regulations that are much more unnecessarily burdensome. As the Board has already proposed removing cross-references from this section,³ NASCUS is further concerned that the compliance burden on FISCUs will only become higher. While NASCUS appreciates the elimination of duplication, NASCUS cautions the Board that some duplication is necessary for ease of use. When regulations become difficult to use, the cost to the regulated entities increases. Unclear regulations require credit unions to spend more money and time on attorneys and consultants just to navigate the regulations they are required to follow. In addition, regulations that are unclear and confusing can lead to errors by both credit unions and examiners. Given all of these unintended consequences, NASCUS implores the Board to do one of two things: first, do not remove cross references in part 741; second, take the next step in its deregulation project and help to make NCUA's more easily accessible for FISCUs and examiners by consolidating all regulations that apply to FISCUs in one part or subpart. NASCUS believes the latter will be a much better solution.

As such, NASCUS strongly recommends the Board review the structure of part 741 and include one section or subpart that includes the text of every rule applicable to FISCUs. This would not only lower the burden and compliance costs for FISCUs but would also add efficiency for NCUA examiners and state regulators.

Part 704 - Corporate Credit Unions

NASCUS believes it is the appropriate time to consider modernizing part 704. The last substantive changes to this part were in 2011 and largely came out of the Great Recession. As the credit union industry and the US banking environment have significantly changed in the last 15 years, NASCUS recommends the Board consider modernizing this rule through targeted changes, as discussed in more detail in the paragraphs below. These changes, while narrow in scope, will have a substantial impact on corporate credit unions and the natural person credit unions they serve.

First, NASCUS recommends a higher concentration limit for mortgage-backed securities, that have a guarantee by agencies of the United States Government. This change would recognize the US backed guarantee of these securities while also aligning the utilization limit with NCUA's risk-weighting system, which recognizes the lower degree of risk associated with agency guaranteed mortgage-backed securities.

Second, NASCUS recommends the Board review and provide regulatory relief to corporate credit unions in their ability to manage their assets and liabilities. Specifically, NASCUS believes that corporate credit unions that have demonstrated an ability to manage their

³ 91 FR 24745 (May 7, 2026).

balance sheets and are above well-capitalized should have additional flexibility related to the weighted average life (“WAL”) of assets. NASCUS appreciates that the current two-year WAL limit was born out of the Great Recession and was a metric to refocus the corporate system as a liquidity provider. However, as the current corporate system has demonstrated for over a decade its ability to manage balance sheet risk, this WAL limit has become constraining, particularly for corporates with high levels of capital. The current WAL limit also fails to take into account the seasonality of some corporates’ balance sheets. A longer WAL would allow these well-capitalized corporates to lengthen funding options during certain seasonal changes.

Third, NASCUS recommends the Board consider increasing the concentration limit for shares held by a corporate from any one credit union. NASCUS notes that during the COVID-19 pandemic, NCUA effectively waived this limit. During such time, NASCUS is not aware of any negative impact caused by the waiver of the concentration limit. While NASCUS is not advocating for abandonment of any concentration limit, it does believe a modest increase to this limit will provide additional liquidity within the credit union system during time of stress while not subjecting corporates or the credit union system to undue risks.

Fourth, NASCUS recommends modernizing the liquidity management limits in the areas of maturity for secured borrowers and the calculation of non-liquidity borrowings. As NCUA has recognized, one of the key functions of the corporate system is to provide liquidity to natural person credit unions. To further this purpose, it is important that corporate credit unions have the flexibility to provide natural person credit unions both short- and long-term borrowings.

Finally, as the Board is aware, corporates hold deposits for entities other than credit unions, such as CUSOs, leagues, associations, and other credit union related entities. NASCUS believes that if these entities are willing to fully share secure any loan or line of credit from a corporate, these loans should be exempt from the full extent of part 723. This would allow corporates to further diversify their portfolios while ensuring any lending to other entities not subject to part 723 is fully guaranteed by shares.

Fidelity Bond and Insurance Coverage for Federally Insured Credit Unions

We believe section 713.4 imposes an out-of-date requirement on credit unions that is overly burdensome. While we appreciate that there was a time when bond forms varied greatly between carriers and policies and the need to have standardized forms for credit unions that were approved by the Board, we respectfully point out that this time has passed. As the bond coverage market has become accustomed to credit unions and NCUA’s requirements, this requirement no longer provides protection that is necessary. Rather, it imposes a burden on credit unions and stifles innovation or flexibility for credit unions in this space. As the Board has done in so many other areas, such as derivatives, this is a guardrail that should be replaced with a more principles-based approach. Rather than imposing a burdensome requirement that forms be approved by the Board, this is an opportunity for the Board to continue its modernization of NCUA’s regulations with a principles-based approach that outlines certain features that must be included in a bond form and any features or aspects that the Board outright prohibits. Like other principles-based changes, this would provide

much needed regulatory relief and room for innovation while not jeopardizing the safety and soundness of the industry.

Management Official Interlocks

As part of NCUA's Deregulation Project, the Board is proposing to increase two thresholds in NCUA's management official interlocks rule.⁴ NASCUS strongly supports these increases as the current thresholds are outdated and overly burdensome.

Supervisory Committee Audits and Verifications

While we have no objections with the content of part 715, we do have concerns that, as written, the regulation is overly burdensome and confusing for FISCUs. The cause of this burden and confusion is the lack of clarity on which provisions of the regulation apply to just FCUs and which provisions apply to all insured credit unions. As noted above, NCUA should incorporate verbatim, the provisions of Part 715 applicable to FISCUs into Part 741.

At a minimum, it would be helpful to include two sentences in § 715.1 that reads as follows: "The following sections of this part apply to all insured credit unions: [insert sections that apply]. All other sections, not expressly listed, of this part apply exclusively to federally chartered credit unions." This would be a low-effort fix that would result in a significant reduction in burden and confusion for FISCUs. In addition, using our suggested language also allows this part to be updated in the future, as needed, while continuing to maintain the clarity provided by the proposed amendment.

Procedures for Appealing Material Supervisory Determinations

While NASCUS applauds NCUA for having a robust appeals process, we believe it is the appropriate time for NCUA to revisit this rule to streamline and improve the process. Part 746 is almost nine years old and has not had any substantive amendments since its inception. NASCUS recommends adjusting the rule as discussed below.

First, the appeals structure itself is redundant and overly time consuming. Part 746 requires a credit union to make a written request for reconsideration to the appropriate program office and receive a denial of the same, before it may submit an appeal. While NASCUS appreciates the idea of attempting to resolve disputes before they reach the appeal stage, this requirement adds additional time to the appeals process with little, if any, success of changing the original reviewing office's mind. This would be akin to requiring an appellant to ask a presiding judge to reconsider his or her decision before being permitted to appeal that decision. While in theory reconsideration was a good idea, in practice it just increases the time for resolution, without any real benefit to credit unions.

As the Board is aware, the NCUA program offices frequently work with credit unions to answer questions and resolve disagreements outside of a formal appeals process. These

⁴ 91 FR 24748 (May 7, 2026).

unofficial communications resolve those issues which are simple misunderstandings or issues that can be corrected easily. NASCUS believes that this unofficial process already addresses those situations where a program office and credit union can come together to quickly resolve an issue where a mistake or misunderstanding has occurred. As NASCUS has no reason to think this relationship would change between NCUA and the industry, this renders the requirement to seek reconsideration moot and unnecessarily burdensome.

Additionally, this rule could be clearer and more succinct in terms of discussing the options to appeal to either the Director of the Office of Examination and Insurance or the Supervisory Review Committee. As written, this rule is, at best, unclear.

NASCUS recommends the following revisions to address both issues:

746.105 Procedures for Request for reconsideration from the appropriate program office, request for review from the Director of the Office of Examination and Insurance, or Appeal to the Supervisory Review Committee.

(a) **Reconsideration.** An insured credit union ~~may~~ **must** make a written request for reconsideration from the appropriate program office prior to requesting review by the Director of the Office of Examination and Insurance pursuant to [§ 746.106](#) or filing an appeal with the Committee pursuant to [§ 746.107](#). Such a request must be made within 30 calendar days after receiving an examination report containing a material supervisory determination or other official written communication of a material supervisory determination. A request for reconsideration must be in writing and filed with the appropriate program office.

(b) **Content of request.** Any request for reconsideration must include:

- (1) A statement of the facts on which the request for reconsideration is based;
- (2) A statement of the basis for the material supervisory determination to which the insured credit union objects and the alleged error in such determination;
and
- (3) Any other evidence relied upon by the insured credit union that was not previously provided to the appropriate program office making the material supervisory determination.

(c) **Decision.** Within 30 calendar days after receiving a request for reconsideration, the appropriate program office shall issue a written decision, stating the reasons for the decision, and provide written notice of the right to file a request for review by the Director of the Office of Examination and Insurance pursuant to [§ 746.106](#) or file an appeal with the Committee pursuant

to [§ 746.107](#). If a written decision is not issued within 30 calendar days, the request for reconsideration will be deemed to have been denied.

(d) ***Subsequent requests for reconsideration.*** Any subsequent request for reconsideration following an initial request made pursuant to this section will be treated as a request for review by the Director of the Office of Examination and Insurance pursuant to [§ 746.106](#) or an appeal to the Committee pursuant to [§ 746.107](#) as determined by the Secretary of the Board after consultation with the insured credit union.

(e) Request for Review by the Director of the office of Examination and Insurance or appeal to the Supervisory Review Committee. In lieu of requesting reconsideration or, if applicable, after receiving a determination from the same, an insured credit union may request review by the Director of the Office of Examination and Insurance pursuant to §746.106 or file an appeal with the Supervisory Review Committee pursuant to §746.107. The sequencing part paragraph (f) of this section governs the order in which an insured credit union may request reviews or considerations or file appeals.

(f) Sequencing.

(1) An insured credit union may initially request reconsideration from the Appropriate Program Office, request review by the Director of the Office of Examination and Insurance, or appeal to the Supervisory Review Committee.

(2) An insured credit union that requests reconsideration by the Appropriate Program Office may subsequently request review by the Director of the Office of Examination and Insurance or appeal to the Supervisory Review Committee.

(3) An insured credit union that requests review by the Director of the Office of Examination and Insurance, within 30 days after receiving a written decision from the same, may only subsequently submit an appeal to the committee.

(4) An insured credit union that files an appeal with the committee, may only subsequently appeal to the NCUA Board in accordance with § 746.109. An insured credit union that appeals to the committee must also follow the procedures and requirements in § 746.107.

§ 746.106 Procedures for requesting review by the Director of the Office of Examination and Insurance.

(a) ***Request for review.*** Prior to filing an appeal with the Committee pursuant to [§ 746.107](#), but after receiving a written decision by the appropriate program office in response to a request for reconsideration pursuant to [§](#)

746.105, if applicable, an insured credit union may make a written request for review by the Director of the Office of Examination and Insurance of the program office's material supervisory determination. Such a request must be made within 30 calendar days after receiving a final decision on reconsideration from the appropriate program office, if applicable, or 30 calendar days after receiving an examination report containing a material supervisory determination or other official written communication of a material supervisory determination. A request for review must be in writing and filed with the Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428.

(b) **Content of request.** Any request for review by an insured credit union must include:

- (1) A statement that the insured credit union is requesting review by the Director of the Office of Examination and Insurance;
- (2) A statement of the facts on which the request for review is based;
- (3) A statement of the basis for the material supervisory determination to which the insured credit union objects and the alleged error in such determination;
- (4) Any other evidence relied upon by the insured credit union that was not previously provided to the appropriate program office making the material supervisory determination; and
- (5) A certification that the board of directors of the insured credit union has authorized the request for review to be filed.

(c) **Conduct of review.** Review of a material supervisory determination shall be based on the written submissions provided under [paragraph \(b\)](#) of this section. The Director of the Office of Examination and Insurance may request additional information from the appropriate program office or the insured credit union within 15 calendar days after the Secretary of the Board receives a request for review by the Director of the Office of Examination and Insurance. The relevant party must submit the requested information to the Director of the Office of Examination and Insurance within 15 calendar days after receiving such request for additional information. The Director of the Office of Examination and Insurance may consult with the parties jointly or separately before rendering a decision and may solicit input from any other pertinent program office as necessary.

(d) **Decision.** Within 30 calendar days after the Secretary of the Board receives a request for review, the Director of the Office of Examination and Insurance shall issue a written decision, stating the reasons for the decision, and provide written notice of the right to file an appeal with the Committee pursuant to [§](#)

[746.107](#). The 30 calendar day deadline is extended by the time period during which the Director of the Office of Examination and Insurance is gathering additional information. If a written decision is not issued within 30 calendar days, as extended by additional time during which the information is being gathered, the request for review will be deemed to have been denied.

(e) ***Subsequent requests for review.*** No party may request reconsideration of the decision rendered by the Director of the Office of Examination and Insurance. Any subsequent request for review following the rendering of a decision by the Director of the Office of Examination and Insurance will be treated as an appeal to the Committee.

§ 746.107 Procedures for appealing to the Supervisory Review Committee.

(a) ***Request for appeal.*** After receiving a written decision by the appropriate program office in response to a request for reconsideration pursuant to [§ 746.105](#), if applicable, receiving a decision from the Director of the Office of Examination and Insurance pursuant to [§746.106](#), or as an initial request, an insured credit union may file an appeal with the Committee. Such an appeal must be filed within 30 calendar days after receiving a written decision by the appropriate program office on reconsideration or, if the insured credit union requests review by the Director of the Office of Examination and Insurance pursuant to [§ 746.106](#), within 30 calendar days after a final decision is made by the Director of the Office of Examination and Insurance. An appeal must be in writing and filed with the Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428.

(b) ***Content of appeal.*** Any appeal must include:

- (1) A statement that the insured credit union is filing an appeal with the Committee;
- (2) A statement of the facts on which the appeal is based;
- (3) A statement of the basis for the determination to which the insured credit union objects and the alleged error in such determination;
- (4) Any other evidence relied upon by the insured credit union that was not previously provided to the appropriate program office or, if applicable, the Director of the Office of Examination and Insurance; and
- (5) A certification that the board of directors of the insured credit union has authorized the appeal to be filed.

(c) **Conduct of appeal.** The following procedures shall govern the conduct of an appeal to the Committee:

(1) **Submission of written materials.** The Committee may request additional information from either of the parties within 15 calendar days after the filing of an appeal. The parties must submit the requested information to the Committee within 15 calendar days after receiving a request for additional information.

(2) **Oral hearing; duration; location.** Except where an insured credit union has requested that an appeal be based entirely on the written record, an appeal shall also consist of oral presentations to the Committee at NCUA headquarters. The introduction of written evidence or witness testimony may also be permitted at the oral hearing. The insured credit union shall argue first. Each side shall be allotted a specified and equal amount of time for its presentation, of which a portion may be reserved for purposes of rebuttal. This time limit shall be set by the Committee and will be based on the complexity of the appeal. Committee members may ask questions of any individual appearing before it.

(3) **Appearances; representation.** The parties shall submit a notice of appearance identifying the individual(s) who will be representing them in the oral presentation. The insured credit union shall designate not more than two officers, employees, or other representatives including counsel, unless authorized by the Committee. The program office shall designate not more than two individuals, one of whom may be an enforcement attorney from NCUA's Office of General Counsel, unless authorized by the Committee.

(d) **Decision.** Within 30 calendar days after the oral presentation of the appeal to the Committee, the Committee shall issue a decision in writing, stating the reasons for the decision, and provide the insured credit union with written notice of the right to file an appeal with the NCUA Board (if applicable). If an insured credit union has requested that an appeal be entirely based on the written record, the Committee shall issue a decision within 30 calendar days from the date of receipt of an appeal by the Secretary of the Board. The 30 calendar day deadline to decide an appeal based entirely on the written record is extended by any time period during which the Committee is gathering additional information pursuant to [paragraph \(c\)\(1\)](#) of this section.

(e) **Publication.** The Committee shall publish its decisions on NCUA's Web site with appropriate redactions to protect confidential or exempt information. In cases where redaction is insufficient to prevent improper disclosure, published decisions may be presented in summary form. Published decisions may be cited as precedent in appeals to the Committee. Publication shall include a synopsis of each appeal and a summary of the final result.

(f) Consultation with Office of Examination and Insurance or Office of General Counsel Required. If an appeal involves the interpretation of material supervisory policy or generally accepted accounting principles, the Committee shall notify the Director of the Office of Examination and Insurance of the appeal and solicit input from the Office of Examination and Insurance. If an appeal involves the interpretation of legal requirements, including NCUA's regulations, the Committee shall notify the General Counsel of the appeal and solicit input from the Office of General Counsel.

(g) Supplemental procedures authorized. In addition to the procedures contained in this subpart, the Committee Chairman may adopt supplemental procedures governing the operations of the Committee, order that material be kept confidential, or consolidate appeals that present similar issues of law or fact.

The language provided above removes an unnecessary obstacle for credit unions seeking a higher-level review or appeal and also provided much needed clarity in the various options available to a credit union.

NASCUS believes these changes, while minor in scope, will aid in the clarity of the rule and increase the speed at which a credit union can receive a final determination.

Central Liquidity Facility

While not a regulatory request, NASCUS wants to encourage the Board to continue advocating for reinstating the COVID-19 era statutory changes to the Central Liquidity Facility. NASCUS is aware that many bills have been considered by various members of Congress and that NCUA has been working closely with Congress to make the COVID-19 relief measures permanent. NASCUS applauds the Board for its efforts and encourages the Board to continue to advocate for these valuable and much-needed changes.

Conclusion

Again, NASCUS applauds the Board for voluntarily undertaking an EGRPRA review and urges the Board to continue doing so. NASCUS appreciates the opportunity to comment and be part of helping the Board continue to reduce regulatory burden on credit unions.

Sincerely,

- signature redacted for electronic publication -

Brian Knight
President & CEO