



Regulatory Comment: Limits on Loans to Other Credit Unions

THE ISSUE:

On December 29, 2025, the National Credit Union Administration (NCUA) released a proposed rule to remove the regulations related to a credit union board of directors' approval of and written policies on making loans to other credit unions.

IMPACT TO CREDIT UNIONS:

Under the proposed rule, federal credit unions (FCUs) and federally insured state-chartered credit unions (FISCU) boards would no longer be required to adopt written policies regarding aggregate limits on loans to other credit unions. However, FCUs and FISCUs will remain subject to requirements on making such loans to other credit unions.

KEY POINTS:

- The NCUA is proposing to remove 12 CFR § 701.25(b), which requires the board of directors of FCUs to approve all loans to other credit unions and to establish written policies for managing the associated credit risk.
- The NCUA argues that because the Federal Credit Union Act (FCU Act) already requires a federal credit union's board of directors to approve all loans to other credit unions, this regulation is unnecessary and overly prescriptive.

ACTION NEEDED: Deadlines and contacts

Please use the comment link below to respond to America's Credit Unions' survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America's Credit Unions: February 13, 2026 — [Submit here](#)
- Comments due to the NCUA by February 27, 2026
- Questions? Contact [Tyler Maron](#), Regulatory Advocacy Counsel, America's Credit Unions
- Agency contact: Ariel Pereira, Senior Attorney, Office of General Counsel, at (703) 518-6540

QUESTIONS TO CONSIDER:

1. Do you support the proposed removal of regulations related to FCU or FISCO board of directors approval and written policies on making loans to other credit unions?

BACKGROUND:

In 2021, the NCUA adopted § 701.25, which governs loans by FCUs to other credit unions. The regulation established an aggregate limit on such loans of 25 percent of the lending FCU's paid-in and unimpaired capital and surplus. It also sets limits for loans to a single credit union borrower. The requirements under this section also apply to FISCOs.

The regulation also imposes documentation requirements on FCU boards of directors. Specifically, paragraph (b) of § 701.25 requires the board of directors to approve all loans to other credit unions and to establish written policies for managing the associated credit risk. These requirements of § 701.25-741.227 also apply to FISCOs. The policies must specify the limits on the aggregate principal amount of loans the FCU or FISCO can make to all other credit unions and

the aggregate principal amount of loans they can make to any single credit union. The limits specific to the FCU or FISCO may not exceed the generally applicable limits established in § 701.25.

ANALYSIS:

Because the FCU Act already requires an FCU's board of directors to approve all loans to other credit unions, the NCUA argues that § 701.25(b) is largely redundant. Moreover, the agency maintains that FCU and FISCO boards are in the best position to determine whether formal approval policies are necessary for such loans, consistent with the number, size, and risks associated with their lending practices. Removing this regulation will provide FCUs and FISCUs with greater flexibility.

While the proposed rule would no longer require FCU and FISCO boards to adopt written policies regarding aggregate limits on loans to other credit unions, FCUs and FISCUs remain subject to the limits and other requirements regarding such loans set forth in the other provisions of § 701.25. Should the proposed rule be adopted, FISCUs must refer to state law to determine whether their boards must approve loans to other credit unions.