

# Regulatory Comment: Regulatory Publication and Voluntary Review as Contemplated by the Economic Growth and Regulatory Paperwork Reduction Act

## THE ISSUE:

On March 3, 2026, in accordance with the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA), the National Credit Union Administration (NCUA) issued a request for comment (RFC) regulations to identify those that are outdated, unnecessary, or unduly burdensome to federally insured credit unions (FICUs). This [third and final RFC](#) requests comment on regulations in the categories of “Corporate Credit Unions,” “Directors, Officers and Employees,” “Anti-Money Laundering and Bank Secrecy Act,” “Rules of Procedure,” and “Safety and Soundness.”

## IMPACT TO CREDIT UNIONS:

While this request for comment does not carry immediate compliance obligations, it serves as a mechanism for evaluating whether existing NCUA regulations continue to advance their intended policy objectives efficiently. Through this process, credit unions can identify regulatory provisions that are outdated, duplicative, burdensome, or misaligned with current industry practices.

## KEY POINTS:

- The NCUA is seeking input on regulations related to *corporate credit unions*.
- The NCUA also requests input on regulations related to *directors, officers, and employees*, including reimbursements, benefits, and fidelity bond and insurance coverage.
- The NCUA is soliciting comments on *anti-money laundering and Bank Secrecy Act*, including report filing of known or suspected crimes or transactions and Bank Secrecy Act monitoring and compliance.
- The NCUA also welcomes feedback on *rules of procedure*, including liquidation of federal credit unions (FCUs), rules of practice and procedure, and appeals procedures.



- Finally, the NCUA is requesting comments on regulations on *safety and soundness*, such as loans to members, investments, safeguarding member information, records preservation, and appraisals.

### **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: May 18, 2026 – [Submit here](#)
- Comments due to the NCUA by June 1, 2026
- Questions? Contact [Tyler Maron](#), Regulatory Advocacy Counsel, America's Credit Unions
- Agency contact: Pamela Yu, Special Counsel, Office of General Counsel, at (703)-518-6540

### **QUESTIONS TO CONSIDER:**

For each of the regulations up for review, please consider the following questions:

1. **Need and purpose of the regulation:** Have there been any changes in the financial services industry, consumer behavior or other circumstances that would cause any of these regulations to be outdated, unnecessary or burdensome?
2. **Overarching approaches or flexibilities:** could the NCUA use a different regulatory approach to lessen the burden imposed by the regulations and achieve statutory intent?
3. **Cumulative effect:** Are there any regulations that, when viewed together—either within a category or alongside similar rules issued by other agencies— are redundant, inconsistent or overlapping in a way that imposes an unnecessary burden that could be addressed?
4. **Effect on competition:** Do any of the regulations in these categories create competitive disadvantages for one part of the financial services industry compared to another or for one type of federally insured credit union compared to another?
5. **Reporting, recordkeeping, and disclosure requirements:** Do any of the regulations in these categories impose outdated, unnecessary, or unduly burdensome reporting, recordkeeping, or disclosure requirements on federally insured credit unions?

6. **Technologies:** Could an FCU fulfill any of these requirements through new technologies that would yield burden reductions?
7. **Clarity:** Are the regulations in these categories clear and easy to understand, or are there specific areas where clarification is needed?
8. **Small institutions:** Are there regulations in these categories that impose outdated, unnecessary, or unduly burdensome requirements on a substantial number of small institutions?
9. Any other comments or suggestions?

## BACKGROUND:

EGRPRA requires that at least once every 10 years, the Federal Financial Institutions Examination Council (FFIEC), along with the federal banking agencies, conduct a comprehensive review of their regulations to identify any that are outdated or otherwise unnecessary for insured depository institutions. While the NCUA is not statutorily required to undertake the EGRPRA review, it has voluntarily chosen to engage in the decennial review.

As part of this review, the NCUA is seeking public input on regulations that may be outdated, unnecessary, or unduly burdensome. The NCUA is especially interested in comments that address the balance between reducing regulatory burden, achieving policy objectives, and fulfilling statutory mandates. The NCUA seeks feedback on the following regulations.

Category	Subject	Regulation Citation
<b>Corporate Credit Unions</b>	Corporate Credit Unions	<a href="#">12 CFR Part 704</a>
<b>Directors, Officers, and Employees</b>	Loans and lines of credit to officials	<a href="#">12 CFR § 701.21(d)</a>
	Reimbursement, insurance, and indemnification of officials and employees	<a href="#">12 CFR § 701.33</a>
	Benefits for employees of Federal credit unions	<a href="#">12 CFR § 701.19</a>



<b>Category</b>	<b>Subject</b>	<b>Regulation Citation</b>
	Management Official Interlocks	<a href="#">12 CFR Part 711</a>
	Fidelity Bond and Insurance Coverage for Federally Insured Credit Unions	<a href="#">12 CFR Part 713</a>
	General authorities and duties of Federal credit union directors	<a href="#">12 CFR § 701.4</a>
	Golden Parachute and Indemnification Payments	<a href="#">12 CFR Part 750</a>
<b>Anti-Money Laundering and Bank Secrecy Act</b>	Filing of reports of known or suspected crimes or suspicious transactions	<a href="#">12 CFR § 748.1</a>
	Procedures for monitoring Bank Secrecy Act compliance	<a href="#">12 CFR § 748.2</a>
<b>Rules of Procedure</b>	Involuntary liquidation of Federal credit unions and adjudication of creditor claims involving federally insured credit unions in liquidation	<a href="#">12 CFR Part 709</a>
	Voluntary liquidation	<a href="#">12 CFR Part 710</a>
	Uniform Rules of Practice and Procedure	<a href="#">12 CFR Part 747, Subpart A</a>
	Local Rules of Practice and Procedure	<a href="#">12 CFR Part 747, Subpart B</a>
	Procedures for appealing material supervisory determinations	<a href="#">12 CFR Part 746, Subpart A</a>
	Appeals procedures that do not by law require a Board hearing	<a href="#">12 CFR Part 746, Subpart B</a>
<b>Safety and Soundness</b>	Loans to members and lines of credit to members	<a href="#">12 CFR § 701.21</a>

Category	Subject	Regulation Citation
	Investments and Deposit Activities	<a href="#">12 CFR Part 703</a>
	Supervisory Committee audits and verifications	<a href="#">12 CFR Part 715</a>
	Security program	<a href="#">12 CFR § 748.0</a>
	Guidelines for safeguarding member information; responding to unauthorized access to member information and member notice	<a href="#">12 CFR Part 748, Appendix A; Appendix B</a>
	Records Preservation Program and Appendices – Record Retention Guidelines; Catastrophic Act Preparedness Guidelines	<a href="#">12 CFR Part 749</a>
	Appraisals	<a href="#">12 CFR Part 722</a>
	Examination	<a href="#">12 CFR § 741.1</a>
	Liquidity and contingency funding plans	<a href="#">12 CFR § 741.12</a>
	Regulations codified elsewhere that apply to federally insured state-chartered credit unions	<a href="#">12 CFR Part 741, Subpart B</a>
	Guidance for an interest rate risk policy and an effective program	<a href="#">12 CFR Part 741, Appendix A</a>

### **Notable NCUA Regulations Issued Since Last EGRPRA Review:**

**Corporate Credit Unions:** Between 2015 and 2021, the Board adopted a series of targeted amendments to the corporate credit union regulation to clarify capital treatment, expand operational flexibility, and reduce unnecessary constraints.

- In September 2015, the Board excluded Central Liquidity Facility (CLF)-related bridge loans from the aggregate unsecured lending cap and from net asset and net risk-weighted asset calculations, facilitating timely liquidity support for natural person credit unions awaiting CLF funding.
- In November 2017, the Board clarified the definition of retained earnings to include GAAP equity acquired in a merger and revised Tier 1 capital rules by removing limits on perpetual contributed capital (PCC) and permitting inclusion

of all PCC sourced from uninsured entities, enhancing transparency and capital flexibility.

- A November 2020 final rule further updated and simplified the regulation by permitting minimal credit union service organization (CUSO) investments without triggering corporate CUSO status, expanding eligibility for member credit union officials to serve on corporate boards, and revising experience and independence requirements for enterprise risk management experts.
- Amendments adopted in February 2021 clarified key definitions and confirmed that corporate credit unions may purchase subordinated debt issued by natural person credit unions, while specifying the capital treatment of those instruments.

### **Fidelity Bond and Insurance Coverage for Federally Insured Credit Unions:**

In July 2019, the NCUA finalized a rule that amended its regulations regarding fidelity bonds for corporate credit unions and natural person credit unions. The rule strengthened a board of directors' oversight of a FICU's fidelity bond coverage, ensured an adequate period to discover and file fidelity bond claims following a FICU's liquidation, codified a 2017 NCUA Office of General Counsel legal opinion that permitted a natural person credit union's fidelity bond to include coverage for certain CUSOs, and addressed Board approval of bond forms.

**Cyber Incident Notification Requirements for Federally Insured Credit Union:** In March 2023, the NCUA amended its regulations to require a FICU that experiences a reportable cyber incident to report the incident to the NCUA as soon as possible and no later than 72 hours after the FICU reasonably believes that it has experienced a reportable cyber incident.

### **Investment and Deposit Activities.**

- **Bank Notes:** In March 2016, the Board finalized a rule to amend the maturity requirement for bank notes to be permissible investments for FCUs by removing the word "original" from the current requirement that bank notes have "original" weighted average maturities of less than 5 years.
- **Derivatives:** A May 2021 final rule amended the NCUA's derivatives rule. The rule modernized the derivatives rule to make it more principles-based, while retaining key safety and soundness components.
- **Mortgage Servicing Assets:** In December 2021, the NCUA adopted a final rule to permit FCUs to purchase mortgage servicing assets from other FICUs subject to certain requirements. Under the final rule, FCUs with a CAMEL or CAMELS composite rating of 1 or 2 and a CAMEL or CAMELS Management component rating of 1 or 2 may purchase the mortgage servicing rights of loans that the FCU is otherwise empowered to grant, provided these purchases are made in

accordance with the FCU's policies and procedures that address the risk of these investments and servicing practices.

- **Safe Harbor:** The Board issued a final rule in June 2017 to amend its regulations regarding the treatment by the Board, as liquidating agent or conservator of a FICU, of financial assets transferred by the credit union in connection with a securitization or a participation.

**Appeals Procedures:** In October 2017, the Board adopted a final rule to establish procedures governing appeals to the Board. The rule established a uniform procedure to apply to agency regulations that previously had their own embedded appeals provisions. The procedures apply in cases in which a decision rendered by a regional director or other program office director is subject to appeal to the Board.

**Determinations:** In October 2017, the Board adopted regulatory procedures for appealing material supervisory determinations to the NCUA's Supervisory Review Committee (SRC). These procedures significantly expanded the number of material supervisory determinations appealable to the SRC to include most agency decisions that could significantly affect capital, earnings, operating flexibility, or the nature or level of supervisory oversight of a FICU. The procedures also included a number of safeguards designed to provide FICUs with enhanced due process and promote greater consistency with the practices of the Federal banking agencies.

**Involuntary Liquidation of Federal Credit Unions and Claims Procedures:**

- The Board amended Part 709 in May 2018 to update and clarify the procedures that apply to claims administration for FICUs that enter involuntary liquidation. Specifically, the final rule amended the payout priority provision by specifying the conditions that claims in the nature of severance must meet to be allowed as provable claims.
- In February 2021, the Board issued a final rule amending various parts of the NCUA's regulations to permit low-income designated credit unions, complex credit unions, and new credit unions to issue subordinated debt for purposes of regulatory capital treatment. The final rule also revised the payout priorities in the involuntary liquidation rule to account for subordinated debt and grandfathered secondary capital.

**Real Estate Appraisals:**

- In July 2019, the Board amended the agency's rule requiring real estate appraisals for certain transactions. The final rule increased the threshold below which appraisals are not required for commercial real estate transactions from \$250,000 to \$1,000,000; restructured the rule to enhance clarity; exempted from the rule

certain federally related transactions involving real estate in a rural area; and made conforming amendments to the definitions section.

- In April 2020, the Board amended its rule requiring appraisals for certain residential real estate related transactions. The final rule increased the threshold level below which appraisals are not required for residential real estate related transactions from \$250,000 to \$400,000. Instead of an appraisal, FICUs are required to obtain written estimates of market value of the real estate collateral consistent with safe and sound practices. The final rule explicitly incorporated the existing statutory requirement that appraisals be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice.
- The Board also adopted in April 2020 an interim final rule that deferred the requirement to obtain an appraisal or written estimate of market value for up to 120 days following the closing of a transaction for certain residential and commercial real estate transactions, excluding transactions for acquisition, development, and construction of real estate. This relief was provided to allow credit unions to expeditiously extend liquidity to creditworthy households and businesses in light of strains on the U.S. economy as a result of COVID-19.
- In August 2024, the Office of the Comptroller of the Currency, Federal Reserve, Federal Deposit Insurance Corporation, Consumer Financial Protection Bureau, Federal Housing Finance Agency, and NCUA adopted a final rule to implement the quality control standards mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act for the use of automated valuation models (AVMs) by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer's principal dwelling. Under the final rule, institutions that engage in certain credit decisions or securitization determinations must adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs; protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and comply with applicable nondiscrimination laws.

**Supervisory Committee Audits and Verifications:** A final rule issued in September 2019 amended the agency's regulations governing the responsibilities of a FICU to obtain an annual supervisory committee audit of the credit union. The Board: (1) replaced the Supervisory Committee Guide with a simplified Appendix to Part 715; (2) eliminated two audit types that FICUs seldom used; and (3) eliminated a specific deadline for outside, compensated persons to deliver written audit reports to FICUs.

**CAMELS Rating System:** In October 2021, the Board updated the NCUA's supervisory rating system from CAMEL to CAMELS by adding the "S" (Sensitivity to Market Risk)



component to the existing CAMEL rating system and redefining the “L” (Liquidity Risk) component. The “S” component was added to enhance transparency and allow the NCUA and federally insured natural person and corporate credit unions to better distinguish between liquidity risk (“L”) and sensitivity to market risk (“S”). The addition of “S” was also intended to enhance consistency between the supervision of credit unions and financial institutions supervised by the other banking agencies.

**Capitalization of Interest in Connection with Loan Workouts and Modifications:** A final rule adopted in June 2021 amended the NCUA's regulations to remove the prohibition on the capitalization of interest in connection with loan workouts and modifications. The final rule also established documentation requirements to help ensure that the addition of unpaid interest to the principal balance of a mortgage loan does not hinder the borrower's ability to become current on the loan.