



Regulatory Comment: Requirements for Insurance; Maximum Borrowing Authority

THE ISSUE:

On January 28, 2026, the National Credit Union Administration (NCUA) issued a [notice of proposed rulemaking](#) regarding a proposed regulation to remove the maximum borrowing authority from the NCUA's regulations that establish the requirements for obtaining and maintaining federal share insurance with the National Credit Union Share Insurance Fund (Share Insurance Fund).

IMPACT TO CREDIT UNIONS:

For federal credit unions (FCUs), the proposed changes would be largely administrative, as the statutory 50 percent borrowing limit under the Federal Credit Union Act and Part 701 remains in effect. FCUs will see no change in their actual borrowing authority; the amendment simply eliminates a redundant regulatory provision. For federally insured, state-chartered credit unions (FISCUs), the impact is more substantive. The removal of the federal borrowing cap and associated waiver process means FISCUs will no longer need to seek NCUA approval to borrow beyond 50 percent of paid-in and unimpaired capital and surplus. Instead, their borrowing authority will be governed solely by applicable state laws and regulators. This affords FISCUs greater operational flexibility, reduces administrative burden, and allows state-specific regulatory frameworks to dictate borrowing limits without federal overlay.

KEY POINTS:

- The Board proposes to remove § 741.2 in its entirety. This would eliminate the 50 percent borrowing limit currently imposed on all federally-insured credit unions (FICUs), as well as the associated waiver process for FISCUs.
- For FCUs, the statutory borrowing limit established under the Federal Credit Union Act and implemented in Part 701 would remain in effect.
- For FISCUs, borrowing authority would be governed by applicable state laws and regulations. The NCUA would continue to oversee borrowing activities through its existing examination and supervision processes.

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: March 9, 2026 — [Submit here](#).
- Comments due to NCUA: March 30, 2026
- Questions? Contact [James Akin](#), Head of Regulatory Advocacy, America's Credit Unions
- Agency contact: Keisha Brooks, Attorney-Advisor, Office of General Counsel, at (703) 518-6540.

QUESTIONS TO CONSIDER:

1. How frequently has the 50 percent borrowing limit under § 741.2 constrained your institution's borrowing decisions or liquidity management strategies?
2. For FISCUs: Has the waiver process created administrative burdens or delays that have affected your ability to respond to time-sensitive borrowing needs?

BACKGROUND:

Section 741.2 of Part 741 of the NCUA's regulations limits aggregate FICU borrowing from all sources to 50 percent of paid-in and unimpaired capital and surplus, implementing the statutory authority under Section 107(9) of the Federal Credit Union Act.

This limitation originated in 1971, when the Board issued regulations for the share insurance program following enactment of Title II of the Federal Credit Union Act. In 2004, the NCUA amended § 741.2 to introduce a waiver process allowing FISCUs to petition the appropriate regional director for authority to borrow beyond the 50 percent cap, up to the amount permitted by applicable state law or their state regulator, consistent with dual-chartering principles.

The 2004 waiver process reflected the Board's determination that excess borrowing could pose undue risk to the Share Insurance Fund. Applicants were required to submit a safety and soundness analysis, a proposed borrowing limit, state regulator approval, and justification for the higher authority.

For FCUs, the Board feels that § 741.2 is duplicative of the statutory borrowing limit already established under the Federal Credit Union Act and implemented in Part 701, and its removal would simplify the Code of Federal Regulations without altering existing obligations. For FISCUs, the Board has reconsidered its position and now finds that the federal borrowing limit and associated waiver process impose unnecessary administrative burdens without a corresponding statutory mandate or meaningful safety and soundness benefit. The Board believes risk-based examination and supervision, in coordination with state regulators, provides more effective oversight while better respecting the dual-chartering system.

SECTION BY SECTION ANALYSIS:

The Board proposes to remove § 741.2 in its entirety. This would eliminate the 50 percent borrowing limit currently imposed on all FICUs, as well as the associated waiver process for FISCUs.

For FCUs, the statutory borrowing limit established under the Federal Credit Union Act and implemented in Part 701 would remain in effect.

For FISCUs, borrowing authority would be governed by applicable state laws and regulations. The NCUA would continue to oversee borrowing activities through its existing examination and supervision processes.