PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

■ 1. The authority citation for part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761, 1761a, 1761b, 1766, 1767, 1782, 1784, 1785, 1786, 1787, 1788, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.;* 42 U.S.C. 1981 and 3601–3610. Section 701.35 is also authorized by 12 U.S.C. 4311–4312.

§ 701.20 [Amended]

■ 2. Amend § 701.20 by revising paragraph (c) to read as follows and removing paragraph (d).

§ 701.20 Suretyship and guaranty.

* * * * *

(c) *Requirements.* The suretyship or guaranty agreement must be for the benefit of a principal that is a member and is subject to the following conditions:

(1) The federal credit union limits its obligations under the agreement to a fixed dollar amount and a specified duration and

(2) The federal credit union's performance under the agreement creates an authorized loan that complies with the applicable lending regulations, including the limitations on loans to one member or associated members or officials for purposes of §§ 701.21(c)(5), (d); 723.4(c).

[FR Doc. 2026–16027 Filed 8–5–26; 8:45 am]

BILLING CODE 7535–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

RIN 3133–AF72

Limits on Loans to Other Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The NCUA Board (Board) is issuing this rule to remove the regulations related to approval and policies on making loans to other credit unions. While this provision will no longer be codified in regulation, federal credit unions remain subject to statutory requirements related to making loans to credit unions. Federally insured, state-chartered credit unions remain subject to any other applicable NCUA or state law or regulation. The final rule follows publication of a December 29, 2025, proposed rule, and takes into consideration the public comments recieved on the proposal.

DATES: This final rule is effective on September 8, 2026.

FOR FURTHER INFORMATION CONTACT: Ariel Pereira, Senior Attorney, Office of General Counsel, at (703) 518–6540 or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

The regulations in § 701.25 govern the ability of a federal credit union (FCU) to make loans, including investments in subordinated debt, to other credit unions. In accordance with section 107(7)(C) of the FCU Act, the regulation establishes an aggregate limit on such loans of 25 percent of the lending FCU's paid-in and unimpaired capital and surplus.[1] It also sets limits for loans to a single credit union borrower. The regulation sets forth specific eligibility requirements and aggregate limits for FCUs that invest in the subordinated debt of other credit unions. The requirements of § 701.25 are made applicable to federally insured, state-chartered credit unions (FISCUs) through § 741.227.[2]

In addition to the limits discussed above, § 701.25 imposes documentation requirements on FCU boards of directors, and through § 741.227 on FISCU boards as well. 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. The policies must specify the limits on the aggregate principal amount of loans the FICU can make to all other credit unions and the aggregate principal amount of loans the FICU can make to any single credit union. Such limits specific to the FICU may not exceed the generally applicable limits established in § 701.25.

On December 29, 2025, the Board published a proposed rule requesting public comment on the removal of the documentation requirements codified in 12 CFR 701.25(b).[3] As explained in the preamble to the proposed rule, the Board believes this portion of the regulation is unnecessary and overly prescriptive. The FCU Act already requires an FCU's board of directors to approve all loans to other credit unions.[4] Accordingly, for FCUs, § 701.25(b) is largely redundant of an existing statutory requirement. Moreover, FICU 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 the FICU's lending practices. This final rule follows publication of the December 29, 2025, proposed rule, and takes into consideration the public comments received on the proposal.

B. Legal Authority

The Board is issuing this final rule pursuant to its authority under the FCU Act. Under the FCU Act, NCUA is the chartering and supervisory authority for FCUs and the federal supervisory authority for FICUs.[5] The FCU Act grants NCUA a broad mandate to issue regulations governing both FCUs and all FICUs. Section 120 of the FCU Act is a general grant of regulatory authority and authorizes the Board to prescribe rules and regulations for the administration of the FCU Act.[6] Section 207 of the FCU Act is a specific grant of authority over share insurance coverage, conservatorships, and liquidations.[7] Section 209 of the FCU Act is a plenary grant of regulatory authority to issue rules and regulations necessary or appropriate to carry out its role as share insurer for all FICUs.[8] Accordingly, the FCU Act grants the Board broad rulemaking authority to ensure that the federally insured credit union industry and the Share Insurance Fund remain safe and sound.

II. Final Rule

A. Overview

This final rule follows publication of the proposed rule and takes into consideration the comments received on the proposal. By the close of the public comment period on February 27, 2026, the Board had received 10 public comments. Comments were submitted by credit union leagues, a national association of state credit union supervisors, trade organizations, and advocacy organizations. After careful consideration of the issue raised by the commenters, the Board has decided to

[1] 12 U.S.C. 1757(7)(C). This statutory provision provides that an FCU may invest its funds ''in accordance with rules and regulations prescribed by the Board, in loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired capital and surplus.'' In addition, section 107(5)(A)(x) of the FCU Act limits the aggregate amount that a single member may borrow from an FCU to ''10 per centum of the credit union's unimpaired capital and surplus'' (12 U.S.C. 1757(5)(A)(x)).

[2] FCUs and FISCUs are collectively referred to as federally insured credit unions, or FICUs.

[3] 90 FR 60583 (Dec. 29, 2025).

[4] 12 U.S.C. 1757(5)(C).

[5] 12 U.S.C. 1752–1775.

[6] 12 U.S.C. 1766(a).

[7] 12 U.S.C. 1787.

[8] 12 U.S.C. 1789.

adopt the proposal without change. The Board emphasizes that while FICU boards will no longer be required to adopt written policies regarding aggregate limits on loans to other credit unions, FICUs remain subject to the limits and other requirements regarding such loans set forth in the other provisions of § 701.25. FISCUs should refer to state law to determine whether their boards must approve loans to other credit unions.

B. Discussion of Public Comments

This section of the preamble discusses the significant issues raised by the commenters, and the Board's responses to the comments.

1. Unanimous Support for Proposed Rule

The commenters were unanimous in their support for the proposed rule. They agreed with the NCUA's assessment that the documentation requirements are duplicative and unnecessary. The commenters wrote that removal of § 701.25(b) would enable FICUs to more efficiently manage liquidity and enhance mutual support among credit unions. The commenters also appreciated the reduction in compliance burden, noting that this would especially benefit smaller FICUs.

NCUA Response. The Board appreciates the support expressed by the commenters and agrees that removal of § 701.25(b) will provide FICUs with greater flexibility. As noted, the Board has elected to adopt the proposed rule without change.

2. Additional Suggested Improvements to Loan Limit Requirements

One commenter, a national trade organization, also offered the following suggestions for additional changes to the NCUA requirements governing credit union lending to other credit unions.

Comment: Upfront consolidation of lender prohibitions. The commenter suggested the NCUA consider revising its regulation and accompanying instructions so that lender prohibitions are clearly presented at the beginning of the document rather than being embedded. The commenter wrote that placing these prohibitions in a more prominent location would help reduce confusion by making this critical information easier to identify and navigate.

NCUA Response. The Board is always interested in feedback on the clarity of its regulatory requirements and instructions. However, the commenter's suggestion is outside the scope of this rulemaking. Accordingly, the Board has not revised the rule in response to the comment.

Comment: Greater flexibility in addressing limit violations. The commenter also suggested the NCUA consider providing greater flexibility when a credit union exceeds the generally applicable limits, rather than requiring the FICU dispose of these investments. The commenter wrote that FICUs have incurred hundreds of thousands of dollars in losses when compelled to dispose of some of these assets.

NCUA Response. The commenter's suggestion is outside the scope of the rulemaking and, therefore, no change to the rule has been made in response.

Comment: Due diligence requirements. The commenter objected that the pre- and post-funding due diligence requirements for these transactions are unnecessarily cumbersome. While recognizing the importance of proper underwriting and risk management, the commenter wrote that any reduction by the NCUA would constitute significant relief for credit unions. In particular, the commenter suggested that the NCUA adopt a tiered approach in which the scope of required due diligence varies based on the loan amount or the issuing credit union's CAMELS rating, rather than adhering to the current one-size-fits-all framework.

NCUA Response. The scope of the recommendation made by the commenter is broader than that of the proposed rule. No change to the rule has therefore been made, as the comment is outside the scope of the rulemaking.

3. Consolidation of Deposit Insurance Regulations

One commenter, a national association of state credit union supervisors, recommended the NCUA consolidate all of its deposit insurance related regulations in a clearly delineated, self-contained sub-chapter distinct from the FCU chartering and operational requirements. The commenter wrote that that would clarify when the NCUA is acting in its capacity as share insurer for all FICUs versus as regulator for FCUs, reducing ambiguity for state-chartered institutions and examiners. The commenter also wrote that such consolidation would significantly reduce regulatory burden by eliminating the current need of FISCUs to navigate through the entirety of the NCUA's regulations to find even minor share insurance provisions applicable to FISCUs.

NCUA Response. The suggestion made by the commenter is outside the scope of the rulemaking. Accordingly, the rule has not been revised in response to the comment. However, the NCUA remains committed to working with all credit unions to ensure the clarity of their regulatory obligations.

III. Regulatory Procedures

A. Executive Orders 12866, 13563, and 14192

Pursuant to Executive Order 12866 (''Regulatory Planning and Review''), a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.[9] Executive Order 13563 (''Improving Regulation and Regulatory Review'') supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.[10] This final rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this final rule is not a ''significant regulatory action'' as defined by section 3(f) of Executive Order 12866.

Executive Order 14192 (''Unleashing Prosperity Through Deregulation'') requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.[11] This final rule is considered an Executive Order 14192 deregulatory action.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act[12] generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.[13] For purposes of this analysis, NCUA considers small credit unions to be those having under $100 million in assets.[14] The Board fully considered the

[9] 58 FR 51735 (Oct. 4, 1993).

[10] 76 FR 3821 (Jan. 21, 2011).

[11] 90 FR 9065 (Feb. 6, 2025).

[12] 5 U.S.C.601 *et seq.*

[13] 5 U.S.C. 605(b).

[14] 80 FR 57512 (Sept. 24, 2015).

potential economic impacts of the regulatory amendments on small credit unions.

To the extent that the final rule has any economic impacts, they are deregulatory in nature. The final rule removes the requirement that FICU boards adopt minimum approval and written policy standards regarding loans to other credit unions. While these documentation requirements might impose some economic costs on FICUs, they are unlikely to be significant. Any impacts associated with their rescission are therefore also unlikely to impose a significant economic burden. Accordingly, NCUA certifies the final rule will not have a significant economic impact on a substantial number of small credit unions.

C. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and not withstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid OMB control number. The PRA applies to rulemaking in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information collection requirement may take the form of a reporting, recordkeeping, or a third-party disclosure requirement.

The information collection requirements contained in 12 CFR 701.25(b) are approved by OMB under OMB Control Number 3133–0207. The rescission of these regulations, along with the information collection requirement(s) contained therein and the revision of OMB Control Number 3133–0207, will reduce public information collection burden by an estimated 1,250 annual burden hours.

D. Executive Order 13132 on Federalism

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests.[15] NCUA, an agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order to adhere to fundamental federalism principles. This final rule applies to FCUs and to FISCUs. The rulemaking may, therefore, have some direct effect on the states, the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. However, to the extent the rule has any such effects, it will be to relieve FISCUs of regulatory burden. The final rule removes the requirement that FICU boards adopt minimum approval and written policy standards regarding loans to other credit unions. In doing so, the final rule defers to state law on approval requirements for loans that FISCUs make to other credit unions.

E. Assessment of Federal Regulations and Policies on Families

NCUA has determined that this final rule will not affect family well-being within the meaning of Section 654 of the Treasury and General Government Appropriations Act, 1999.[16] The regulatory requirements are exclusively concerned with the adoption of written policies by FICUs regarding loans to other credit unions. The potential positive effect on family well-being, including financial well-being, is, at most, indirect.

F. Congressional Review Act

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act (CRA), generally provides for congressional review of agency rules.[17] NCUA must submit a report to Congress and the Comptroller General when it issues a final rule, as defined by the CRA.[18] An agency rule, in addition to being subject to congressional oversight, may also be subject to a delayed effective date if the rule is a ''major rule.'' OIRA has determined that this rule is not a ''major rule'' within the meaning of the relevant sections of the CRA. NCUA will also file appropriate reports with Congress and the Comptroller General so this rule may be reviewed.

List of Subjects in 12 CFR Part 701

Advertising, Aged, Civil rights, Credit, Credit unions, Fair housing, Individuals with disabilities, Insurance, Marital status discrimination, Mortgages, Religious discrimination, Reporting and recordkeeping requirements, Sex discrimination, Signs and symbols, Surety bonds.

By the National Credit Union Administration Board, this 29th day of July, 2026.

Melane Conyers-Ausbrooks,

Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board amends 12 CFR part 701 as follows:

[15] 64 FR 43255 (Aug. 4, 1999).

[16] Public Law 105–277, 112 Stat. 2681 (1998).

[17] 5 U.S.C. 801–808.

[18] 5 U.S.C. 804(3).

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

■ 1. The authority citation for part 701 is revised to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761, 1761a, 1761b, 1766, 1767, 1782, 1784, 1785, 1786, 1787, 1788, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.;* 42 U.S.C. 1981 and 3601–3610. Section 701.35 is also authorized by 12 U.S.C. 4311–4312.

§ 701.25 [Amended]

■ 2. In § 701.25 remove paragraph (b) and redesignate paragraph (c) as paragraph (b).

[FR Doc. 2026–16035 Filed 8–5–26; 8:45 am]

BILLING CODE 7535–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

RIN 3133–AF81

Chartering and Field of Membership for Federal Credit Unions—Interpretive Ruling and Policy Statement 08–2

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The NCUA Board (Board) is rescinding Interpretive Ruling and Policy Statement (IRPS) 08–2. The Chartering and Field of Membership Manual (Chartering Manual) incorporates the current requirements for adding underserved areas, making IRPS 08–2 unnecessary. This rescission reduces the burden for federal credit unions (FCUs) by limiting the number of sources that FCUs must check to verify compliance with applicable requirements. After considering the public comments, the Board adopts the proposal without modification.

DATES: This final rule is effective on September 8, 2026.

FOR FURTHER INFORMATION CONTACT: Keisha Brooks, Attorney-Advisor, Office of General Counsel, at (703) 518–6540 or 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

Since 1979, the Board has issued IRPS to address various generally applicable interpretive and policy matters through