

COMPLIANCE & REGULATORY UPDATE

Dear Credit Union CEOs and Compliance Professionals,

Continuing on its **Deregulation Project** and our prior communications (**Round 1 & 2, Round 3, Round 4 & 5**), the NCUA released six new proposals outlined below. As previously mentioned, the NCUA will release **new proposals every two weeks** throughout 2026, systematically reviewing regulations to ensure they focus on credit union safety, soundness, and resilience.

* Denotes proposals that apply to both federally chartered and state chartered federally insured credit unions.

Round 6 Proposals

1.) **Post-Election Training for New Board Members (12 CFR 701.4(b)(3))**

- Removes the regulatory requirement for a federal credit union director to have or obtain expertise in finance and accounting within six months after appointment
- Reduces overall compliance burden on volunteer boards

*2.) **Loan Compensation/Commission (12 CFR 701.21(c)(8))**

- Adds a definition of “overall financial performance” to clarify requirements related to compensation plans that include incentives or bonuses related to lending metrics as part of the credit union’s overall financial performance
- Adds the phrase “including a senior management employee” to the exception on payments of an incentive or bonus to an employee based on overall financial performance

3.) **Eligible Obligations (12 CFR 701.23)**

- Revises the requirements related to written purchase policies to say that the eligible obligations and notes of liquidating credit unions must comply with the purchasing FCU's internal written policies
- Revises the requirements related to the sale of eligible obligations that allows the credit union board of directors the authority to establish the limitations of their written sale policies
- Removes the requirement regarding payments and compensation because federal credit unions are already governed by broader conflict of interest provisions in their bylaws and by the fiduciary duties of their officials

4.) Refund of Interest (Loans) (12 CFR 701.24)

- Rescinds this regulation, which addresses the refund of interest to members, as redundant as it restates the authority already granted to a federal credit union's board of directors by the Federal Credit Union Act section 113(9)

5.) Credit Union Service Contracts_(12 CFR 701.26)

- Rescinds this regulation, which authorizes FCUs to enter into contractual agreements but requires agreements be in writing, as superfluous
- The principal requirement that such agreements be in writing is a standard business practice, which exists regardless of whether it is mentioned in the NCUA's regulations and does not change the basic operating expectations for credit unions

6.) Definitions Related to Statutory Lien (12 CFR 701.39(a)(1))

- Eliminates the definition of "except as otherwise provided by law or except as otherwise provided by federal law" from the regulation because the language is unnecessary and obvious and does not add anything to the plain meaning of these words

Your Requested Input

We want to hear from you. Do any of these proposals significantly impact your operations, positively or negatively? Do you have concerns about these deregulation efforts or suggestions that should be included in potential comment letters?

Please send your feedback to Jeremy Newman, Vice President of Legislative and Regulatory Affairs at jeremy.newman@nycua.org by **April 20** for round six.

Thank you for your continued engagement.