



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: February 21, 2019

FROM: Office of General Counsel

SUBJ: Final Rule – Loans to Members (Part 701)

ACTION REQUESTED: Board approval to issue the attached final rule which makes a number of clarifying and technical changes to the NCUA’s regulation governing loans to members.

DATE ACTION REQUESTED: March 14, 2019.

OTHER OFFICES CONSULTED: Office of Examination and Insurance.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Thomas I. Zells, Staff Attorney, Office of General Counsel.

SUMMARY: The final rule amends the NCUA’s regulations regarding loans to members and lines of credit to members to reduce regulatory burden, improve clarity, and make compliance easier. Specifically, the final rule makes the NCUA’s loan maturity requirements more user friendly by identifying in one section all of the various maturity limits applicable to federal credit union loans. The final rule also makes explicit in the regulations that the maturity date for a “new loan” under generally accepted accounting principles (GAAP) is calculated from the new date of origination. Finally, the final rule also amends the regulations to more clearly express the limits for loans to a single borrower or group of associated borrowers.

RECOMMENDED ACTION: Board approval of the attached final rule.

ATTACHMENT: Final rule.