



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: April 5, 2019

FROM: Office of General Counsel

SUBJ: Advanced Notice of Proposed Rulemaking – Compensation in Connection with Loans to Members and Lines of Credit to Members (Part 701)

ACTION REQUESTED: Board approval to issue the attached advanced notice of proposed rulemaking which solicits comments on ways to improve the NCUA's regulations limiting a credit union official's and employee's compensation in connection with loans to members and lines of credit to members.

DATE ACTION REQUESTED: April 18, 2019.

OTHER OFFICES CONSULTED: None.

VIEWS OF OTHER OFFICES CONSULTED: None.

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 advanced notice of proposed rulemaking solicits comments on ways to improve the NCUA's regulations limiting a credit union official's and employee's compensation in connection with loans to members and lines of credit to members. These regulations have generated confusion and are likely outdated, burdensome, and at odds with industry standards. The Board is particularly interested in obtaining commenter feedback on how it can provide flexibility with respect to senior executive compensation plans that incorporate lending as part of a broad and balanced set of organizational goals and performance measures.

RECOMMENDED ACTION: Board approval to publish the attached advanced notice of proposed rulemaking in the *Federal Register*.

ATTACHMENT: Advanced notice of proposed rulemaking.