



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: July 3, 2018

FROM: Office of General Counsel

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

ACTION REQUESTED: Board approval to issue the attached proposed rule, which would make a number of clarifying and technical changes, and seek advanced comment on, the NCUA’s regulation governing loans to members.

DATE ACTION REQUESTED: August 2, 2018.

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 proposed rule will amend 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 proposed rule will make 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 proposed rule will also make 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. Additionally, the proposed rule will seek comment on whether the agency should provide longer maturity limits for 1-4 family real estate loans and other loans permitted by §§ 107(5)(A)(i)-(ii) of the Federal Credit Union Act such as home improvement, mobile home, and second mortgage loans. Finally, the proposed rule will amend 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 proposed rule.

ATTACHMENT: Proposed rule.