

April 26, 1995

Mark Humphries
66 Federal Credit Union
Senior Vice President
5th & Johnstone
P.O. Box 1358
Bartlesville, Oklahoma 74005-1358

Re: Preemption of State Usury Laws (Your March 21, 1995, Letter)

Dear Mr. Humphries:

You have asked whether NCUA's Rules and Regulations (NCUA Regulations) preempt state usury laws as they may affect federal credit unions (FCUs). The answer is yes. Section 701.21(c)(7)(ii)(B) of NCUA Regulations authorizes an FCU to extend credit to its members at rates not to exceed 18 percent per year on the unpaid balance inclusive of all finance charges. NCUA Regulation, Section 701.21(b)(1)(i) specifically preempts state laws purporting to limit or affect rates of loans to FCU members.

Sincerely,

Richard S. Schulman
Associate General Counsel

GC/MJMcK:bhs
SSIC 3501
95-0404