



April 27, 2026

Ms. Melane Conyers-Ausbrooks  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

RE: Compensation in Connection With Loans to Members and Lines of  
Credit to Members  
(Docket No. NCUA-2026-0431; RIN 3133-AF98)

Dear Ms. Conyers-Ausbrooks:

On behalf of its member credit unions, the Cooperative Credit Union Association, Inc. ("Association") appreciates the opportunity to comment on the National Credit Union Administration (NCUA) Board's proposed rule on Compensation in Connection With Loans to Members and Lines of Credit to Members. This proposed rule is one of six proposals issued as "Round Six" of the NCUA Deregulation Project. The Association is the state trade association representing nearly 200 state and federally-chartered credit unions located in the states of Delaware, Massachusetts, New Hampshire, and Rhode Island, which further serve over 5 million consumer members. The Association developed these comments in consultation with our members.

The Association supports the Board's proposal to amend the Section 701.21(c)(8) regulation to clarify under what circumstances credit union employees, including senior executives, can receive compensation tied to loans made by a federally-insured credit union. See 12 C.F.R. §§ 701.21(c)(8); 741.203(a). In general, compensation tied to lending and/or collections is prohibited by Section 701.21(c)(8), but the rule includes several exceptions including one allowing variable compensation like bonuses to be tied to the overall financial performance of the credit union.

The proposal would make two changes: (1) amending paragraph (c)(8)(ii) to add a definition of "Overall Financial Performance" clarifying how lending-related goals and metrics may be used for variable compensation; and (2) clarifying in paragraph (c)(8)(iii)(B) that a "senior management employee" can receive a bonus tied to the credit union's "overall financial performance" even though paragraph (c)(8)(iii)(C) generally prohibits senior executives from receiving bonuses tied to lending-related activities. The proposed definition of "Overall Financial Performance" is:

"Overall Financial Performance means a quantifiable metric or set of metrics, set by a credit union's board of directors, used to measure a credit union's achievement of targeted performance goals which may include, but not be

limited to, lending-related goals and metrics. No compensation plan may permit any unsafe or unsound practice or any unsafe or unsound reliance on individual metrics. No compensation plan may permit compensation in conflict with other applicable laws.”

We strongly support the Board’s proposal to include lending-related goals and metrics as allowable factors in a multi-factor set of performance metrics, such as in a bonus matrix, with respect to senior executives’ variable compensation. Under the current version of the rule, a 1994 NCUA legal opinion letter had called into question whether lending-related factors could be used at all with respect to senior executive bonuses. See NCUA, “Employee Bonus Program,” OGC Letter No. 94-0102 (Jan. 1994) (“SSHCU’s original Management Team Bonus Program included incentives based upon SSHCU’s ratios of loans to assets and delinquency. As you are aware, this is impermissible pursuant to Section 701.21(c)(8) of NCUA’s Rules and Regulations which specifically prohibits federal credit unions from making any loans if, either directly or indirectly, any commission, fee, or other compensation is to be received by the credit union’s management employees and loan officers.”), *available at* <https://ncua.gov/regulation-supervision/legal-opinions/1994/employee-bonus-program>.

If finalized as proposed, this amendment to Section 701.21(c)(8) should clarify that the January 1994 legal opinion would only be applicable if lending-related goals and metrics were the only factors in a senior executive bonus program. This clarification will also help reduce compliance burdens on federal credit unions because the amendments will make the regulation easier to understand as well as more flexible in practice.

The Association urges the Board to finalize this rule as proposed. Thank you for the opportunity to comment on the NCUA Board’s proposed rule on Compensation in Connection With Loans to Members and Lines of Credit to Members. If you have any questions or desire further information, please do not hesitate to contact the Association at (508) 481-6755 or govaff-reg@ccua.org.

Sincerely,



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