



April 27, 2026

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

RE: Purchase, Sale, and Pledge of Eligible Obligations
(Docket No. NCUA-2026-0432; RIN 3133-AF95)

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 Purchase, Sale, and Pledge of Eligible Obligations. 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 701.23 regulation on Purchase, Sale, and Pledge of Eligible Obligations to streamline this rule's requirements for internal credit union policies on eligible obligations in paragraphs (b)(6), (c), and (d). We also support the Board's proposal to delete paragraph (g) on conflicts of interest and compensation in connection with loans treated as eligible obligations because it is duplicative of other legal requirements.

Moving to a more principles-based regulatory framework, as the Board proposes, with respect to eligible obligation purchase policies under paragraph (b)(6), sales of eligible obligations under paragraph (c), and pledges of eligible obligations under paragraph (d) will help reduce compliance and paperwork burdens on credit unions while also giving credit unions' managers more flexibility in managing their balance sheets.

Regarding Section 701.23(g), "eligible obligations" are loans made by other lenders, such as other federally-insured credit unions, that the federal credit union has purchased but which are not part of an indirect lending relationship that would be subject to Section 701.21 of NCUA rules. We agree with the Board that conflicts of interest with respect to the purchase, sale, or pledge of eligible obligations should also be prohibited by the federal credit union's bylaws, which are an NCUA regulation, see 12 C.F.R. pt. 701, Appx. A, as well as by the NCUA rule on fiduciary

duties of federal credit union directors. See 12 C.F.R. 701.4. Federal credit union senior managers also owe equivalent fiduciary duties. See *Gully v. NCUA*, 341 F.3d 155, 165 (2d Cir. 2003) (applying New York's corporation statute and common law to an federal credit union officer's breach of fiduciary duty). These independent legal requirements make paragraph (g) of Section 701.23 unnecessary.

We also agree that paragraph (g) should not be necessary for safety and soundness purposes because eligible obligations are loans made by other lenders (and not as part of the credit union's indirect lending relationship). This means the credit risk of the credit union improperly approving loans as the result of a conflict of interest should not be present with respect to eligible obligations.

Based on similar logic, NCUA has also previously opined that the conflict-of-interest provisions of the agency's Section 701.21(c)(8) lending regulation should not apply with respect to the sale of loans the credit union previously made. See NCUA, "Conflict of Interest," OGC Letter No. 08-1024 (January 2009) ("Section 701.21(c)(8) applies when credit unions make loans to their members. The provision does not apply to a credit union's sale of whole loans or participation interests in loans it has granted."), available at <https://ncua.gov/regulation-supervision/legal-opinions/2009/conflict-interest>. It makes sense to apply the same approach to purchases, sales, and pledges of eligible obligations under Section 701.23 as well.

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 Purchase, Sale, and Pledge of Eligible Obligations. 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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