



NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

RIN 3133-AF99

Refund of Interest

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) is issuing for public comment a proposal to rescind its regulation that addresses the refund of interest to members. This regulation is redundant, as it restates the authority already granted to a federal credit union's (FCU's) board of directors by the Federal Credit Union Act (FCU Act) section 113(9).

DATES: Comments must be received by **[INSERT 60 DAYS FROM DATE OF PUBLICATION]**.

ADDRESSES: Comments may be submitted in one of the following ways. **(Please send comments by one method only):**

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. The docket number for this proposed rule is NCUA–2026–0433. Follow the “Submit a comment” instructions. If you are reading this document on [federalregister.gov](https://www.federalregister.gov), you may use the green “SUBMIT A PUBLIC COMMENT” button beneath this rulemaking’s title to submit a comment to the [regulations.gov](https://www.regulations.gov) docket. A plain language summary of the proposed rule is also available on the docket website.
- *Mail:* Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.
- *Hand Delivery/Courier:* Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

Public inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518–6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: Ian Marena, Associate General Counsel Office of General Counsel, at (703) 518-6540, or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Background and Legal Authority

Section 113(9) of the FCU Act authorizes an FCU’s board of directors to issue interest refunds to members of record at the close of business on the last day of any dividend period from income earned and received in proportion to the interest paid by them during that dividend period.¹ Section 701.24 codifies section 113(9) of the FCU Act in the NCUA’s regulations and permits an FCU’s board of directors to authorize an interest refund to members from income earned during a dividend period.² The regulation allows the refund percentage to vary by the type of extension of credit and interest rate charged³ and permits an FCU board to exclude certain categories of loans, such as

¹ 12 U.S.C. 1761b(9).

² 12 CFR 701.24.

³ *Id.* (b).

delinquent loans, from the refund.⁴ Section 701.24 only permits a refund of interest to be made for a dividend period if dividends on share accounts have been declared and paid for that period.⁵ Section 701.24 was last amended in 1988.⁶

II. Proposed Rule

The Board is proposing to eliminate § 701.24 because it is redundant: it restates the authority already granted directly to an FCU's board of directors by section 113(9) of the FCU Act. Section 113(9) is a clear and self-executing grant of power that authorizes a board to provide for interest refunds from income earned. The Board believes that the removal of § 701.24 simplifies the regulatory code by eliminating unnecessary text and reduces regulatory burden by limiting the number of sources that FCUs must check to ensure compliance with laws and regulations. The Board interprets section 113(9) of the FCU Act to allow an FCU's board of directors to vary the interest refund according to the type of extension of credit and the interest rate charged, and to make certain exclusions from a loan interest refund. Therefore, § 701.24 is unnecessary.

The Board solicits comments on all aspects of this proposal. The Board is especially interested in comments addressing whether the removal of § 701.24 would provide regulatory relief and whether any of the current regulation should be preserved.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note) (commonly known as regulations.gov).

⁴ *Id.* (c).

⁵ *Id.* (a).

⁶ 53 FR 19747 (May 31, 1988)

In summary, the proposal would eliminate § 701.24 of the NCUA’s regulations, which governs the refund of interest to members. This regulation is redundant, as it restates the authority already granted directly to an FCU’s board of directors by section 113(9) of the FCU Act.

The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Orders 12866, 13563, and 14192

Pursuant to Executive Order 12866 (“Regulatory Planning and Review”), as amended by Executive Order 14215, a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.⁷ Executive Order 13563 (“Improving Regulation and Regulatory Review”) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.⁸ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OMB has determined that this proposed rule is not a “significant regulatory action” as defined in section 3(f)(1) of Executive Order 12866. Further, this proposed rule to remove an unnecessary provision is consistent with Executive Order 13563.

Executive Order 14192 (“Unleashing Prosperity Through Deregulation”) requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.⁹ This proposed rule is expected to be a deregulatory action under Executive Order 14192.

⁷ 58 FR 51735 (Oct. 4, 1993).

⁸ 76 FR 3821 (Jan.21, 2011).

⁹ 90 FR 9065 (Feb. 6, 2025),

C. Regulatory Flexibility Act

The Regulatory Flexibility Act¹⁰ generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.¹¹ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.¹² The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions. The proposed rule would eliminate § 701.24 because it restates the authority already granted to an FCU's board of directors by section 113(9) of the FCU Act. Its removal simplifies the regulatory code by eliminating unnecessary text. Therefore, the Board certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities.

D. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and notwithstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a reporting, recordkeeping, or a third-party disclosure requirement. The NCUA has

¹⁰ 5 U.S.C. 601 *et seq.*

¹¹ 5 U.S.C. 605(b).

¹² 80 FR 57512 (Sept. 24, 2015).

determined that the changes described in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain agencies to consider the impact of their actions on state and local interests. The NCUA, an agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order to adhere to fundamental federalism principles. This proposed rule would only impact FCUs. This proposed rule would eliminate § 701.24, as it is redundant and only restates the authority already granted directly to an FCU's board of directors by section 113(9) of the FCU Act. Its removal simplifies the regulatory code by eliminating unnecessary text and thus would not have a direct effect on the states, the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999.¹³ The proposed rule would eliminate § 701.24 because it is redundant and only restates the authority already granted directly to an FCU's board of directors by section 113(9) of the FCU Act. Its removal simplifies the regulatory code by eliminating unnecessary text. While the proposed rescission is intended to reduce regulatory burden generally to allow FCUs to focus on their provision of financial services to members, any potential positive effect on family well-being, including financial well-being is, at most, indirect.

¹³ Public Law 105-277, 112 Stat. 2681 (1998).

List of Subjects in 12 CFR Part 701

Advertising, Aged, Civil rights, Credit, Credit unions, Fair housing, Individuals with disabilities, Insurance, Marital status discrimination, Mortgages, Religious discrimination, Reporting and recordkeeping requirements, Sex discrimination, Signs and symbols, Surety bonds.

By the National Credit Union Administration Board, this 20th day of February, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board proposes to amend 12 CFR Part 701 as follows:

PART 701 – Organization and Operation of Federal Credit Unions

1. The authority citation for part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1758, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1785, 1786, 1787, 1788, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 et seq.; 42 U.S.C. 1981 and 3601-3610. Section 701.35 is also authorized by 42 U.S.C. 4311-4312.

2. Remove and reserve § 701.24.

§ 701.24 [Removed and reserved]

[FR Doc. 2026-03756 Filed: 2/24/2026 8:45 am; Publication Date: 2/25/2026]