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NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

February 4, 1987

Office of General Counsel

Ms. Jill Arnott
Legislative/Information Specialist
Wyoming Credit Union League
864 S. Spruce Street
Casper, Wyoming 82601

Dear Ms. Arnott:

This is in response to your letter concerning Federal credit unions (FCU's) imposing late fees on delinquent loan payments.

Section 701.21(b) of the NCUA Rules and Regulations (12 C.F.R. §701.21(b)) is entitled Relation to Other Laws. Included in this section are matters involving FCU lending that the state may attempt to govern that are preempted by Federal law. Among the areas preempted are interest rates and finance charges, including late fees (see Sections 701.21(b)(i)(A) and (B)).

Federal credit unions may impose late fees on extensions of credit without regard to state law. Article XII, Section 8 of the Standard FCU Bylaws provides for the amount of late fees that an FCU may charge. The most recent standard amendment to Article XII, Section 8 of the Bylaws leaves this determination up to each FCU board of directors.

I hope that we have been of assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. Bisker".

STEVEN R. BISKER
Assistant General Counsel

HMU:jrm