



Indiana Credit Union League
The association of Indiana credit unions

February 2, 2021

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428.

Re: Capitalization of Interest in Connection with Loan Workouts and Modifications Docket; RIN 3133-AF30

Ms. Conyers-Ausbrooks,

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the NCUA's proposed rulemaking on Capitalization of Interest in Connection with Loan Workouts and Modifications. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.7 million consumers.

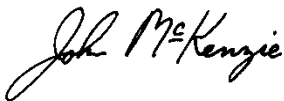
The ICUL welcomes the proposed removal of the prohibition on the capitalization of interest in connection with loan workouts and modifications. Credit unions should be able to capitalize interest if it does not hinder the borrower's ability to become current. This would also bring consistency with the Government-Sponsor Enterprises (GSEs). GSEs allow the capitalizing of interest and fees for prudent loan modifications. However, if a credit union maintains the loan, this would not be an option.

Credit unions have fewer loan options than the banking industry. A change would provide parity between credit unions and banks, and it will also allow credit unions to provide additional options to borrowers. Credit unions are currently limited to collecting interest up front; forgiving interest; deferring interest until the end of the loan term; or amortizing the modified loan with a portion of the loan at a zero interest which is challenging operationally.

We also believe there are already appropriate safeguards in place (e.g., Reg B and Z), and credit unions should have prudent policies and procedures in place, for example, determining the borrower's ability to repay; valuation considerations; modification is consistently applied; and provides a favorable outcome for the borrower.

We appreciate and applaud NCUA's proposed rulemaking on Capitalization of Interest in Connection with Loan Workouts and Modifications. We ask NCUA to consider our comments as discussed above. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,



John McKenzie
President, Indiana Credit Union League