

NCUA LETTER TO FEDERAL CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: July 2006 **LETTER NO.: 06-FCU-03**
TO: All Federal Credit Unions
SUBJ: Permissible Interest Rate Ceiling

Dear Manager and Board of Directors:

This letter is to inform you that, in accordance with the provisions of the Federal Credit Union Act, the NCUA Board determined at its meeting on July 20, 2006 to continue the current 18 percent rate as the permissible interest rate ceiling for loans and line of credit advances by federal credit unions.

Under the Federal Credit Union Act, federal credit unions are subject to a 15 percent interest rate ceiling unless the NCUA Board establishes a higher rate after considering certain statutory criteria. 12 U.S.C. §1757(5)(A)(vi). The NCUA Board is required to reconsider its determination no less frequently than every 18 months. The NCUA Board's determination at its July 20, 2006 meeting will continue the current 18 percent rate, which would otherwise expire on September 8, 2006, through March 9, 2008.

If you have any questions, you should contact your regional office.

Sincerely,

/s/

JoAnn M. Johnson
Chairman