



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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May 7, 2002

No. B-02-08

Division Schedules Hearing For Proposed Rule On Regulatory Relief for Small Credit Unions

The Division recently filed a CR-102 form to publish the Division's proposed rule on regulatory relief for small credit unions and to schedule a hearing on the proposed rule. Enclosed is a copy of the CR-102, and the text of the proposed rule.

Hearing time and location

The hearing on the proposed rule will be held on June 25, 2002, beginning at 1:00 p.m., in the Executive Conference Room of the Department of Financial Institutions, located at 210-11th St. SW, Room 300, Olympia, WA 98501. Please contact Diane Moye at the Division, at (360) 902-8791, or email dmoye@dfi.wa.gov, if you would like a map to the hearing site.

Summary of Proposed Rule

In general, the proposed rule allows small credit unions:

1. To schedule special meetings of members from 10 to 120 days after a request for a special meeting is received by the credit union's secretary, as provided in the credit union's bylaws. The current rule requires special meetings to be scheduled from 20 to 30 days after the request is received; and
2. To hold as few as nine regular board meetings each calendar year, no more than eight weeks apart, as provided in the credit union's bylaws. The current rule requires regular board meetings to be held monthly.

Comments on the proposed small credit union regulatory reform rule

Persons wishing to comment on the proposed rule may present their comments at the hearing or submit their comments in writing prior to the close of business on June 25, 2002.

Please submit your comments to:

Linda Jekel
Program Manager
Division of Credit Unions
PO Box 41200
Olympia, WA 98504-1200

Phone: (360) 902-8753
Fax: (360) 704-6953
E-mail: ljekel@dfi.wa.gov



**PROPOSED RULE MAKING
(RCW 34.05.320)**

**CR-102 (7/22/01)
Do NOT use for expedited
rule making**

Agency: Department of Financial Institutions	<input checked="" type="checkbox"/> Original Notice <input type="checkbox"/> Supplemental Notice to WSR _____ <input type="checkbox"/> Continuance of WSR _____
<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 02-05-045 ; or <input type="checkbox"/> Expedited Rule Making -- Proposed notice was filed as WSR _____; or <input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4).	

(a) Title of rule: (Describe Subject) Regulatory relief for small credit unions

Purpose: To provide appropriate regulatory relief for small credit unions (those with up to \$10 million in total assets.)

Other identifying information:

(b) Statutory authority for adoption: RCW 31.12.516(2), (3), (4); RCW 43.17.060; RCW 43.320.040	Statute being implemented: RCW 31.12.516(3)
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(c) Summary: The rule provides more regulatory flexibility for small credit unions in regard to scheduling of special meetings of members, and the number of regular board meetings.

Reasons supporting proposal: To eliminate unnecessary regulatory burden on small credit unions

(d) Name of Agency Personnel Responsible for:	Office Location	Telephone
1. Drafting..... Linda Jekel	210 - 11 th St. SW Room 300, Olympia, WA 98501	360-902-8753
2. Implementation.... Linda Jekel	210 - 11 th St. SW Room 300, Olympia, WA 98501	360-902-8753
3. Enforcement..... Linda Jekel	210 - 11 th St. SW Room 300, Olympia, WA 98501	360-902-8753

(e) Name of proponent (person or organization): Division of Credit Unions

Private
 Public
 Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:

(g) Is rule necessary because of:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If yes, ATTACH COPY OF TEXT Citation:
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

(h) HEARING LOCATION: Department of Financial Institutions 210 – 11 th St. SW Room 300 Olympia, WA 98501 Date: June 25, 2002 Time: 1:00 p.m.	Submit written comments to: Linda Jekel 210 – 11 th St. SW Room 300 Olympia, WA 98501 E-mail: ljekel@dfi.wa.gov FAX (360) 704-6901 By (date) June 25, 2002
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DATE OF INTENDED ADOPTION: June 25, 2002

CODE REVISER USE ONLY	
NAME (TYPE OR PRINT) Mark Thomson	
SIGNATURE	
TITLE Acting Director	
DATE May 3, 2002	

Assistance for persons with disabilities: Contact Tina Philippsen by 4:30 p.m. June 19, 2002

TDD (360) 664-8126

(j) Short explanation of rule, its purpose, and anticipated effects:

The proposed rule allows small credit unions:

1. To schedule special meetings of members from 10 to 120 days after a request for a special meeting is received by the credit union's secretary, as provided in the credit union's bylaws. The current rule requires special meetings to be scheduled from 20 to 30 days after the request is received; and
2. To hold as few as nine regular board meetings each calendar year, no more than eight weeks apart, as provided in the credit union's bylaws. The current rule requires regular board meetings to be held monthly.

On another aspect of small credit union supervision, the Division is aware that the scheduling of on-site examinations of small credit unions can create staffing problems for them. For example, an exam can prove challenging at the beginning of a calendar quarter, when small credit unions must devote staff to the preparation of financial statements and/or call reports. The Division intends to work with small credit unions to avoid scheduling their exams during these problematic time periods.

Partly in response to recommendation from the Washington Credit Union League's Small Credit Union Task Force, the Division recently adopted new field of membership (FOM) rules which streamlined the process for credit unions to add FOM groups to their FOM bylaws. These new FOM rules will significantly reduce the regulatory burden on small credit unions in adding FOM groups. The new rules took effect on March 8, 2002.

Does proposal change existing rules? YES

NO

If yes, describe changes:

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by writing to:

telephoning: ()

faxing: ()

No. Explain why no statement was prepared

The rule reduces the cost of regulatory compliance and makes existing rules more flexible. It does not add any costs of compliance.

(l) Does RCW 34.05.328 apply to this rule adoption? Yes No

Please explain: RCW 34.05.328 does not include the Department of Financial Institutions as a covered agency.

Chapter 208-424 WAC

REGULATORY RELIEF FOR SMALL CREDIT UNIONS

NEW SECTION

WAC 208-424-010 Definition of small credit union. For purposes of this chapter, a "small credit union" means a credit union with up to ten million dollars in total assets as of its most recently filed call report.

NEW SECTION

WAC 208-424-020 Timing of special membership meetings of small credit unions. In regard to timing of special membership meetings, the last sentence of RCW 31.12.195(3) states:

"The designated time of the membership meeting must be no sooner than twenty, and no later than thirty days after the request is received by the secretary."

A small credit union may vary from the last sentence of RCW 31.12.195(3) as provided in its bylaws, as long as it is a small credit union at the time the request for a special membership meeting is received by the secretary. However, the designated time of the special membership meeting must be no sooner than ten, and no later than one hundred twenty days, after the request is received by the secretary. In all other respects, a small credit union must comply with RCW 31.12.195.

NEW SECTION

WAC 208-424-030 Frequency of regular meetings of board of directors of small credit unions. In regard to timing of regular board meetings, RCW 31.12.225(5) states:

"The board will have regular meetings not less frequently than once each month."

A small credit union may vary from RCW 31.12.225(5) as provided in its bylaws. However, a small credit union must have at least nine regular board meetings each calendar year, and consecutive regular board meetings must be no more than ten weeks apart. In all other respects, a small credit union must comply with RCW 31.12.225.