



*These regulations under its authority*

## ***DCU BULLETIN***

*Division of Credit Unions*

*Washington State Department of Financial Institutions*

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April 8, 2016

No. B-16-06

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### **Rulemaking on Amendments to the Member Business Loan Rule**

The Division of Credit Unions (Division) intends to modernize its state MBL rule (Chapter 208-460 WAC) and provide similar authority as authorized for federal charters. Rulemaking will begin in April 2016 with the filing of the CR-101 (see attached). Meetings will be held over the next several months for stakeholder and public discussion to compare the current state MBL rule to the NCUA newly amended MBL rule.

On March 16, 2016, NCUA filed its final rule to modernize its existing member business loans (MBL) rule. The final rule will become effective on January 1, 2017; for a copy, see <https://www.ncua.gov/regulation-supervision/Documents/Regulations/FIR2016218member-business-loans.pdf>.

#### History of the Washington state MBL rule

The first Washington state member business loan (MBL) rule was published in 1989. The Washington MBL rule was amended in 1996 and repealed in 1999<sup>1</sup>. It was rewritten in 2001, in Chapter 208-460 WAC, after completing the Washington required rulemaking process and obtaining approval by the NCUA Board in accordance with 12 C.F.R. 723.20. NCUA's amended MBL rule will grandfather NCUA-approved state MBL rules (such as the Washington rule) and will authorize a state to modify its state rule consistent with the amended NCUA rule, see 12 C.F.R. 723.10.

#### Rulemaking

You are welcome to attend rule-making meetings in person at the Department of Financial Institutions' headquarters, 150 Israel Road, Tumwater, Washington 98501. Please allow time to check in with the front desk. You also have the option to join the meeting by teleconference, dial 1-877-885-3221 and use conference ID 5705532#.

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<sup>1</sup> On February 28, 1999, Chapter 208-464 (Washington rule on MBLs) was repealed due to the requirements in the Congressional HR 1151, titled Credit Union Membership Access Act of 1998 (Act). The Act required the National Credit Union Administration (NCUA) to write rules for all federally insured credit unions.

You may send written comments about the rulemaking, including suggested amendments, at any time. All rule-making information (including but not limited to the meeting schedule, document drafts, meeting notices, summaries of meetings, written public comments, and audio of the official hearing) will be frequently updated and available on the DCU website: <http://www.dfi.wa.gov/credit-unions/rulemaking>.

The MBL rule-making meetings are tentatively scheduled as follows:

- Tuesday, April 26, 2016 from 1:30 pm to 3:00 pm
- Thursday, May 19, 2016 from 1:30 pm to 3:00 pm
- Thursday, June 9 2016 from 1:30 pm to 3:00 pm
- Thursday, June 30, from 1:30 pm to 3:00 pm
- No meetings in July
- Thursday, August 18 from 1:30 pm to 3:00 pm
- Tuesday, August 30 from 1:30 pm to 3:00 pm

*Additional meetings after August will be scheduled, if needed.*

For an overview of the rule-making process, please see:  
[http://www.oria.wa.gov/site/alias\\_oria/448/default.aspx](http://www.oria.wa.gov/site/alias_oria/448/default.aspx).

If you have any questions regarding the rulemaking on member business loans, please contact Linda Jekel, Director, Division of Credit Unions, at (360) 902-8778 or [linda.jekel@dfi.wa.gov](mailto:linda.jekel@dfi.wa.gov).

Attachment: Filed CR-101



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (June 2004)**

(Implements RCW 34.05.310)

Do NOT use for expedited rule making

**Agency:** Department of Financial Institutions

**Subject of possible rule making:** The Department of Financial Institutions ("DFI") proposes amending Chapter 208-460, Washington Administrative Code, Member Business Loans ("State MBL Rule"), under the Washington State Credit Union Act Chapter 31.12, Revised Code of Washington.

**Statutes authorizing the agency to adopt rules on this subject:** RCW 31.12.516, RCW 43.320.040, RCW 31.12.428, RCW 31.12.426.

**Reasons why rules on this subject may be needed and what they might accomplish:**

On March 14, 2016, the National Credit Union Administration ("NCUA") published in the Federal Register its approved final rule amending NCUA's member business loans rule ("Federal MBL Rule") to provide federally insured credit unions (including Washington State-chartered credit unions), as NCUA describes it, "greater flexibility and individual autonomy in safely and soundly providing commercial and business loans to serve members." DFI is proposing rulemaking to update the State MBL Rule to be more consistent with the Federal MBL Rule and to modernize the State MBL Rule.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:**

There are no other state agencies that regulate the safety and soundness of Washington State-chartered credit unions. Shares and deposits in our state credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) administered by NCUA. The current Washington State MBL rule was previously approved by NCUA. Under the Federal MBL Rule, a state supervisory authority may modify a state MBL rule previously approved by NCUA as long as the modifications are consistent with the Federal MBL Rule. DFI plans to consult with NCUA on any modifications to the State MBL rule.

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:**

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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**DATE**  
April 4, 2016

**NAME (TYPE OR PRINT)**  
Linda K. Jekel

**SIGNATURE**

**TITLE**  
Director, Division of Credit Unions

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