



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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Division Files for Expedited Adoption of Rules that are “Substantially Equivalent” to NCUA Rules on Prohibited Fees and Nonpreferential Loans

NCUA rules on prohibited fees and nonpreferential loans that are applicable to federally-insured state credit unions (FISCUs) may be superseded by substantially equivalent state rules. In order to take advantage of this provision, the Division filed a Form CR-101XA (Expedited Approval) on September 4, 1997, to initiate the rule-making on substantially equivalent rules in these areas. Enclosed is a copy of the Form CR-101XA.

The proposed rules are as follows:

1. A rule substantially the same as the NCUA rule at 12 CFR Section 701(c)(8), prohibiting credit union officials and employees from receiving any compensation in connection with a loan by the credit union.
2. A rule substantially the same as the NCUA rule at 12 CFR Section 701(d)(5), prohibiting credit union officials and their immediate families and business associates from receiving loans from the credit union on preferential terms.

These two NCUA rules are applicable to FISCUs in accordance with NCUA rule 741.203(a).

Because all Washington FISCUs are subject to these NCUA rules, and all other Washington state credit unions will be subject to them shortly, the Division decided to file the

rules on an expedited basis, a new procedure permitted under the 1997 amendments to the state Administrative Procedures Act.

The expedited rule-making process allows the agency to adopt the rules without a hearing and without many of the other procedural steps involved in typical rule-making. The Division may adopt the proposed rules in final form, without further notice or hearing, if no one files an objection by November 18, 1997. The Division believes that in this unique circumstance, with the adoption of rules that are substantially the same as NCUA rules that apply to FISCUs, the expedited process is appropriate.

If you have any questions about the proposed rules or the expedited rule-making process, please contact Parker Cann at (360) 902-8778. If you object to the use of the expedited rule-making process, you should file an objection in writing with the Division. The objection must be received by November 18, 1997. If one or more persons file an objection, the Division may not adopt the rules through the expedited process and must initiate a rule-making through the normal process, with a hearing, etc.