

**Minutes for  
 Department of Financial Institutions, Division of Credit Unions  
 Members Business Loans (MBLs) Rulemaking Meeting  
 June 9, 2016 from 1:30 pm to 3:00 pm  
 DFI FA 319 Agency Conference Room**

**Persons attended in person or by phone.**

**Teleconference: Dial in 1 (360) 407-3812, conference ID: 690240**

**Attendees:**

**Department of Financial Institutions Present:**

Linda Jekel, Director of Credit Unions  
 Doug Lacey-Roberts, DCU Program Manager  
 Allyson Ross, DCU Management Analyst  
 Joe Vincent, Director of Regulatory and Legal Affairs  
 Catherine Mele-Hetter, Policy Director

**Credit Unions present in person or by phone:**

BECU	Inspirus	Seattle Metropolitan	TAPCO	Whatcom Educational
Harborstone	Kitsap	Solarity	TwinStar	
Industrial	North Coast	Sound	Verity	
iQ	Numerica	STCU	WCLA	

**Other:**

Northwest Credit Union Association

**Meeting Called to Order at 1:30 pm**

Welcome and Introductions	Performed by Linda Jekel
Roll Call	Performed by Allyson Ross
Discussion on Comparing the Following: <ul style="list-style-type: none"> <li>• WAC 208-460-030 Development &amp; Construction</li> <li>• WAC 208-460-060 Collateral/Securities</li> <li>• Revised NCUA MBL rule (2016) 723.6 Construction &amp; Development Loans</li> <li>• Revised NCUA MBL rule (2016) 723.5 Collateral &amp; Security</li> </ul>	The following is a summary of the discussion for additional changes:  Stakeholders asked the waiver process be streamlined.  WAC 208-460-030(1)(a). A stakeholder requested the rule allow the ability to secure a deposit at another financial institution and exclude the secured portion from the aggregate limit of acquisition, development, and construction loans.  Also WAC 208-460-030(1)(a). Stakeholder discussion on whether aggregate limit should be based on net worth or risk-based capital.

	<p>WAC 208-460-030(2)(a). Stakeholder discussion for equity changed from 25% to 20% on combination of development and construction.</p> <p>WAC 208-460-030(2). Stakeholder asked to add fifteen percent equity (or 85% LTV) when project is a remodel or renovation to existing commercial-purpose building and use is not changed.</p> <p>WAC 208-460-030(3). Discussion about mechanic lien laws will vary based on location of project. Stakeholder requested this section be generalized about maintaining lien priority requirements and place lien requirements in procedures.</p> <p>WAC 208-460-030(4). Stakeholder requested experience be change from “development and construction” to “development or construction” lending.</p> <p>WAC 208-460-060(3). Discussion on whether to eliminate the limit on individual unsecured lending and just have aggregate limit or keep both.</p> <p>Various individuals asked the following terms be defined:</p> <ul style="list-style-type: none"> <li>• Controlling person</li> <li>• Costs to complete</li> <li>• Equity</li> <li>• Non-real estate collateral, such as commercial-purpose vehicles (fleet)</li> <li>• Project costs to complete</li> <li>• Prospective market value</li> <li>• Qualified costs</li> <li>• Remodel or renovate</li> <li>• USPAP</li> </ul>
<p>Open Forum for Comments</p>	<p>See comments submitted  <a href="http://www.dfi.wa.gov/rulemaking/member-business-loans">http://www.dfi.wa.gov/rulemaking/member-business-loans</a></p>
<p><b>Next Meeting</b></p>	<p><b>Next meeting June 30, 2016 from 1:30pm to 3:00pm</b></p>

Meeting adjourned at 2:51 pm