As you are aware, last November the Division adopted final rules on prohibited fees and nonpreferential loans (new DCU rules). A copy of the new DCU rules is enclosed. The rules are codified at WAC Sections 208-444-020 through -050. The operative sections are -020 and -030.

**Effective date of new DCU rules**
The new DCU rules specified that they would not take effect until the NCUA Board had made a determination that they were substantially equivalent to the NCUA rules at 701.21(c)(8) and (d)(5). On March 19, 1998, the NCUA Board made such a determination.

Consequently, beginning March 19, 1998, all Washington State-chartered credit unions:
1. Are subject to the new DCU rules; and
2. Are no longer subject to subsections 701.21(c)(8) and (d)(5) of the NCUA rules.

Because the new DCU rules are the same as NCUA rules that were applicable to state credit unions, the new rules will not subject credit unions to additional regulatory requirements.

**Section 208-444-020 – Prohibited Fees**
In general, Section -020 prohibits directors, volunteer committee members, and employees, and their immediate family members, from receiving compensation in connection with a loan made by their credit union. We have received an inquiry regarding the definition of the term “volunteer committee.” We have determined that as used in Section -020, this term includes the loan (or credit) committee and supervisory committee.
Section 208-444-030 – Nonpreferential Loans
In general, Section -030 prohibits a credit union from making loans to its directors and loan (or credit) and supervisory committee members, and their immediate family members and their business affiliates, on terms and conditions more favorable than loans to other credit union members.

As you know, RCW 31.12.365(3) contains a similar prohibition. We will consider compliance with WAC 208-444-030 to be compliance with RCW 31.12.365(3).

Please contact Parker Cann at the Division, at (360) 902-8778, if you have questions about the new DCU rules.