



## ***DCU BULLETIN***

***Division of Credit Unions***

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### **Division Repeals MBL and Appraisal Rules**

**Repeal - MBL Rules.** The Division has repealed its member business loan (MBL) rules, Chapter 208-464 WAC, effective February 28, 1999. However, the Division has initiated a separate rule-making to adopt a new set of MBL rules.

State credit unions must continue to comply with the NCUA rules on MBL, unless the NCUA determines that our new MBL rules adequately minimize risk. See NCUA rules at 741.203, and criteria for the determination at 723.20. The Division intends to submit its new MBL rules, after final adoption, to the NCUA for such a determination. If the NCUA reaches such a determination, state credit unions will no longer be subject to the NCUA's MBL rules. Nonetheless, state credit unions will continue to be subject to the MBL limitations in the Credit Union Membership Access Act (H.R. 1151).

Notwithstanding the repeal of the Division's MBL rules, the Division has taken the position that as a matter of safety and soundness the aggregate amount of a credit union's MBL, as defined by the Federal Credit Union Act, may not exceed an amount equal to 3 times its reserves, without the written permission of the Division.

**New MBL Rules.** As indicated above, the Division has initiated a separate rule-making to adopt new MBL rules. The Division believes that more flexible MBL rules can be crafted which will allow credit unions to better serve the needs of their members while also protecting the safety and soundness of these institutions.

The Division will use the NCUA's MBL rules as a starting point for drafting the Division's new MBL rules. See the NCUA's new MBL rules at Part 723, recently amended at 63 Federal Register 51793, 51802, September 29, 1998. The NCUA's new MBL rules are also available on the NCUA's website at:

[http://www.ncua.gov/news/proposed\\_regs/mbldr111.html](http://www.ncua.gov/news/proposed_regs/mbldr111.html)

Interested parties should provide comments to the Division on which provisions of the NCUA's MBL rules should be amended or deleted, and what new provisions should be added, for the purpose of drafting the Division's new MBL rules.

**Repeal - Real Estate Appraisal Rules.** The Division has repealed its real estate appraisal rules, Chapter 208-480 WAC, effective February 28, 1999. However, state credit unions must continue to comply with the NCUA rules on real estate appraisals, at Part 722. See NCUA rules at 741.203.