

**Member Business Loans (MBLs) Rulemaking Agenda
For February 6, 2018 from 12:30 pm to 1:30 pm PDT**

Stakeholders have two options for attending the meeting:

1. Attend in person at Department of Financial Institutions (DFI) building, 150 Israel Road, Tumwater, WA. *If attending in-person, please arrive early so you can check in at DFI front desk and be escorted to **conference room #319**.*
2. Attend by teleconference; dial in 1-877-885-3221; conference ID: 5705532#.

Topic	Leader	Estimated Time
Welcome & introductions by DFI <ul style="list-style-type: none"> • Linda Jekel, Director of Credit Unions • Joe Vincent, Director of Legal and Regulatory Affairs • Catherine Mele-Hetter, Director of Policy • Doug Lacy-Roberts, Program Manager • Cristina Diaz, Management Analyst 	Linda Jekel	12:30 to 12:35 pm
Roll call of credit unions and other stakeholders	Cristina Diaz	12:35 to 12:40 pm
Discussion on the following: <ol style="list-style-type: none"> 1. Work with NCUA accomplished from October-December 2017 2. Process for NCUA Board approval 	Linda Jekel	12:40 to 12:50 pm (10 minutes)
Review changes since September 2017: Major changes: <ol style="list-style-type: none"> 1. WAC 208-460-040 (4) and WAC 208-460-050 (4) regulatory relief for smaller credit unions with limited MBLs. Rewritten to match 12 CFR 723.1(b). 2. WAC 20-460-090 and WAC 208-460-100 removed appraisal waiver because the former requirement for Regional Director approval is no longer available. Other changes (see attached appendix)	Linda Jekel	12:50 pm to 1:25 pm (35 minutes)
Adjournment and reminder about next meeting Next meeting will be scheduled after NCUA Board approval	Linda Jekel	1:25 pm to 1:30 pm

Notes:

- A. Brief minutes will be taken and published after each meeting; only the CR-102 hearing will be audio recorded and published.

- B. If you would like to be notified when a new document is added to the MBL Rulemaking page, sign up for email alerts on DFI's web site. See "Sign Up for Email Updates" at bottom of webpage at <http://www.dfi.wa.gov/rulemaking/member-business-loans> .
- C. If you have any questions, please contact Linda Jekel, Director of Credit Unions at Linda.Jekel@dfi.wa.gov or (360) 902-8778.

Appendix

Other changes from 8/29/2017 version to 01/08/2010 version of draft MBL rule:

WAC 208-460-005 Definitions:

- Moved “control” explanation from WAC 208-460-070(9) into definitions.
- added venture, corporate, and investment property within “associated borrower” and “MBL” because these terms are used later in the rule.
- Added the listed exception to “MBL” definition so the exceptions are outside the program and policy requirements.
- Added “person” definition so readers do not have look up definition from WA Credit Union Act, RCW 31.12.005(20).
- Corrected citations in a few places.

WAC 208-460-020(2) Prohibitions:

- Changed language to be consistent with 12 CFR 723.7(b). Has same effect as September 2017 amendment.
- Substituted “MBL” for “commercial” throughout rule where it did not change meaning.
- Corrected citation.

WAC 208-460-030 Development and construction:

- Section (1): Changed term from entity to enterprise for “government sponsored enterprise”.
- Section (3): Corrected numbering.

WAC 208-460-040 MBL program:

- Section (1)(a): Changed term of “commercial” to “MBL” with the same effect.
- Section (4): Regulatory relief for smaller credit unions was rewritten to be similar to 12 CFR 723.1(b).

WAC 208-460-050 MBL policy:

- Section (1)(c): Added authority to subtract insured or guarantee portion of loan from the credit union’s board maximum MBL limits .
- Section (2)(b)(v): Added qualifier that loan-to-value limit should be appropriate to type of collateral.
- Section (4): Regulatory relief for smaller credit unions was rewritten to be similar to 12 CFR 723.1(b).
- Section (5): Added purpose clause for reporting, similar to 12 CFR 723.8.

WAC 208-460-060 (2) Collateral and loan-to-value (LTV):

- Section (2): Requires the credit union to obtain the gurantee from a natural person.
Note: If the credit union does not require a guarantee, the credit union must document the mitigating factors offsetting the risk.
- Section (3)(a): In table, combined D&C loan or ADC loan LTV ratios

- Section (3)(d)(i) and (iii): Add further option for higher LTV for loan guaranteed or insured by a government sponsored enterprise. Changed term from “entity” to “enterprise”.

WAC 208-460-070 Associated borrower:

- Section (4): Changed terms so consistent with definitions. “Associated person” changed to “associated borrower”.
- Section (9): Refers to definitions of “control, controls, or controlling”.
- Section(10)(b)(ii): add adjective “unincorporated association” so matched term used earlier in this section.
- Section 12: Removed the term “subsection (12) as it was redundant.

WAC 208-460-090 Waivers:

- Section (4): Removed appraisal waiver because the former requirement for Regional Director approval is no longer available.

WAC 208-460-100 Application for waivers:

- Section (4): Removed appraisal waiver because the former requirement for Regional Director approval is no longer available.

WAC 208-460-135 Exclusions to MBL aggregate limit:

- Section (2): Removed “shares”..in other financial institutions so it would not be confused with stock.

WAC 208-460-137 Method to calculate MBL aggregate limit:

- Section (1): Removed “shares”..in other financial institutions so it would not be confused with stock.

Disclaimer: This may not be the complete list but I am getting reader fatigue in comparing the two versions.