



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CREDIT UNIONS

P.O. Box 41200 • Olympia, Washington • 98504-1200

Telephone (360) 902-8701 • TDD (360) 664-8126 • (800) 372-8303 • FAX (877) 330-6870

November 13, 2019

**Concise Explanatory Statement**

Pursuant to RCW 34.05.325(6)

Rule Amendment to the Credit Union Corporate Governance, chapter 208-400 WAC.

**Agency reasons for adopting the rules.** (WAC 208-400-040)

The rule is proposed to implement the changes permitted under House Bill 1247, which allows credit unions to request powers and authorities allowed in other states if certain conditions are met. This rule outlines the procedures for requesting approval.

**Describe difference between the text of the proposed rules as published in the Washington State Register and the text of the rules as adopted, other than editing changes, stating the reasons for difference.**

The proposed rule will be adopted as no changes were made after the filing of the 102.

**Summary of comments received by DFI during the rulemaking process, and DFI's responses to the comments.**

I. Written comments received:

<ul style="list-style-type: none"><li>Section (2)(a) requires description of “the expected benefits to the credit union’s members.” This should be changed to require description of how the powers or authorities will serve the convenience and advantage of the credit union’s members. The statute does not require that the power or authority will directly benefit individual members or groups of members, but that it serve the convenience and advantage of the credit</li></ul>	Change was made based on this comment.

<p>union’s members. Some powers may directly benefit the organization and indirectly benefit members (a power related to establishment of administrative or operational facilities might fall into this category). Such powers would indirectly benefit the membership based on the benefit to the organization. These powers would be permissible under the statute, and the rule should be written in a way that makes that clear.</p>	
<ul style="list-style-type: none"> <li>Section (2)(c) requires submission of policies, procedures, or documents for a power that has not yet been approved. I recommend either deleting this requirement, or changing it to require a description of policies, procedures or documents that the credit union anticipates will be involved with implementing the power rather than actually creating the policies, procedures and documents before the power is approved.</li> </ul>	<p>Change was made based on this comment.</p>
<ul style="list-style-type: none"> <li>In Section (2)(d), I recommend changing “projection” to “description.” The term “projection” makes it sound like the credit union must submit pro forma financials or other similar documents. That may be appropriate in some cases, but probably not all of them. In many cases, a brief narrative summary of the anticipated impact will suffice.</li> </ul>	<p>Change was made based on this comment.</p>
<ul style="list-style-type: none"> <li>Section 4 seems contrary to the spirit of RCW 31.12.404(4). The statute imposes a specific time within which the department must act. As a practical matter, the DFI can always informally request a credit union to delay implementation of a power or to waive or extend the 30 day requirement. But including a regulatory right to extend the waiting period will lead to 120 days being the de facto response time rather than the 30 days that is required in the statute. As a general rule, the DFI should be required to act within the statutory period once the credit union has provided adequate support for a complete application.</li> </ul>	<p>Change was made based on this comment.</p>
<ul style="list-style-type: none"> <li>What is the proposal?</li> <li>What is the power and authority?</li> <li>Now an explanation. With promulgated regulatory standards...OSHA or EPA Federal or state Standards can</li> </ul>	<p>Division Director called the person who inquired and explained the rule proposal.</p> <p>No changes were made based on these questions and comments.</p>

<p>have primacy. In Washington, we might have primacy over federal standards.</p> <ul style="list-style-type: none"> <li>• Under RCW 61-24-110, Reconveyance by Trustee... who is the primary agent?</li> </ul>	

II. Oral comments received during the public hearing held October 2, 2019, at the Department's location in Tumwater, Washington: No comments received.

The hearing audio is available on our website: <https://dfi.wa.gov/rulemaking/credit-unions-rulemaking>

**Conclusion**

DFI made the proposed rule changes available to all interest parties by notifying potential stakeholders through GovDelivery notification and publishing the proposed changes to the department website along with all rulemaking notices, documents, and the audio of the public hearing. The final proposed rule is the product of an open, deliberative process with stakeholder input.