

MEMORANDUM

To: Rules Review Commission

From: Tony Knox, Deputy Administrator

Date: July 1, 2016

Subject: Request to Amend 26 NCAC 05 .0211 – Periodic Review - 04 NCAC 06 date from February 2017 to August 2016

The Credit Union Division, that regulates state chartered credit unions is due for periodic review February 2017. The Division has been in the process of updating its rules and regulations since October 2012 to keep pace with the rapidly changing financial industry regulations. There has been a recent change in the Federal Member Business Lending Rule that will become effective January 2017. Therefore, we will need to have a rule in place and then prepare for a re adoption of the rule in the periodic review in February 2017.

We have consulted with RRC counsel and our counsel from the Attorney General's office and determined that it will be better to avoid the confusion of having multiple current review periods. Therefore, it is in the best interest of the Division and regulated public to begin the process by requesting the opportunity to appear before the Rules Review Commission and ask permission to have the periodic review moved up to August 2016.

The Division management team has completed the initial determinations for rules associated with 04 NCAC 06 and completed the 60-day comment period. The report can be filed with OAH in July of 2016 for review by the RRC in August. Thank you for your consideration of this request to move our review period to August 2016.

If you have any questions, please call me at 919-571-4888 ext. 204.

G.S. 150B-21.3A Report for 04 NCAC 06, CREDIT UNION DIVISION

Agency - Department of Commerce - Credit Union Division

Comment Period - 04/13/2016 through 06/13/2016

Date Submitted to APO - Filled in by RRC staff

Subchapter	Rule Section	Rule Citation	Rule Name	Date and Last Agency Action on the Rule	Agency Determination [150B-21.3A(c)(1)a]	Implements or Conforms to Federal Regulation [150B-21.3A(e)]	Federal Regulation Citation
SUBCHAPTER 06A - ORGANIZATION	SECTION .0100 - GENERAL INFORMATION	04 NCAC 06A .0101	NAME AND ADDRESS	Amended Eff. March 1, 2013	Necessary without substantive public interest	No	
SUBCHAPTER 6B - RULE-MAKING: DECLARATORY RULINGS AND CONTESTED CASES	SECTION .0300 - RULE-MAKING HEARINGS	04 NCAC 06B .0301	PETITION FOR ADOPTION: AMENDMENT OR REPEAL OF RULES	Amended Eff. March 1, 2013	Necessary without substantive public interest	No	
		04 NCAC 06B .0302	NOTICE OF RULE-MAKING HEARINGS	Amended Eff. July 1, 2013	Necessary without substantive public interest	No	
		04 NCAC 06B .0303	RULE-MAKING HEARINGS: GENERAL INFORMATION	Amended Eff. July 1, 2013	Necessary without substantive public interest	No	
	SECTION .0400 - DECLARATORY RULINGS	04 NCAC 06B .0401	PETITION FOR DECLARATORY RULING	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0402	RESPONSE OF ADMINISTRATOR TO PETITION	Eff. June 1, 1990	Necessary without substantive public interest	No	
	SECTION .0500 - ADMINISTRATIVE HEARINGS	04 NCAC 06B .0501	RIGHT TO HEARING	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0502	INFORMAL SETTLEMENT	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0503	REQUEST FOR HEARING	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0504	NOTICE OF HEARING	Eff. June 1, 1990	Necessary without substantive public interest	No	

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		04 NCAC 06B .0505	INTERVENTION IN AN ADMINISTRATIVE HEARING	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0506	DEPOSITIONS	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0507	SUBPOENAS	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0508	SERVICE OF SUBPOENAS	Eff. June 1, 1990	Necessary without substantive public interest	No	
		04 NCAC 06B .0509	OBJECTION TO A SUBPOENA	Eff. June 1, 1990	Necessary without substantive public interest	No	
SUBCHAPTER 06C - CREDIT UNIONS	SECTION .0100 - GENERAL INFORMATION	04 NCAC 06C .0101	DEFINITIONS	Amended Eff. July 1, 2013	Necessary without substantive public interest	No	
	SECTION .0200 - ORGANIZATION OF CREDIT UNIONS	04 NCAC 06C .0201	INCORPORATION OF STATE CHARTERED CREDIT UNIONS	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0202	MINIMUM POTENTIAL MEMBERSHIP GUIDELINES	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0203	FIELDS OF MEMBERSHIP	Amended Eff. March 1, 2015	Necessary without substantive public interest	No	
		04 NCAC 06C .0204	BYLAWS AND ARTICLES OF INCORPORATION	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	

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		04 NCAC 06C .0205	LOANS TO CREDIT UNION OFFICIALS	Amended Eff. March 1, 2015	Necessary without substantive public interest	No	
		04 NCAC 06C .0206	MERGER OF CREDIT UNIONS	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0207	CONVERSION OF CHARTER FROM NORTH CAROLINA CHARTER	Amended Eff. April 1, 1981	Necessary without substantive public interest	No	
		04 NCAC 06C .0208	CONVERSION OF CHARTER TO NORTH CAROLINA CHARTER	Amended Eff. April 1, 1981	Necessary without substantive public interest	No	
		04 NCAC 06C .0209	OUT OF STATE OFFICE FACILITIES	Eff. April 4, 1978	Necessary without substantive public interest	No	
	SECTION .0300 - BASIC INTERNAL CONTROLS: ACCOUNTING PROCEDURES AND OPERATION STANDARDS FOR STATE-CHARTERED CREDIT UNIONS	04 NCAC 06C .0301	GENERAL PROVISIONS	Amended Eff. March 1, 2015	Necessary without substantive public interest	No	
		04 NCAC 06C .0302	PROCEDURES	Amended Eff. March 1, 2015	Necessary without substantive public interest	No	
		04 NCAC 06C .0304	MANAGEMENT DUTIES	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0305	INDEPENDENT AUDITS	Amended Eff. October 1, 1991	Necessary without substantive public interest	No	

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		04 NCAC 06C .0306	DISPLAY OF FINANCIAL STATEMENTS	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0307	LISTING OF OFFICIALS AND OPERATING HOURS	Amended Eff. July 1, 2013	Necessary without substantive public interest	No	
		04 NCAC 06C .0308	BORROWING LIMITATIONS	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
		04 NCAC 06C .0309	OPERATIONAL SYSTEMS	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
		04 NCAC 06C .0310	SHARE DRAFT PROGRAMS	Eff. December 1, 1979	Necessary without substantive public interest	No	
		04 NCAC 06C .0311	Fidelity and SURETY BONDS AND INSURANCE COVERAGE	Amended Eff. July 1, 2013 Eff. March 1, 2016	Necessary without substantive public interest	No	
		04 NCAC 06C .0312	INSURANCE AND GROUP PURCHASING	Eff. March 1, 1982	Necessary without substantive public interest	No	
		04 NCAC 06C .0313	CREDIT UNION SERVICE ORGANIZATION (CUSO)	Eff. October 1, 1983	Necessary without substantive public interest	No	
	SECTION .0400 - LOANS	04 NCAC 06C .0401	DELINQUENT LOANS AND LOAN LOSSES	Amended Eff. February 1, 1992	Necessary without substantive public interest	No	
		04 NCAC 06C .0402	CHARGE-OFF OF UNCOLLECTIBLE LOANS	Amended Eff. February 1, 1992	Necessary without substantive public interest	No	
		04 NCAC 06C .0403	REAL ESTATE LOANS	Amended Eff. February 1, 1992	Necessary without substantive public interest	No	

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		04 NCAC 06C .0404	LINE OF CREDIT LOANS	Amended Eff. January 1, 1992	Necessary without substantive public interest	No	
		04 NCAC 06C .0407	BUSINESS LOANS	Amended Eff. August 1, 1998	Necessary with substantive public interest	Yes If yes, include the citation to the federal law	12 C.F.R. § 741.203 and 12 C.F.R. § 723
		04 NCAC 06C .0408	SALE OF LOANS	Eff. June 1, 1991	Necessary without substantive public interest	No	
		04 NCAC 06C .0409	LOAN LIMITATIONS	Eff. August 1, 1998	Necessary without substantive public interest	No	
		04 NCAC 06C .0410	Prohibited Fees	Eff. March 1, 2016	Necessary without substantive public interest	No	
	SECTION .0500 - IMPAIRMENT AND INSOLVENCY	04 NCAC 06C .0501	IMPAIRMENT	Amended Eff. January 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0502	INSOLVENCY	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
	SECTION .0600 - DIVIDENDS: DEPOSITS AND INTEREST REBATE	04 NCAC 06C .0601	DIVIDENDS	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
		04 NCAC 06C .0603	INTEREST REBATES	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
	SECTION .0700 - ACCOUNTS	04 NCAC 06C .0706	DORMANT ACCOUNTS	Amended Eff. October 1, 1982	Necessary without substantive public interest	No	

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		04 NCAC 06C .0707	STATEMENTS OF ACCOUNTS	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
	SECTION .0800 - REPORTS TO ADMINISTRATOR	04 NCAC 06C .0801	FINANCIAL STATEMENTS AND OTHER INFORMATION	Amended Eff. July 1, 2013	Necessary without substantive public interest	No	
		04 NCAC 06C .0802	ADDITIONAL REPORTS	Amended Eff. December 1, 1979	Necessary without substantive public interest	No	
	SECTION .0900 - PENSION PLANS	04 NCAC 06C .0901	CREDIT UNION AS CUSTODIAN	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
		04 NCAC 06C .0902	SUCCESSOR CUSTODIAN	Readopted Eff. April 4, 1978	Necessary without substantive public interest	No	
	SECTION .1000 - RETENTION OF RECORDS	04 NCAC 06C .1001	PERMANENT RECORDS	Readopted Eff. April 4, 1978 Eff. March 1, 2016	Necessary without substantive public interest	No	
		04 NCAC 06C .1002	NONPERMANENT RECORDS	Readopted Eff. April 4, 1978 Eff. March 1, 2016	Necessary without substantive public interest	No	
	SECTION .1200 - INVESTMENTS	04 NCAC 06C .1201	INVESTMENT ACTIVITIES	Eff. April 1, 1979	Necessary without substantive public interest	No	
		04 NCAC 06C .1202	PERMISSIBLE TRANSACTIONS	Amended Eff. January 1, 2007	Necessary without substantive public interest	No	
		04 NCAC 06C .1203	RESTRICTED TRANSACTIONS	Eff. April 1, 1979	Necessary without substantive public interest	No	
		04 NCAC 06C .1204	FEDERAL FUNDS	Amended Eff. October 1, 1983 Eff. March 1, 2016	Necessary without substantive public interest	No	

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		04 NCAC 06C .1205	AUTOMATIC LIENS UPON ALL SHARES TO SECURE ALL DEBTS	Eff. December 1, 2006	Necessary without substantive public interest	No	
	SECTION .1300 - RESERVES	04 NCAC 06C .1301	LIQUIDITY RESERVES	Amended Eff. February 1, 1992	Necessary without substantive public interest	No	
		04 NCAC 06C .1302	OTHER RESERVES	Eff. December 1, 1979	Necessary without substantive public interest	No	
		04 NCAC 06C .1303	CORPORATE CREDIT UNION RESERVES	Amended Eff. October 1, 1983	Necessary without substantive public interest	No	
	SECTION .1400 - SIGNATURE GUARANTEE SERVICES	04 NCAC 06C .1401	SIGNATURE GUARANTEE	Eff. March 1, 1994	Necessary without substantive public interest	No	