

2023 STATE CHARTER REVIEW – TOPICS TO ADDRESS

ISSUES

- Applications for Membership
- Declaration of Dividends
- Investments
- Savings Capital
- Sale of Credit Union Assets
- Virtual Member Meetings
- Confirmation of Accounts
- Charge-Offs
- Loan Officer Approvals
- Caps for Undeveloped Land Loans
- PMI on Mortgages Over 80% Loan-to-Value (LTV)
- Update Fair Lending Notice Regulation

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Legislative and/or Regulatory:

L = Legislative action required.

R = Regulatory action required.

E = Either legislative or regulatory action required.

No.	Topic	Statute or Reg	Leg/Reg Fix	Notes
LEGISLATIVE TOPICS				
1.	Applications for Membership	Fin. Code §14456(a)	L	Amend FC §14456 to permit the option to implement an automated system for approval, provided the system aligns with the membership criteria established by the credit union's board.
2.	Declaration of Dividends	Fin. Code §14456	L	Revise the statute to stipulate the board may delegate its authority to declare dividends or set dividend rates to asset liability (ALCO) or other committees within the parameters established by the board.
3.	Investments	Fin. Code §14651	L	Amend Fin. Code §14651 to clarify that credit union service organizations (CUSOs) count as an acceptable forming entity.
4.	Savings Capital	Fin. Code §14400 and §15100	L	Clean-up needed pertaining to the term "savings capital." DFPI brought this issue to the League.
5.	Sale of Credit Union Assets	Fin. Code §14765 and §14766	L	Revise the statute for the penalty to be imposed on the organization as opposed to the employee. Consider indicating a dollar threshold so that employees can purchase items of small value. An exception carve out is ideal so that it is clear that a gift to a credit union officer, director, does not trigger the provisions.
6.	Virtual Member Meetings	Fin. Code §14804, §14805 and Corp. Code §7510(f)	L	Codify under the California Credit Union Law that membership meetings may be fully remote – similar to the way a credit union's board meeting may be held via videoconference – thus allowing every participant to be in a remote location with no designated meeting locations other than the online platform use, so long as the member can participate concurrently. Moreover, work to have the sunset provision removed under Cal. Corporations Code §7510(f).

No.	Topic	Statute or Reg	Leg/Reg Fix	Notes
REGULATORY TOPICS				
1.	Confirmation of Accounts	10 CCR §30.302	R	Amend §30.302 to remove the annual account confirmation process.
2.	Charge-Offs	10 CCR §30.402	R	Amend §30.402 to allow parity with other state and federal laws.
3.	Loan Officer Approvals	10 CCR §30.801	R	Amend §30.801 to provide greater flexibility in approving changes to loan payments, including a carve out for minor changes to payment due dates. Concerns whether §30.801 does not distinguish between minor changes to due dates verses an extension to delay payment.
4.	Caps for Undeveloped Land Loans	10 CCR §30.802	R	Amend §30.802 for current lending norms – increase to at least 75% value. The current 60% value is out of date with current lending norms.
5.	Remove PMI Requirement for Junior Liens >80% LTV	10 CCR §30.802(a)(1)(B)	R	Credit unions must have PMI insurance on junior liens that exceed 80% LTV when the principal balance is greater than \$50k. Recommend removing PMI requirement; Not required for state-chartered banks or FCUs.
6.	Update Fair Lending Notice Regulation	21 CCR §7114	R	Clean-up to 21 CCR §7114 to update the DFPI's contact address and regulator name to the Fair Lending Notice. Also, clarify that FCUs are subject to the requirements based on that interpretation that subsection (b) applies to national banks.