

**ADOPTED REGULATION OF THE
COMMISSIONER OF FINANCIAL INSTITUTIONS**

LCB File No. R110-06

Effective June 28, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 4, NRS 678.250; §2, NRS 678.3435; §3, NRS 678.260; §5, NRS 678.250 and 678.710; §6, NRS 678.310; §7, NRS 678.250 and 678.270.

A REGULATION relating to credit unions; establishing certain fees relating to credit unions; prescribing requirements for the retention of records of credit unions; establishing provisions governing complaints filed against credit unions; and providing other matters properly relating thereto.

Section 1. Chapter 678 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this regulation.

Sec. 2. 1. *An application for an initial certificate of authority submitted by a foreign credit union pursuant to NRS 678.343 must be accompanied by a nonrefundable fee of \$750.*

2. The annual fee for renewal for:

(a) The initial office is \$750; and

(b) Each branch office is \$150.

Sec. 3. 1. *Except as otherwise provided in this section, a credit union may destroy a record 1 year after the date on which the record is created.*

2. A credit union shall retain permanently the following records:

(a) The charter and bylaws of the credit union, and any amendments thereto;

(b) Proof of each license to operate as a financial institution granted to the credit union pursuant to federal law or the law of any state, including, without limitation, a certificate to act as an issuing agent for the sale of United States Savings Bonds; and

(c) Records of the operation of the credit union, including, without limitation:

(1) Minutes of all meetings of the members, board of directors, credit committee and audit committee;

(2) A copy of each financial report required pursuant to NAC 678.110 or an equivalent form filed by the credit union;

(3) A copy of each comprehensive annual audit of the audit committee and each accompanying report and attachment;

(4) Records of account verification of the audit committee;

(5) Applications for membership and account agreements of members;

(6) A copy of each periodic statement of members and individual share and loan ledgers, including, without limitation, a complete record of all accounts of members; and

(7) A list of all records that are destroyed pursuant to subsection 1.

3. Applications for membership and account agreements of a person who is not a member of the credit union must be retained for a period of 7 years after the date on which the credit union determines the record is no longer useful.

4. A record that is otherwise required to be retained by state statute or federal law must be retained in accordance with that statute or law.

5. Records of a credit union may be retained in any format that can be readily reproduced, including, without limitation, original paper format, machine copy or electronic format, and must:

- (a) Accurately reflect the information contained in the record;*
- (b) Be capable of reproduction for a person who is entitled to access that record; and*
- (c) Be capable of being transmitted, printed or otherwise disseminated.*

Sec. 4. 1. *If a licensed credit union, or an authorized representative of that credit union, fails to respond to the Commissioner within 20 business days after receiving written notice that a complaint has been filed against the credit union, the credit union is deemed to have admitted to the allegations contained in the complaint.*

2. Subject to the discretion of the Commissioner and except as otherwise provided by specific statute, a complaint filed with the Division, any documents filed with the complaint, and any report or information resulting from an investigation of a complaint are confidential.

Sec. 5. *For the purposes of this chapter and NRS 678.710, the Division shall interpret the term “unimpaired capital and surplus” to mean shares plus postclosing, undivided earnings. The term does not include regular reserves or special reserves required by this chapter or chapter 678 of NRS.*

Sec. 6. NAC 678.010 is hereby amended to read as follows:

678.010 1. Any person desiring to form a credit union pursuant to chapter 678 of NRS must:

(a) Complete the Organization Certificate, Confidential Report of Officials, Agreement by Director and Committeemen to Serve, Report of Officials and Credit Union Investigation Report provided by the Commissioner.

(b) Submit the forms required by paragraph (a) to the Commissioner, together with ~~[\$25 as payment of]~~ an investigation fee of ~~[\$12.50]~~ \$750 and a charter fee of ~~[\$12.50.]~~ \$300.

2. The Commissioner will investigate and determine whether the proposed Organization Certificate conforms to the requirements of chapter 678 of NRS concerning the general character and fitness of the subscribers thereto, and determine the economic feasibility of establishing the proposed credit union.

3. If the Commissioner is satisfied that the qualifications have been met, he will issue a charter to the proposed credit union.

Sec. 7. NAC 678.160 is hereby amended to read as follows:

678.160 1. Not later than January 31 of each year, each credit union shall pay to the Division a license fee of ~~[\$200.]~~ \$300.

2. A credit union which has been chartered under the laws of another jurisdiction and converts to a credit union chartered under the laws of this State shall pay a percentage of the license fee based on the number of days remaining in the year (assuming a 360-day year) and the total assets of the credit union as of the end of the month before the conversion. The prorated fee is due within 30 days after the conversion.

3. A credit union which receives a new charter (other than by conversion) is not required to pay the license fee until January 31 following its receipt of the charter.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R110-06**

The Commissioner of Financial Institutions adopted regulations assigned LCB File No. R110-06 which pertain to chapters 678 of the Nevada Administrative Code on June 2, 2006.

Notice date: 3/29/2006 and 4/27/2006
Hearing date: 4/17/2006 and 6/2/2006

Date of adoption by agency: 6/2/2006
Filing date: 6/28/2006

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary:

Public comment was solicited by sending notices of workshops and adoption hearing to persons and entities that may be interested in the regulation. Public comment was also solicited by posting notices of the workshops and hearing at public libraries throughout the state. Overall, there were less than ten written responses received by the Financial Institutions Division (Division). Interested persons may obtain a copy of the minutes of the workshops from the Financial Institutions Division at 2785 E. Desert Inn Road, Suite 180, Las Vegas, Nevada 89121, telephone (702) 486-4120.

2. A statement indicating the number of persons who attended each meeting or workshop, testified at each hearing, and submitted written statements regarding the proposed regulation:

A. The number of persons who:

(a) Attended each hearing:	(Approximately)	April 17, 2006	11
		June 2, 2006	23
(b) Testified at each hearing:	(Approximately)	June 2, 2006	06
(c) Submitted to the agency written comments:	(Approximately)		02

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary:

Public comment was solicited by sending notices of the hearing to licensees with the Division. There were no written responses received by the Division. Interested persons may obtain a copy of the minutes of the workshop from the Financial Institutions Division at 2785 E. Desert Inn Road, Suite 180, Las Vegas, Nevada 89121, telephone (702) 486-4120.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change. The

statement should also explain the reasons for making any changes to the regulation proposed.

The regulation was adopted with few grammatical and/or minor wording changes, which changes did not amend the intent of the legislation as reviewed by the Legislative Council Bureau's legal staff.

5. The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include (a) Both adverse and beneficial effects; and (b) Both immediate and long-term effects:

A. Estimated economic effect on regulated business:

(a). Adverse and beneficial effects:

It is estimated that the proposed regulations to be adopted and amended would have a negligible economic effect on licensees. No comments were made concerning the fees statutorily required to be adopted.

(b). Immediate and long-term effects:

The proposed regulations to be adopted and amended will have similar immediate and long-term effects for registrants.

B. Estimated economic effect on the public:

(a). Adverse and beneficial effects:

The fees are statutorily required to be adopted and provide funding for the continued protection to consumers of the State and licensing and regulation and should therefore not have a negative economic effect on the public.

(b). Immediate and long-term effects:

The proposed regulations to be adopted and amended will have similar immediate and long-term effects for the public.

6. The estimated cost to the agency for enforcement of the proposed regulation:

The estimated cost to the Financial Institutions Division for enforcement of the proposed regulations are within statutory guidelines.

7. A description of any regulations of the state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication

or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The proposed regulations do not overlap or duplicate any regulations of other state or local government agencies or of any federal agency.

8. If the regulation includes provisions which are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

The proposed regulations are not more stringent than federal regulation which may regulate the same activity.

9. If the regulation establishes a new fee or increases an existing fee, a statement indicating the total annual amount the agency expects to collect and the manner in which the money will be used.

The proposed regulations establish statutorily required fees.