

**PROPOSED REGULATION OF THE
COMMISSIONER OF FINANCIAL INSTITUTIONS**

LCB File No. R110-06

May 26, 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 purpose of NRS 678.710, the Division shall interpret the term “unimpaired capital and surplus” to mean shares plus post-closing, 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.