

RCW 31.12.005 Definitions. Unless the context clearly requires otherwise, as used in this chapter:

- (1) "Board" means the board of directors of a credit union.
- (2) "Board officer" means an officer of the board elected under RCW 31.12.265(1).
- (3) "Branch" of a credit union, out-of-state credit union, or foreign credit union means any facility that meets all of the following criteria:
 - (a) The facility is a staffed physical facility;
 - (b) The facility is owned or leased in whole or part by the credit union or its credit union service organization; and
 - (c) Deposits and withdrawals may be made at the facility.
- (4) "Capital" means a credit union's reserves, undivided earnings, and allowance for loan and lease losses, and other items that may be included under RCW 31.12.413 or by rule or order of the director.
- (5) "Credit union" means a credit union organized and operating under this chapter.
- (6) "Credit union service organization" means an organization that a credit union has invested in pursuant to RCW 31.12.436(1)(h), or a credit union service organization invested in by an out-of-state, federal, or foreign credit union.
- (7) "Department" means the department of financial institutions.
- (8) "Director" means the director of financial institutions.
- (9) "Federal credit union" means a credit union organized and operating under the laws of the United States.
- (10) "Financial institution" means any commercial bank, trust company, savings bank, or savings and loan association, whether state or federally chartered, and any credit union, out-of-state credit union, or federal credit union.
- (11) "Foreign credit union" means a credit union organized and operating under the laws of another country or other foreign jurisdiction.
- (12) "Insolvency" means:
 - (a) If, under United States generally accepted accounting principles, the recorded value of the credit union's assets are less than its obligations to its share account holders, depositors, creditors, and others; or
 - (b) If it is likely that the credit union will be unable to pay its obligations or meet its share account holders' and depositors' demands in the normal course of business.
- (13) "Loan" means any loan, overdraft line of credit, extension of credit, or lease, in whole or in part.
- (14) "Low-income member" means a member whose family income is not more than eighty percent of the median family income for the metropolitan statistical area where the member lives or for the national metropolitan area where the member lives, whichever is greater, or a member or potential member who earns not more than eighty percent of the total median earnings for individuals for the metropolitan statistical area where the member lives or for the national metropolitan area where the member lives, whichever is greater. For members living outside of a metropolitan statistical area, the department must apply the statewide or national nonmetropolitan area median family income or total median earnings for individuals.
- (15) "Material violation of law" means:

(a) If the credit union or person has violated a material provision of:

(i) Law;

(ii) Any cease and desist order issued by the director;

(iii) Any condition imposed in writing by the director in connection with the approval of any application or other request of the credit union; or

(iv) Any supervisory agreement, or any other written agreement entered into with the director;

(b) If the credit union or person has concealed any of the credit union's books, papers, records, or assets, or refused to submit the credit union's books, papers, records, or affairs for inspection to any examiner of the state or, as appropriate, to any examiner of the national credit union administration; or

(c) If a member of a credit union board of directors or supervisory committee, or an officer of a credit union, has breached his or her fiduciary duty to the credit union.

(16) "Net worth" means a credit union's capital, less the allowance for loan and lease losses.

(17) "Operating officer" means an employee of a credit union designated as an officer pursuant to RCW 31.12.265(2).

(18) "Organization" means a corporation, partnership, association, limited liability company, trust, or other organization or entity.

(19) "Out-of-state credit union" means a credit union organized and operating under the laws of another state or United States territory or possession.

(20) "Person" means an organization or a natural person including, but not limited to, a sole proprietorship.

(21) "Principally" or "primarily" means more than one-half.

(22) "Senior operating officer" includes:

(a) An operating officer who is a vice president or above; and

(b) Any employee who has policy-making authority.

(23) "Significantly undercapitalized" means a net worth to total assets ratio of less than four percent.

(24) "Small credit union" means a credit union with up to ten million dollars in total assets for the purposes of RCW 31.12.569. In any rule providing relief for small credit unions in RCW 31.12.516, the director shall determine an appropriate definition for the term based on the subject matter of the rule and shall include such definition in such rule.

(25) "Unsafe or unsound condition" means, but is not limited to:

(a) If the credit union is insolvent;

(b) If the credit union has incurred or is likely to incur losses that will deplete all or substantially all of its net worth;

(c) If the credit union is in imminent danger of losing its share and deposit insurance or guarantee; or

(d) If the credit union is significantly undercapitalized.

(26) "Unsafe or unsound practice" means any action, or lack of action, which is contrary to generally accepted standards of prudent operation, the likely consequences of which, if continued, would be abnormal risk of loss or danger to a credit union, its members, or an organization insuring or guaranteeing its shares and deposits. [2022 c 15 s 1; 2017 c 61 s 1. Prior: 2015 c 114 s 1; 2013 c 34 s 1; 2010 c 87 s 1; 2001 c 83 s 1; 1997 c 397 s 2; prior: 1994 c 256 s 68; 1994 c 92 s 175; 1984 c 31 s 2.]

Findings—Construction—1994 c 256: See RCW 43.320.007.