DIVISION OF FINANCIAL INSTITUTIONS

2018 Regulatory Review Report

Rule	Agency	Description	Authorizing Code	Promulgation Date	Modification Date(s)	Type	Continue, Modify or Repeal	Reasoning	Stakeholders Affected
106 CSR 1	DFI	Regulations Pertaining to the West Virginia Consume Credit and Protection Act and the money and Interest Article of Chapter Forty-Seven	31A-2-4(c)(12)	11/8/1974	11/7/1981, 7/24/1992, 6/2/1997	Legislative	Continue	The rule contains necessary definitions regarding money and the calculation of interest as well as rules regarding judgments, definiciencies, and balloon payments. These concepts have not changed, so the rule remains valid.	
106 CSR 2	DFI	The Sale of Insurance Products by State-Chartered Banks	31A-4-13(i); 31A-2-4(c) (11)	11/7/1981	5/1/1996, 5/1/1999	Legislative	Continue	The rule requires notification, process, and procedures for state-chartered banks to engage in the business of selling insurance products. The rule together with the code is intended to ensure the safety and soundness of institutions engaging in this activities.	
106 CSR 3	DFI	Rule Governing Off-Premise Bookkeeping Services of Financial Institutions in West Virginia	31A-2-4(c)(11)	8/1/1971	4/24/1992, 6/2/1997	Legislative	Continue	The rule requires a financial institution to provide written notification to the Commissioner prior to entering into an agreement for off presmises data processing services and requires both the financial institutions and service provider to acknowledge that both are subject to regulatory scrutiny. The prior version of this rule required Commissioner consent prior to entering into such an arrangement. While a current code section may appear to alleviate the need for this rule, the code applies only to banks while the rule applies to all financial institutions.	
106 CSR 4	DFI	Rules Pertaining to the West Virginia Regulated Consumer Lenders	31A-2-4(c) (12)	11/7/1981	5/1/1987, 4/24/1992, 5/1/1996, 6/2/1997	Legislative	Continue	This rule repealed and replaced two other rules regarding the consumer credit and protection act. The rule in its current form provides certain consumer protection provisions for loans with rates of interest above 18%.	
106 CSR 5	DFI	Rule Pertaining To Residential Mortgage Lenders, Brokers and Loan Originators	31-17-3;31-17-11(a)	7/1/2004	5/1/2012	Legislative	Continue	The rule prescribes recordkeeping requirements for mortgage loans and provides certain consumer protection provisions.	
106 CSR 6	DFI	Subsidiary Bank Holding the Stock of Its Parent Holding Company as Collateral	31A-2-4(c) (11)	5/2/1989		Legislative	Continue	The rule permits a state chartered bank to hold the stock of its parent company as collateral for an extention of credit subject to certain limitations. The rule ensures parity with federal rules regarding federally chartered financial institutions.	

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106 CSR 7	DFI	Legislative Rule Pertaining to the Installation, Operation and Sharing of Customer Bank Communication Terminals and the Utilization of Non-exclusive Access Interchange Systems.	31A-8-12b(f)	5/11/1983		Legislative	Modify	The rule establishes a framework for the operation of customer bank communication terminals (ATMs) at locations other than the bank's principal office or a branch location. It mandates non discriminatory sharing of the terminal for customers of other institutions and establishes rules for night deposits at the terminal. As technology has evolved, more companies have purchased machines and contracted with banks to operate them. The Division drafted legislation many years ago in an effort to continue monitoring the ownership and location of machines, but the bill was not introduced. The Division would propose reviewing the rule and offering amendments either to modernize and simplify the rule or suggest its repeal. The statute has been amended several times since the original rule was promulgated.	banks, bankers associations, credit unions, non bank owners of machines
106 CSR 9	DFI	Rule Pertaining To The Legal Lending Limit	31A-4-26(a)(5)	4/30/1984	5/5/1995, 5/1/1996, 6/1/2001	Legislative	Continue	This rule establishes a method for calculating loans and extensions of credit made by state-chartered banking institutions and their domestic operating subsidiaries. It is intended to prevent one individual or a small group of individuals from borrowing an excessive amount of funds from a single institution and to safeguard the depositors by spreading loans and extensions of credit among a wide variety of persons and businesses.	
106 CSR 10	DFI	Procedural Rules Of The Commissioner Of Banking	29A-4-1 and 29A-5-1(a)	2/11/1985		Procedural	Continue	The rule provides a basis for all contested cases heard before the Commissioner or a hearing examiner appointed by the Commissioner. It also establishes the process for obtaining a declaratory ruling from the Commissioner. Although this rule is necessary and should continue, the Division intends to review and update the procedure should it be necessary at a later date.	All regulated entities
106 CSR 11	DFI	Permissible Additional Charges In Connection with A Consumer Credit Sale or Loan	46A-3-109(a)(4); 31A-2-4 (c) (12)	4/30/1984	4/24/1992, 5/1/1996, 5/1/1999	Legislative	Modify	The rule establishes permissive additional charges as contemplated by the code in the event of certain consumer credit sales or loans. It provides a measure of protection for these consumer transactions. The Division would propose continuing the rule while it works on possible modifications with the various stakeholder groups.	lenders; finance companies; consumers and consumer advocates

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106 CSR 12	DFI	General Rules Implementing the WV Community Reinvestment Act	31A-8B-5	7/1/1987	7/1/1993	Legislative	Continue	The rule establishes guidelines for implementation of the Community Reinvestment Act, which encourages banks and bank holding companies to help meet the credit needs of their local communities. It also provides the framework under which these institutions will be evaluated by the Commissioner and the Board of Banking and Financial Institutions. Whether a financial institution meets these requirements is a necessary component in the analysis and consideration of new applications.	
106 CSR 16	DFI	Lease Financing Transactions	31A-4-38	4/24/1992		Legislative	Continue	The rules establishes the manner in which state chartered banking institutions may engage in lease financing transactions.	
106 CSR 17	DFI	Notice and Treatment Of Joint Accounts	31A-4-33; 31A-2-4(c)(11)	6/6/1994	5/5/1995	Legislative	Continue	The rule establishes notice requirements for joint account holders and how these joint accounts are treated by the institution.	
106 CSR 18	DFI	Legislative Rule Pertaining to Acquisition Of Property By Financial Institutions And Valuation Of Real Estate Owned By State-Chartered Banks	31A-4-13; 31A-8-3; 31A-2-4(c) (11)	5/19/1994		Legislative	Continue	The rule regulates how a financial institution holds and values real estate acquired through foreclosure or surrender or in some way for debt previously contracted. The regulary rules remain the same. Only the accounting rules have changed over the years, making the rule relevant to current practices.	
106 CSR 19	DFI	Rules for Reverse Mortgage Loans	47-24-8(b)	6/2/1997		Legislative	Continue	The rule establishes for provisions for implementing the Reverse Mortgage Enabling Act. The law has not been meaningfully updated since its passage in 1996, so no modifications are necessary.	
106 CSR 20	DFI	Treatment of Derivative Transactions Under Legal Lending Limits	31A-2-4(c) (11)	2/2/2013		Interpretive	Continue	The rule provides needed guidance to financial institutions to assist in the interpretation of the legal lending limit rule as financial institutions develop new lending and investment products. It was only recently implemented and is not ripe for amendment.	
107 CSR 1	DFI	Procedural Rules - WV Board of Banking and Financial Institutions	31A-3-2(a)	1/10/1975	8/31/1995	Procedural	Continue	The rule is necessary to provide the practice and procedure for hearings and other administrative matters brought before the Board of Banking and Financial Institutions.	

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107 CSR 2	DFI	Open Meetings Regulation For the WV Board of Banking and Financial Institutions	6-9A-3	11/6/1981		Procedural	Modify	The rule establishes open meeting requirements for Board of Banking and Financial Institution meetings. Some provisions of the rule are not consistent with current law, so an amendment would be prudent.	banks, bank holding companies, other financial institutions, bankers associations
108 CSR 1	DFI	Procedural Rules of the West Virginia Lending and Credit Rate Board	6-9A-3, 47A-1-4	1/2/1982	5/16/1993	Procedural	Continue	The rule provides a framework for holding meetings and considering petitions by the public for a change in allowable interest rates. Because no petitions have been made in a number of years, the Division plans to study whether to consider codifying the Board's orders and sunsetting the Board.	