



**SNOHOMISH COUNTY PUD
CREDIT UNION**
1328 Broadway, Everett, WA 98201
5200 172nd St. NE, #F, Arlington, WA 98223

RECEIVED

AUG 13 2007

DIV. OF CREDIT UNIONS

August 10, 2007

Ms. Linda Jekel
Director of Credit Unions
Department of Financial Institutions
P.O. Box 41200
Olympia, WA 98504-1200

RE: Alternative Share Insurance Rulemaking

Dear Ms. Jekel:

With regard to the issue of Share Insurance Alternatives, I am communicating as a Washington State-Chartered credit union; as an entity that is truly affected as a relevant party, with future options that may be impacted by the proposal. It is easy to observe that much of the recent commentary on the DFI's web site has not added to the technical or underlying issues inherent in the proposed rules allowing for an alternative to the NCUSIF. Furthermore, the outside banking groups providing commentary seem additionally interested in advancing their agenda of interrupting any changes within the credit union system, and have mis-used the DFI's request for substantive input on private vs. federal deposit insurance comparability.

However, I am impressed by the academic detail and consideration given to the development of the proposed rule to date. I urge the DFI to continue with this analytical and academic framework. Politics and pressure-tactics have no benefit to real stakeholders in the rulemaking process.

Like other credit unions, I support the concept of having options available despite having no intent nor feeling any need to change this credit union's federal deposit insurance status. It seems equally imperative that the DFI also recognize private insurance as an "option" and only an "option." Facts show that privately provided share insurance has limited penetration in a selected number of states, and is no where near equivalent in size to NCUA's program.

Accordingly, there is a concern is that the DFI seems to want to hold a private fund to the same standards and practices of the NCUSIF, such as geographic diversity of business covering 50 states and the NCUA stress tests as suggested (but not required) by the US Treasury.

A private insurance fund run by appropriate actuarial guidelines and with a proven operational history should not be asked to mirror federal mandates or be asked to become an NCUA clone; for the DFI to draft rules requiring a private fund withstand the identical testing required of a federal program is unrealistic. Alternative, business-size specific and effective risk mitigating guidelines can be developed and implemented. The rules need to be more flexible and pragmatic, while still protecting our credit union's safety and soundness.

Thank you, for reviewing these concerns. I hope we can emerge with a practical rule that may again restore the option for an alternative choice for Washington state chartered institutions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob', with a long horizontal stroke extending to the right.

Bob Schumacher
President/CEO
Snohomish County PUD Credit Union