

November 23, 2015

Linda Jekel  
Division of Credit Unions  
PO Box 41200  
Olympia, WA 98504

[Delivered Electronically](#)

**Subject:** Asset Assessment Fees Amendments – Quarterly to Semiannual

Dear Ms. Jekel,

On Tuesday, August 25, 2015, the Washington State Department of Financial Institutions (DFI) filed a pre-proposal statement of inquiry CR-101 seeking input on whether to update the frequency for collecting assessment fees from a quarterly basis to a semi-annual basis. The draft rule was published on October 1 and amends Washington Administrative Code (WAC) 208-418-020 and 208-418-040. The rulemaking proposal asked stakeholders for comments on changing the collection to semi-annual in January and July. The proposal does not change the amount of fees collected per calendar year, only the timing of payment.

The Northwest Credit Union Association (Association)<sup>1</sup> is very supportive overall of the proposed rule. We would like to thank Linda Jekel for initiating this rulemaking following a July survey of our membership where 19 of 24 credit union respondents indicated that they would prefer an assessment schedule that was less than quarterly. The proposed rule will make the collection of fees more efficient for both credit unions and the department.

### General Comments

Washington statute authorizes the DFI to collect fees to cover their expenses and to establish a reasonable reserve for the division. The Association would encourage the DFI to set reserve parameters in place to ensure that credit union fees are not swept during the annual state budgeting process. We would ask that the DFI consider waiving a portion of the upcoming assessments to draw down the reserve to a reasonable level. In addition, a January assessment waiver of 30% will help credit unions adjust to the new assessment schedule.

We strongly encourage the DFI to evaluate the current assessment formulas. As credit unions have emerged from the great recession, their assets have grown disproportionately (\$11 Billion over 4.5 years) in relation to the expenses of the DFI, resulting in rapid growth of the agency

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<sup>1</sup> The Northwest Credit Union Association is a regional trade association representing the interests of more than 150 credit unions and their six million consumer-members; institutions that employ and engage more than 10,000 people, hold more than \$65 billion in aggregate assets, and count more than 6 million individuals as members. The Association is a nonpartisan advocacy organization representing the interests of its member institutions on a variety of systemically important banking issues.

Credit unions affiliated with the Association are principally domiciled in the Northwest quadrant of the United States, but the Association also has members from the states of Alaska, Idaho, California and Hawaii. Learn more about the Association at [www.nwcua.org](http://www.nwcua.org).

reserve account. With increasing regulatory burdens come additional costs including significant foreseeable capital investments in IT security, core processing, and the digital marketplace. Credit unions cannot afford to have funds swept or capital sidelined, which constrains credit unions' ability to serve their members' needs and the needs of their community.

We have sought input from our members through a number of different avenues and there is strong support for the dual chartering system and a state regulatory regime that can balance the NCUA. The support of the state charter and regulatory regime is evident in Washington by the 60% of credit unions that have chosen the state charter. The state charters in Washington hold more than 10 times the assets of the federal charters and have more than 10 times the members. This is in large part due to the progressive leadership at the DFI who have worked closely with the Association and credit unions to ensure that the state charter was the best option.

DFI leadership, the Association and our member credit unions recognize the importance of a strong state charter. We would encourage the DFI to look for efficiencies without compromising the integrity of their examination program with the goal being assessments that are comparable to the assessments paid by similarly sized federal charters.

### **Conclusion**

We appreciate the DFI's commitment to improving the regulatory landscape for credit unions. Thank you for the opportunity to comment on this issue. We would be pleased to answer any questions you may have.

Respectfully,

A handwritten signature in black ink that reads "John Trull". The signature is written in a cursive, flowing style.

John Trull  
AVP of Regulatory Advocacy  
Northwest Credit Union Association