



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

Phone: (360) 902-8701

FAX: (360) 704-6901

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For Credit Unions Under \$22 Million Total Assets, The Division has Implemented a Temporary Reduction of the Asset Assessment Fee

The Director of Credit Unions (Division) has granted a temporary reduction of the amount of the quarterly assessments for each credit union under \$22 million in assets, under the partial fee waiver provision in Chapter 208-418 WAC. According to WAC 208-418-020, the Director may waive any portion of any fee payable by a credit union. We estimate that the total savings for all credit unions under \$22 million will be approximately \$12,300 per quarter. The Division will allow credit unions under \$22 million to pay the lesser fee amount based on a multiplier of 0.00005573, instead of the fixed assessment fee amount. The fixed assessment fee amounts for credit unions under \$25 million were:

<u>Asset Size Boundaries</u>	<u>Fixed Asset Assessment Fee</u>
Over \$10 million & up to \$25 million	\$1,228
Over \$2 million & up to \$10 million	\$818
Over \$500 thousand & up to \$2 million	\$545

Examples

Based on asset size, the following table shows the fee amount before waiver (A.); the reduced fee based on a multiplier of total assets (B.); the lesser amount of (A.) or (B.) as the fee due on January 1, 2003; and the amount of the fee waiver (A. less B.):

<u>Asset Size</u>	<u>Fixed Assessment Fee (A.)</u>	<u>New Factor 0.00005573 times assets = Fee (B.)</u>	<u>Fee Due on 1/30/03*</u>	<u>Amount of Fee Waiver (A.-B.)</u>
\$22 million	\$1,228	\$1,225	\$1,225	\$3
\$17 million	\$1,228	\$947	\$947	\$281
\$10 million	\$818	\$557	\$557	\$261
\$5 million	\$818	\$278	\$278	\$540
\$2 million	\$549	\$111	\$111	\$438

*whichever is less (A.) or (B.).

Credit unions with assets of \$500 thousand or less

Credit unions with assets of \$500 thousand or less will continue to have no asset assessment fee.

Credit unions with assets less than \$22 million and greater than \$500 thousand

For credit unions with \$22 million total assets or less, this temporary fee reduction is implemented primarily for two reasons. First, the Division's intent is to make asset assessments more standardized across asset size categories. Second, the Division has been aware that many credit unions, particularly smaller credit unions, have been under significant earnings pressure over the past year. This temporary fee reduction makes the effective asset assessment ratio for credit unions under \$22 million in assets¹ equal to the fee ratio of credit unions between \$25 million and \$100 million in assets and, at the same time, reduces the amount of the asset assessment fee for all credit unions under \$22 million in assets. All credit unions with assets under \$22 million would have an effective asset assessment ratio of .00005573.

Credit unions with assets between \$22 million and up to \$25 million

According to our calculations, the five credit unions with assets at \$22 million and up to \$25 million would pay less by remaining at the flat assessment fee of \$1,228 compared to a fee based on a multiplier of .00005573 to assets. The asset assessment fee worksheets will show \$1,228 due from credit unions between \$22 million and up to \$25 million.

Credit unions with assets greater than \$25 million

Credit unions with assets greater than \$25 million will continue to pay the full assessment fee based on WAC 208-418; the fees are calculated at a multiplier of .00005573 or less. See Bulletin B-02-12 for details.

Effective Dates: January 1, 2003 and April 1, 2003

This is only a temporary asset assessment fee reduction for the January 2003 and April 2003 quarterly assessments. In July 2003, the Division will review its asset assessment revenue against its expenses to determine whether the Division will continue with the waiver of a portion of the asset assessment fee through June 2004. We will send out a Bulletin before July 2003 notifying credit unions of our decision.

Questions?

If you have questions regarding this bulletin or need assistance in calculating your January 2003 quarterly assessment, please contact Linda Jekel at (360) 902-8778 or Mike Delimont at (360) 902-8753.

¹ For purpose of this paragraph, credit unions with assets less than \$500,000 are excluded since they pay no asset assessment fee.