



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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December 1, 2015

No. B-15-15

Final Rule on the Frequency of Asset Assessment Fees

Chapter 31.12 RCW authorizes the Director to charge fees to credit unions and certain other persons in order to cover the costs of the operation of the division of credit unions and to establish a reasonable reserve for the division. Chapter 208-418 WAC is amended to change the frequency of these fees from quarterly to semi-annual assessments.

Rulemaking Process

The Director of Credit Unions led the rulemaking process with the following rulemaking steps:

- Filed the CR-101 on August 26, 2015;
- Filed the CR-102 on October 20, 2015;
- Discussed the upcoming changes to the rule at the DFI CEO Outreach event on October 28, 2015; and
- Held a public hearing on November 24, 2015.

All comments were considered throughout the rulemaking process and are summarized in the Concise Explanatory Statement.

Rule Becomes Effective on December 31, 2015

The last stage of the regulatory process is the Final Rule (“CR-103”), which was filed on November 30, 2015. Starting January 1, 2016 asset assessment fees will be collected on a semi-annual basis.

The adopted rule language, the CR-103 final rule for the frequency of asset assessment fees and the Concise Explanatory Statement are attached. In addition, copies of these documents, other rulemaking documents, written comments, and the audio of the public hearing pertaining to this rule are available on the DFI website at <http://www.dfi.wa.gov/rulemaking/asset-assessment-fees-quarterly-semiannual>.

There is a new procedure for credit unions to pay the asset assessment fee. It will be in place by January 1, 2016 to coincide with the new asset assessment schedule. Soon, a Bulletin will be released with instructions for paying the fee online.

Contact Information

For questions or comments regarding this rule, please contact Linda Jekel, Director of Credit Unions, at 360-902-8778 or linda.jekel@dfi.wa.gov. For questions regarding the new procedure for paying the asset assessment fee, please contact Allison Kohlhorst, Division Coordinator, at 360-902-8718 or allison.kohlhorst@dfi.wa.gov.



State of Washington
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CREDIT UNIONS

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December 1, 2015

Concise Explanatory Statement Pursuant to RCW 34.05.325(6)

RE: Rule Amendments to the Washington Credit Union Act (chapter 31.12 RCW), chapter 208-418 WAC

Agency reasons for adopting the rules. (RCW 34.05.325(6)(a)(i))

The rules must be amended to implement changes to the frequency of asset assessment fees collected by the Division of Credit Unions and requested by the credit union industry. The proposal will bring collection of state assessment fees practices closer to the Federal assessment fees practices.

Describe differences between the text of the proposed rules as published in the Washington State Register and the text of the rules as adopted, other than editing changes, stating the reasons for differences. (RCW 34.05.325(6)(a)(ii)) None.

Summary of comments received by DFI during the rulemaking process, and DFI's responses to the comments. (RCW 34.05.325(6)(a)(iii))

I. Summary of written comments received: See Attachment 1.

II. Summary of oral comments received during the public hearing held on November 24, 2015, at the DFI office in Olympia, Washington: Three attendees, one oral comment. See Attachment 2.

The comment period was open from the filing of the CR-101 on August 26, 2015, until November 24, 2015.

The written comments in their entirety and the complete audio of the hearing are available on our website:

<http://www.dfi.wa.gov/rulemaking/asset-assessment-fees-quarterly-semiannual>

CONCLUSION

DFI made the proposed rules available to all interested parties and published the proposed amendments on the department website along with all rulemaking notices and audio of the public hearing. The final proposed rules are the product of an open, deliberative process.

Attachment 1 to Concise Explanatory Statement
Pursuant to RCW 34.05.325(6)

Summary of written comments received by DFI during the rulemaking process, and DFI's responses to the comments. (RCW 34.05.325(6)(a)(iii))

| Date of Comment | Commenter | General Topic of Comment | DFI Response |
|-------------------|--|---|--|
| November 19, 2015 | Emily Yoder, Senior Accountant, Columbia Credit Union | Requested explanation as to purpose of asset assessment fee. | The Division of Credit Unions operates from the asset assessment fees per Revised Code of Washington (RCW) 31.12.516 (6). This comment was in the form of a question to the Department. The Department answered the question. The comment did not require any changes to the proposed rules. |
| November 24, 2015 | John Trull, AVP of Regulatory Advocacy, Northwest Credit Union Association | The NWCUA is very supportive overall of the proposed rule. Request a 30% waiver to the January assessment fee. Encourage DFI to reevaluate the current assessment formulas at a later date. | The comment supported the current rulemaking which addresses the timing of credit union asset assessments. The amount of assessments and the waiver request are not the subject of this particular rulemaking. Therefore, the Department did not make changes to the current rulemaking to address these issues. |



COPY

RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Department of Financial Institutions, Division of Credit Unions

Permanent Rule Only

Effective date of rule:

Permanent Rules

- 31 days after filing.
- Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
 - No
- If Yes, explain:

Purpose: Amending the rules in chapter 208-418 WAC to implement the Washington State Credit Union Act, chapter 31.12 RCW, to change the frequency of asset assessment fees collected by the Division of Credit Unions.

Citation of existing rules affected by this order:

Repealed:
 Amended: WAC 208-418-020; WAC 208-418-040
 Suspended:

Statutory authority for adoption: RCW 31.12.516; RCW 43.320.040

Other authority :

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 15-21-071 on October 20, 2015 (date).
 Describe any changes other than editing from proposed to adopted version:

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: _____ phone () _____
 Address: _____ fax () _____
 e-mail _____

Date adopted: November 30, 2015

NAME (TYPE OR PRINT)
 Linda K. Jekel

SIGNATURE

TITLE
 Director, Division of Credit Unions

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
 STATE OF WASHINGTON
 FILED

NOV 30 2015

TIME 8:38 AM
 WSR 15-24-081 PM

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

| | | | | | | |
|---|-----|----------|---------|----------|----------|----------|
| Federal statute: | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |
| Federal rules or standards: | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |
| Recently enacted state statutes: | New | <u>0</u> | Amended | <u>2</u> | Repealed | <u>0</u> |

The number of sections adopted at the request of a nongovernmental entity:

| | | | | | | |
|--|-----|----------|---------|----------|----------|----------|
| | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |
|--|-----|----------|---------|----------|----------|----------|

The number of sections adopted in the agency's own initiative:

| | | | | | | |
|--|-----|----------|---------|----------|----------|----------|
| | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |
|--|-----|----------|---------|----------|----------|----------|

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

| | | | | | | |
|--|-----|----------|---------|----------|----------|----------|
| | New | <u>0</u> | Amended | <u>2</u> | Repealed | <u>0</u> |
|--|-----|----------|---------|----------|----------|----------|

The number of sections adopted using:

| | | | | | | |
|---------------------------------------|-----|----------|---------|----------|----------|----------|
| Negotiated rule making: | New | <u>0</u> | Amended | <u>2</u> | Repealed | <u>0</u> |
| Pilot rule making: | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |
| Other alternative rule making: | New | <u>0</u> | Amended | <u>0</u> | Repealed | <u>0</u> |

AMENDATORY SECTION (Amending WSR 01-12-004, filed 5/23/01, effective 6/23/01)

WAC 208-418-020 Collection of fees. Chapter 31.12 RCW authorizes the director to charge fees to credit unions and certain other persons in order to cover the costs of the operation of the division of credit unions and to establish a reasonable reserve for the division. As set forth in more detail in this chapter, the fees for this purpose shall consist of:

- (1) (~~Quarterly~~) Semiannual asset assessments charged to credit unions;
- (2) Charges to a credit union for costs incurred by the division for certain types of attorney general or special counsel assistance in regard to the credit union; and
- (3) Certain other fees charged by the director.

The director may waive all or any portion of any fee payable by a credit union or other person.

AMENDATORY SECTION (Amending WSR 10-06-050, filed 2/24/10, effective 3/27/10)

WAC 208-418-040 (~~Quarterly~~) Semiannual asset assessments. (1) The director will charge each credit union a (~~quarterly~~) semiannual asset assessment at the rate set forth in subsection (2) of this section. Asset assessments will be due on January (~~1, April 1,~~) 1st and July (~~1, and October 1~~) 1st. Asset assessments must be paid no later than thirty days after their due date. The assessments will be computed on total assets as of the prior June 30th for the (~~October 1 and~~) January 1st assessments, and as of the prior December 31st for the (~~April 1 and~~) July 1st assessments.

(2)

| Credit Union's Total Assets | (Quarterly) <u>Semiannual</u> Asset Assessment |
|--------------------------------|--|
| over \$500M | \$(21,163 + (.00001729)) <u>42,326 + (.00003458 x</u> total assets over \$500M) |
| over \$100M up to \$500M | \$(5,883 + (.00003819)) <u>11,766 + (.00007638 x</u> total assets over \$100M) |
| over \$25M up to \$100M | (.00005883) <u>.00011766 x total assets</u> |
| over \$10M up to \$25M | \$(1,296) <u>2,592</u> |
| over \$2M up to \$10M | \$(863) <u>1,726</u> |
| over \$500K up to \$2M | \$(575) <u>1,150</u> |
| up to \$500K | \$0 |

M = Million K = Thousand

(3) (~~Quarterly~~) Semiannual asset assessments are charged for the (~~calendar quarter~~) semiannual period that begins on the due date

of the assessment. No rebates will be made to credit unions that cease to be state-chartered during the (~~quarter~~) assessment period. A credit union converting to state charter will pay a prorated (~~quarterly~~) semiannual asset assessment for the (~~quarter~~) six months during which the conversion is completed.

(4) From time to time, the director may determine that asset assessments on an out-of-state credit union or foreign credit union are inappropriate relative to the level of examination and supervision of that credit union by the division. In that event, the director may charge the credit union hourly fees for examination and supervision of the credit union, including, but not limited to, (~~offsite~~) off-site monitoring, in lieu of asset assessments. Such fees are due upon receipt of billing from the division.