

April 30, 2004

Cathryn Hohl
Senior Attorney
Federal Reserve Bank of St. Louis
411 Locust Street
St. Louis, MO 63102

Subject: Your letter dated April 19, 2004
Interpretive Letter No. 04-02

Dear Ms. Hohl:

This letter is in response to your above-noted letter, in which you requested my interpretation on whether Washington state-chartered credit unions (“Washington credit unions”) may serve as Treasury tax and loan depositories and depositories of federal taxes under 31 C.F.R. Section 203.3(b) and applicable Treasury Department regulations.

More specifically, you have requested my interpretation whether Washington credit union institutions:

- a) that they have either general or specific authority to maintain a Treasury Tax and Loan account and/or, if applicable, a Treasury Investment Program balance, from which the balances are payable on demand without previous notice of intended withdrawal;
- b) that they have either general or specific authority to pledge collateral, consistent with 31 CFR Part 380, to secure funds in the Treasury Tax and Loan account and/or, if applicable, the Treasury Investment Program balances; and
- c) that they are otherwise eligible under 31 CFR Part 203, as amended from time to time.

You have indicated in your letter that federally-chartered credit unions (“federal credit unions”) do satisfy these three requirements, based on applicable rules set forth at 12 C.F.R. Section 701.37.

NCUA Insurance

Washington credit unions and deposits are insured by the administrator of the National Credit Union Administration (“NCUA”) through the National Credit Union Share Insurance Fund (“NCUSIF”) See Section 31.12.408 of the Revised Code of Washington (“RCW”).

Analysis and Conclusion

NCUSIF credit unions

My conclusion is that NCUSIF credit unions satisfy the three requirements above.

First two requirements. NCUSIF credit unions satisfy the first two requirements above by virtue of RCW 31.12.136(1), commonly known as the “parity provision.” This provision grants Washington credit unions the powers and authorities that were conferred on federal credit unions as of January 22, 2001, notwithstanding any other provision of law. My understanding is that federal credit unions satisfy the first two requirements above, by virtue of 12 C.F.R. Section 701.37. My research indicates that this section has not been amended since 1989. Consequently, Washington credit unions possess the requisite authority to satisfy the first two requirements above.

Third requirement. NCUSIF credit unions satisfy the third requirement by virtue of their NCUSIF insurance. 31 C.F.R. Section 203.3(b).

I hope that this opinion has been responsive to your request. Please feel free to contact me at (360) 902-8778 if you would like to discuss this matter further.

Sincerely,

Linda K. Jekel
Director of Credit Unions