



State of Washington

**DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CREDIT UNIONS**

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September 5, 2018

**Division of Credit Unions Interpretive Letter I-18-02**

TO: CEOs of Washington State Chartered Credit Unions

FROM: Linda Jekel, Director of Division of Credit Unions

RE: Clarifying how often a verification of member accounts is required to be performed in compliance with RCW 31.12.335(1)(c) and 12 CFR §§ 741.202 (b) and 715.8 (a)

**Question**

RCW 31.12.335 (1)(c) requires a credit union to complete an annual audit of the credit union and verification of its members' accounts. Federal deposit insurance requirements in 12 CFR §§ 741.202 (b) and 12 CFR 715.8 (a) requires a verification of members' accounts to be performed at least once every two years. Is a credit union required to complete a verification of its members' accounts annually or at least once every two years?

**Background**

When the Washington Credit Union Act was amended in 2017, it was not intended to create a stricter standard for verification of members' accounts than the federal deposit requirements. The word "annual" was intended to apply only to the audit itself and not the requirement of a verification of members' accounts.

All Washington state chartered credit unions must have federal deposit insurance from the National Credit Union Administration (NCUA) (see RCW 31.12.408), and therefore, they must adhere to the NCUA insurance requirements under 12 CFR 741.202 as it pertains to 12 CFR 715.8(a), which reads, "The Supervisory Committee shall at least every two years, cause the passbooks (including any book, statements of account, or other record approved by the NCUA Board) and accounts of the members to verified against the records of the treasurer of the credit union."

**Conclusion**

The wording in the 2017 amendment to RCW 31.12.335(1)(c) is confusing and was not intended to require an annual verification of members' accounts. In compliance with 12 CFR §§ 741.202 (b) and 12 CFR 715.8 (a), Washington state chartered credit unions must only perform a verification of members' accounts at least once every two years. Division of Credit Union examiners will accept a verification of members' accounts completed at least once every two years and will not require an annual verification.

This Interpretive Letter is applicable to all Washington state-chartered credit unions. If you have any questions, please do not hesitate to contact Linda Jekel, Director of Credit Unions, at [linda.jekel@dfi.wa.gov](mailto:linda.jekel@dfi.wa.gov), or (360) 902-8778.

Disclaimer: The Division of Credit Unions does not provide legal advice. This interpretation is based on the facts as presented to Division of Credit Union, provided as general guidance only, and is not a substitute for legal advice to the credit union.