



Kansas Department of Credit Unions

KDCU Newsletter

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THE VALUE OF A KANSAS CREDIT UNION CHARTER

Inquires are received by KDCU about the advantages of a Kansas credit union charter. This summary is designed to present information about the Kansas credit union charter.

One of the strengths of the credit union system is the flexibility and versatility of the dual chartering system where a credit union can select either a state or federal charter. While both charters indicate a strong dual chartering system, there are distinct advantages to a Kansas credit union charter.

Governance: Kansas chartered credit unions are subject to Kansas statutes and regulations. Kansas historically has been an innovator in credit union services. The Kansas legislature is sensitive to local credit union needs and receptive to citizen concerns. Credit unions have access to Kansas legislators, the governor and the administrator of the Kansas Department of Credit Unions. This accessibility provides Kansas chartered credit unions greater opportunity to affect credit union policy and input into their governance than their federal counterparts.

Supervision: The KDCU administrator lives in Kansas and is required by statute to have credit union management experience. Credit union concerns reach the administrator in a timely manner and are addressed quickly. The administrator com-

municates electronically with credit union management through bulletins, newsletters, emails and is available for local meetings and outreach. There is opportunity for greater interaction with Kansas credit unions than at the federal level.

Examinations: Credit unions are examined on an eighteen month or less cycle. A risk-focused approach is used. Examination procedures may vary based on the asset size of the credit union. Financial examiners live in the communities served by their credit unions. They understand firsthand the economic conditions affecting Kansas credit unions. Examination reports are completed and available to credit union management within 30 days of the financial examiner meeting with the board and management. The administrator is available to address concerns of credit union management.

Parity Clause: Kansas statutes contain a parity provision that allows the administrator to authorize Kansas chartered credit unions to engage in any activity in which such credit union could engage were they operating as a federally insured credit union.

Complaints: The administrator involves the credit union's supervisory committee and management in investigating complaints. The goal is to respond to all complaints within 30 days of receipt by KDCU.

Incidental Powers: Kansas statutes and regulations allow credit unions to provide services or products incidental to their business as credit unions.

Credit Union Service Organization (CUSO) Authority: Kansas statutes and regulations allows credit unions to invest in or loan money to CUSOs that provide services to credit union members.

Investment Authority: Kansas chartered credit unions follow Investment Guidelines issued by the administrator and are not bound to follow the National Credit Union Administration's investment rules and regulations.

Interstate Branching: Kansas and most states have signed the National Association of State Credit Union's (NASCUS) agreement on interstate branching. This provides for a single point of contact in regulating credit unions with interstate branches. The agreement has enhanced the ability of Kansas and other state-chartered credit unions to serve members across state lines.

Accreditation: Since 1995 KDCU has maintained NASCUS accreditation. The accreditation process includes a thorough audit of the agency's policies, procedures and performance. Accredited status is a prestigious acknowledgement of an agency's professionalism, and ensures that state-chartered credit unions are being served by an agency that is adhering to the highest standards.

The administrator and the financial examiners are interested in how the Kansas charter can be improved. Please contact your financial examiner or the administrator with your suggestions and comments.

NASCUS Directors College

Topics addressed by NASCUS, KDCU financial examiners and the administrator at the May 8 Directors College were National and State Credit Union Issues, Financial Statement Review and Comparison, Director's Responsibilities, Current Examination Issues for Directors and Today's Compliance Issues for Directors.

Please contact the administrator if you would like a copy of the presentations.

2013 Kansas Credit Union Legislation

Credit union statutes and regulations are published on the KDCU web site at www.kansas.gov/kdcu/. Question concerning statutes or regulations can be directed to the KDCU office.

SB 113 was approved by Governor Brownback on April 5 and becomes effective July 1, 2013. The legislation amended K.S.A. 17-2216 (a) to include *credit manager* to the list of officials who can approve loans. The amendment also removed outdated language.

K.S.A. 17-2216a was also amended increasing the threshold from \$20,000 to \$50,000 for loans, in aggregate, credit unions are authorized to make to directors, credit committee members, and supervisory committee members. Under the existing statute, loans exceeding this threshold must be approved by the credit committee or duly authorized loan officer and the Board of Directors. The legislation also changes a requirement that loans made to these credit union representatives be reported to the

Administrator semiannually, to reporting on an annual basis.

Credit Union Fees

The administrator has advised the Credit Union Council of the credit union fee schedule established to meet the budget requirements of the department for the fiscal year beginning July 1, 2013. Invoices will be mailed in June and payable 30 days after receipt. The credit union fee is based on asset size as of 12/31/2012. Fees were reduced. Credit unions experiencing asset growth may experience a fee increase. Please contact the administrator if there is a question about your fee.

Appointment to the Credit Union Council

Governor Brownback has appointed Larry Damm, President/CEO Cessna Employees Credit Union to a

three-year term on the Credit Union Council. Larry replaces Jim Holt, President/CEO Mid-American Credit Union who served two-consecutive terms and was not eligible for reappointment. The Council welcomes Larry and thanks Jim for his years of service.

June 30, 2013 Call Report Cycle

Call report materials were mailed to credit unions on June 17. The deadline for credit unions to have their June 30 call reports completed and certified on Credit Union Online is Monday, July 22.

Bulletins Issued

Since the last newsletter two bulletins and one Newsletter have been published. KDCU bulletins and newsletters are emailed to credit unions and are on the KDCU web site at www.kansas.gov/kdcu/.

CREDIT UNION COUNCIL MEETS

The Credit Union Advisory Council met on June 5, 2013 in the KDCU conference room. Council members attending were Jacque Cully, Dan Springer, Deann Shinkle, Gilbert Benton, John Beverlin, and Larry Damm. KDCU staff present were John P. Smith and Michael Baugh. Guests were Larry Eisenhauer, Kansas Corporate Credit Union and Haley Davee, Kansas Credit Union Association.

The Council received and discussed several reports:

- ◆ Fee schedule for credit unions.
- ◆ KDCU financial reports.

- ◆ KDCU FY2014—2015 budgets
- ◆ Kansas credit union condition report.
- ◆ Approval of legislation increasing insider loan limit and changing reporting requirement from six months to annually.
- ◆ Changes in credit union bylaws, articles of incorporation, credit union mergers, administrative actions, number of credit unions on monthly reporting, frequency of examinations, and new branches approved.

Larry Eisenhauer, Kansas Corporate Credit Union described the 2013 annual meeting Kansas Corporate Credit Union.

Haley DaVee, Kansas Credit Union Association reported that KCUA has purchased a building on Topeka Avenue for their Topeka office.

The next meeting of the Credit Union Advisory Council will be held Thursday, September 12 at 10 a.m. in the KDCU office.

Council meetings are public meetings open to credit unions and the public. Meeting notices and agendas are on the KDCU web site at www.kansas.gov/kdcu/. Credit unions are encouraged to attend.

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