



Kansas Department of Credit Unions

KDCU Newsletter

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Department
of Credit Unions

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Reflections of 44 Years in Credit Unions

Effective September 1, 2014 Governor Sam Brownback has appointed Jerel Wright as Acting Administrator subject to Senate confirmation. My best wishes to Jerel as Administrator.

In the final newsletter I will look back at changes in the credit union movement. I am also expressing my thanks for the assistance and support of the many credit union members, volunteers, and association staff in Kansas and Missouri who have helped make my years as a credit union regulator such a fulfilling experience in my life. My special thanks to the many financial examiners and department staff members who have contributed to the successes.

After graduating from high school and nearly 4 years as a Hospital Corpsman in the U.S. Navy, I completed course work in biology and chemistry at Emporia State University and the University of Kansas followed by medical laboratory training at Wesley Hospital. I also completed certification as a medical technologist and microbiologist and eventually a graduate degree from Kansas State University.

After working in laboratories in Salina and Wichita, I returned to Wesley Medical Center in 1966 to manage the microbiology laboratory and direct the laboratory educational

programs and serve as an adjunct clinical laboratory professor at Wichita State University.

Credit unions have played an increasing role in my life beginning first as a credit union member to obtain a loan to purchase our second car. In 1970, I was asked to stand for election to the board of directors of Wesley Medical Credit Union (WMCU). WMCU was chartered in 1955 when health care was viewed as a charity with health care workers struggling to make it from pay check to the next pay check. I continued to serve on the board or supervisory committee until appointed as Administrator in 1993.

My early memories of serving on the board was punctuated by discussions regarding whether WMCU's shares (deposits) should be insured privately or by the NCUSIF. Share insurance was not required in the early 1970s, there was a requirement to place a sign in the lobby that shares were not insured. This almost mandated share insurance which later was required by law.

In the 1970s we referred to our Kansas regulator as the 'bank examiner' as the Department of Credit Unions was a new agency having been separated from the Office of the State Bank Commissioner in 1968. Examinations were done by use of adding machines and paper reports.

Kansas is known as the pioneer state in the credit union movement. Innovations credited to Kansas credit unions included the first corporate credit union, share draft accounts, insurance and other investment products sold at credit unions, small short term loans and shared branching.

During my 44 year credit union career credit unions have developed into full service financial institutions governed by experienced qualified boards and staffed by experienced well trained management and staff. Regulations have greatly increased including quarterly call reporting, truth-in-savings, truth-in-lending, new laws and regulatory agencies increasing the number of regulations and examinations.

Perhaps the major change for credit unions has been in technology requiring major advances in personnel skill sets. The first calculator, mainframe computers, desktop and laptop computers, magnetic tape, computer disks, credit and debit cards, ATMs, smart phones and social media are some of the innovations. Credit union examinations done on laptop computers, ability to store data on miniature devices, The future is bright for credit unions, their volunteers and employees. I have been extremely fortunate to have service as a volunteer and credit union regulator for both Kansas and Missouri. Thanks to everyone who help make my work possible.

KDCU Personnel Changes

Amanda Dawson, Financial Examiner Senior has resigned. Personnel vacancies, when available, are posted on the Kansas State Employment Center web site at <https://admin.ks.gov/services/state-employment-center/sec-home>

Amendments to Articles of Incorporation

Send all amendments to the KDCU office. The amendment will be filed with the Secretary of State after the Administrator’s approval. The original amendment will be returned to the credit union by KDCU office. Changes in the name of the credit union, change in the registered agent or complete restatement of the articles all require submission to the KDCU Administrator for approval.

Addition of the “S” to the CAMEL

Addition of the “S” to separate interest rate from liquidity (the “L” of the CAMEL), was discussed by the Credit Union Council during their June 12th meeting. Although no formal position was taken, by consensus the Council indicated KDCU should not take the lead but wait for NCUA to move forward. KDCU financial examiners at their July staff meeting also discussed the pros and cons of adding the “S”. You may expect your financial examiner to enter into a more robust discussion of interest rate risk during the joint conference following your credit union’s next examination. Interest rates are expected to begin to increase during the early months of 2015. Of course predictions that interest rates will increase have been made for the past 7 years.

September 30, 2014 Call Report Cycle

Call report materials will be mailed to credit unions on September 29, 2014. The deadline for credit unions to have their call reports completed and certified on Credit Union Online is Friday, October 24, 2014. Affidavits are due to the KDCU Office on Monday, November 24, 2014.

Credit unions are reminded that NCUA and KDCU can issue civil money penalties to credit unions who file call reports late. During the March 2014 cycle, 4 Kansas credit unions were cited by NCUA for failing to file their call report by the required date. We prefer to not have Kansas credit unions continue to receive civil money penalties for filing late call reports.

Low-Income Designation

Central Kansas Credit Union has qualified for low-income designation.

Bulletins and Newsletters

Since the last newsletter one bulletin and one Newsletter were published. KDCU bulletins and newsletters are e-mailed to credit unions and are on the KDCU web site at www.kansas.gov/kdcu/.

New Web Site

During September, 2014, KDCU plans to launch their new easier to use web-site.

Again, my personal thanks to the many credit union volunteers, staff and department employees as I depart KDCU.

John P. Smith

CREDIT UNION COUNCIL

The next meeting of the Credit Union Council will be held Thursday, September 25 at 10 a.m. in the KDCU Topeka office conference room. The Council serves as an advisor to the Administrator on issues and needs of credit unions.

Council meetings are public meetings open to credit unions and the public. Council meetings are called by the majority of the Council or the chairperson. The Council shall hold one regular meeting during each quarter of the year.

Meeting notices and agendas are on the KDCU web site at www.kansas.gov/kdcu/. The agenda is usually posted approximately two weeks prior to the date of the meeting. Credit unions are en-

couraged to attend. Meetings are held in person at the KDCU Office or by conference call.

The Council’s membership is comprised of seven-members appointed by the governor. Each member shall be a resident of Kansas. Appointments to the Council are for terms of three years. Five of the persons appointed shall be members in good standing and officers of Kansas state chartered credit unions with one from each congressional district and the remainder from the state at large. No more than four members of the Council shall be from the same politi-

cal party. Two members represent the public.

The Council elects annually a chairperson, a vice-chairperson and a secretary for a term of one year or until their successors have been appointed and qualified.

At the Council meetings the Administrator presents reports about the Department’s budget, condition of credit unions, personnel changes, information of interest to credit unions. The Council also receives reports from Kansas Corporate Credit Union and the Kansas Credit Union Association.

Kansas Department of Credit Unions Staff

- John P. Smith, Administrator
- Michael Baugh, Financial Examiner Administrator
- Valorie White, Financial Examiner Principal
- Christopher Taylor, Financial Examiner Principal
- Tana Hoffman, Financial Examiner Principal
- Billy Vardaman, Jr., Financial Examiner Principal

- Matt Fowler, Financial Examiner
- Michelle Andrew, Financial Examiner
- Emily Artzer, Financial Examiner
- Carol Knolla, Financial Examiner
- Jenny Rezac, Administrative Officer