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ADMINISTRATOR'S BULLETIN **AB – 04 - 01**

March 16, 2004

SMALL CREDIT UNION PROGRAM

As mentioned in the last Administrator's Bulletin, KDCU has established a program to work with smaller credit unions outside of the examination context.

Over the past three months, three credit unions have taken advantage of the program. We were able to help one credit union receive outside secondary capital assistance by meeting with a potential donor to help them understand how it would help them as well as the credit union.

We participated in the planning session of a second credit union to help them come up with some lending programs that would increase loan volume. The credit union is now proceeding to develop and implement the programs. It is too soon to tell just how effective the new programs will be.

A third credit union just needed advice and assurance that they were headed in the right direction. We met with management and were able to give them the assurance they desired.

There are probably several other Kansas credit unions that could benefit from this program. All you have to do is call the office and ask. Any assistance provided will be outside the context of an examination. There is no risk to you.

SKIP PAYMENT FEES PROHIBITED

The department recently received the following question.

Can my credit union allow a member to skip a loan payment in exchange for paying a fee to the credit union or making a donation for the privilege of skipping a payment?

"NO." In 1993, the Kansas Legislature repealed K.S.A. 16a-2-503 which had specifically authorized a lender to provide for a deferral charge on unpaid installments. Now, the only charges available to the credit union are the accrued unpaid interest due on the loan.

In 1994, the Kansas Legislature did enhance the law regarding collection of delinquency charges by allowing lenders to contract for specified charges in the loan agreement.

You may continue your "skip-a-payment" program; however, it will have to be done without a fee being charged to the member.

REGULATION C- HOME MORTGAGE DISCLOSURE ACT

The following questions should be answered to determine if your credit union is required to collect HMDA data in 2004:

1. Did total assets exceed $33 million as of December 31, 2003?
2. Did the credit union have a home or branch office in a metropolitan statistical area (MSA) on December 31, 2003?
3. During 2003, did the credit union originate at least one home purchase loan or refinancing of a home purchase loan secured by a first lien on a one-to-four-family dwelling?

If the answer to all three questions is "YES," then HMDA data collection and reporting requirements apply. If the answer to any one of the questions is "NO", then the credit union is exempt from filing HMDA data.

CREDIT UNION COUNCIL MEETING

The next meeting of the Credit Union Council will be at 10:00 a.m., June 3, 2004 in the KDCU conference room, 400 Kansas Avenue, Suite B, Topeka, Kansas. The seven member council is appointed by the Governor to advise the Administrator on issues and needs of credit unions. You are invited and encouraged to attend council meetings.

Council Members are:

Steve A. Ray, Chair.	Kansas City	2nd Cong. District
Erich Schaefer, V.Chair.	Garden City	1st Cong. District
Mark C. Bezdek, Sec.	Topeka	2nd Cong. District
Tony Augusto	Berryton	2nd Cong. District
Gilbert Benton	Cimarron	1st Cong. District
Mark Kolarik	Pittsburg	2nd Cong. District
Gary A. Regoli	Wichita	4th Cong. District

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Please Note the KDCU'S New E-Mail Address Above.

SUPERVISORY COMMITTEE AUDITS

It has been noted in recent credit union examinations, where the supervisory committees are responsible for completing the annual audit, they are not performing all of the duties of the supervisory committee per Kansas Statute 17-2211(d). Under this statute, the supervisory committee shall make or cause to be made a thorough annual audit of the receipts, disbursements, income, assets, and liabilities of the credit union and shall make a full report to the directors, which report shall be presented at the annual meeting and shall be filed and preserved with the records of the credit union.

KDCU examiners meet with the supervisory committee during the examination process to review and discuss the audit work-papers which verify the assets and liabilities of the credit union, document the review of the internal controls of the credit union, and document the review of the completion of the Supervisory Committee Control Checklist.

The audit work-papers, in some situations, are deficient. KDCU asks all credit unions to review the Supervisory Guide for Federal Credit Unions for standards to meet in performing the annual audit and verification control of accounts. This guide provides excellent sample forms for use as work-papers to verify most areas of the audit.

For additional training or help with the requirements of annual audit or verification control of accounts process, your supervisory committee or board of directors may contact the KDCU.

DEPARTMENT NEWS

Richard Yadon, Financial Examiner Senior, has completed all the requirements necessary to earn the Certified State Credit Union Examiner (CSCUE) designation by the National Assn. of Credit Union Supervisors (NASCUS). The NASCUS Board of Directors and the NASCUS Education Committee made the announcement on December 24, 2003. Congratulations Dick.

Other staff members who have completed NASCUS Certification designations include: Jack Hohman, Jim Burgess, Warren Meyer, and Steve Borchers. These individuals have previously earned the Certified State Credit Union Examination Supervisor (CSCUES) designation.

Our newest Financial Examiner, Andrew Numelin graduated from Iowa State University with a degree in Finance. He has been working for the Department since December 2002, and has successfully completed all required new examiner training schools.

Andrew has also joined the Corporate Examination team. Other staff members on the Corporate Examination team include Warren Meyer, Financial Examiner Principal, who is the State-in-Charge of U.S. Central Credit Union examination and Steve Borchers, Financial Examiner Principal, who is the State-in-Charge of Kansas Corporate Credit Union examination.

KANSAS DEPT. OF CREDIT UNIONS STAFF

Administrator
JEREL WRIGHT

Financial Examiner Administrator
JACK HOHMAN

Financial Examiner Principal
JAMES BURGESS
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Jerel Wright

Jerel Wright, Administrator