



Kansas Department of Credit Unions

KDCU Newsletter

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CALL REPORTING REQUIREMENTS

The risk focused examination places heavy reliance on the accuracy of the data in the call report. Data gathered through the call report process is not only used as the basis for financial data during the exam, but also used to analyze the financial condition of credit unions in general, and to identify trends that may be developing in our industry.

We have witnessed the call report evolve from a paper process a few years ago, to a largely electronic one, today. The call report material, including software for the program, is provided by the National Credit Union Administration (NCUA). Other than additional information required by the Kansas Department of Credit Unions, we use the joint call report with NCUA to avoid unnecessary duplicative reporting requirements. When the completed call report is uploaded, it is sent to the NCUA server, where it is automatically switched out to your respective Kansas State Examiner.

In order to properly check the call report, the examiner needs to receive specific financial documents and reports, including the after

closing balance sheet and income statement, a general ledger trial balance, a schedule of investments, and a delinquency report. A print out of the call report may be requested by individual examiners.

Just as your credit union has a deadline for submitting your call report, the state supervisory authorities, have a call report deadline with NCUA. For this reason, it is important that the review documents be sent early in the process. This allows the examiner time to review the call report and make requests to individual credit unions when corrections are needed.

During the examination process, examiners will verify the accuracy of the call report data. Examiners will address the credit union's failure to submit an accurate call report on a timely basis with credit union officials and depending on the circumstances and materiality, may address call report concerns under Transaction Risk and in the Management area of the Examination Report.

Call report forms are sent out quarterly, the latter part of March, June, September and December and are

generally due back to your assigned examiner around the 22nd or 23rd of the following month. In addition to the call report, other forms are included in the call report packets. See the following schedule:

March – (1) Special State Schedule to be signed by the Chair and Secretary of the Board of Directors and notarized.

June – (1) Special State Schedule to be signed by the Chair and Secretary of the Board of Directors and notarized. (2) Report of Loans to Directors, Credit and Supervisory Committee Members. (3) Report of Locations of Credit Union Business.

September – (1) Special State Schedule to be signed by the Chair and Secretary of the Board of Directors and notarized.

December – (1) Special State Schedule to be signed by the Chair and Secretary of the Board of Directors and notarized. (2) Roster of Credit Union Officials and Oath of Directors and Committee Members to be completed after the Annual Meeting. (3) Report of Loans to Directors, Credit and Supervisory Committee Members.

CREDIT UNION COUNCIL MEETS

The Credit Union Council met on June 7, 2007 as required by statute. Council members participating were Denise Bonner, Mark Kolarik, Lee Williams, Garth Strand, William McCurley, Gary Regoli and Gilbert Benton. Guests attending were Jerel Wright and Haley DaVee, Kansas Credit Union Association and Larry Eisenhauer, Kansas Corporate Credit Union.

The Council reorganized by hold-

ing elections. Garth Strand was elected as chair, Mark Kolarik vice-chair and Denise Bonner secretary.

The Council received the following reports:

- Credit Union Status Reports
- KDCU Financial Reports
- Report from the Administrator
- Reports from the Kansas

Credit Union Association and the Kansas Corporate Credit Union

The next meeting of the Council will be September 13, 2007

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.

Examiner Topics

SKIP-A-PAYMENT PROMOTION

Under a special order issued by the Administrator, several credit unions are offering members the opportunity of skipping one or more loan payments by paying a fee or by simply paying the additional interest due. The special order allows credit unions to follow Missouri statutes [Chapter RSMO 408.140 (8)] that specifically addresses the limitations of this type of program. If you implement a "Skip-a-Payment" promotion, be certain to adhere to the following:

- The member must agree in writing.
- The first loan payment must be collected.

- No more than one deferral may be permitted within a twelve-month period for any one loan.
- The maximum fee is the lesser of \$50 or 10% of the loan payments deferred.

Management must be aware of the requirement for the lesser of the fee or 10% of the loan payment. For example, if a fee of \$15 is charged, loans with payments of less than \$150 must be charged based on 10% of the loan payment or less than the \$15.

If you plan a "skip-a-payment" special, please be aware of the above provisions.

SUSPICIOUS ACTIVITY REPORTS

In 2005 KDCU implemented a requirement that a copy of any suspicious activity report (SAR) filed with FinCEN must also be sent to the department office. This is a reminder to credit unions of the requirement. Copies may be electronic to kdcuoffice@kdcu.state.ks.us when filed to FinCEN or it can be a hard copy sent by U.S. Mail.

Credit unions must have an identifying and monitoring process to determine whether transactions have apparent lawful purposes and are the sort that a particular member would normally be expected to be conducting. For unusual transactions, credit unions should file a SAR if, after examining the

background and possible purpose of the transaction, the credit union knows of no reasonable explanation for the transaction after examining available facts.

A SAR must be filed within 30 days after discovery for suspicious transactions of any amount or when there is reasonable suspicion that a crime against the credit union has occurred and the amount of the loss is greater than \$5,000 if a non-insider. If an insider, then any amount.

If you have any questions concerning this procedure, please contact your examiner or the KDCU Topeka office.

Personnel Additions

The Kansas Department of Credit Unions announces the addition of two new Financial Examiners: Christopher Taylor and Njeri Marshall.

Christopher Taylor will be joining James Klausen and Jonathan Hankin on the east side of the state. Chris

has attended Vanderbilt University and received a bachelors degree in Business Administration from Washburn University,

Njeri will be joining the west crew. Njeri has attended Dekalb Technical College and Washburn University. She also has an extensive credit union experience.

Please join us in welcoming these new staffers to the KDCU.

Kansas Department of Credit Unions Staff

John P. Smith, Administrator
 Dick Yadon, Financial Examiner Administrator
 James Burgess, Financial Examiner Principal
 James Klausen, Financial Examiner Principal
 Valorie White, Financial Examiner Senior
 Michael Baugh, Financial Examiner Senior

Jonathan Hankin, Financial Examiner
 Christopher Taylor, Financial Examiner
 Njeri Marshall, Financial Examiner
 Cheryl Bishop, Administrative Specialist
 Freda Chabira, Administrative Specialist