

CREDIT UNION DIVISION NEWSLETTER

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OCTOBER 1—DECEMBER 31, 2002
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5TH ISSUE

ADMINISTRATIVE CODE CHANGES

The State of Iowa Credit Union Review Board has adopted changes to Administrative Code Chapter 189, rules that apply to credit unions.

A directive for a comprehensive review of all regulations began 2 years ago with a regulatory rules review committee consisting of 5 constituents from the industry, the Superintendent and the Division's assigned Assistant Attorney General.

After many meetings, recommendations were submitted to the Governor's office and direction to move forward was received.

Notice was published in the Administrative Code Bulletin December 25, 2002 and a public hearing was held January 14, 2003 at the Division office. No oral or written comments on the amendments were received.

The Credit Union Review Board adopted the amendments on January 29, 2003 and

the amendments were Adopted and Filed on January 31, 2003.

The effective date for the rule changes is March 26, 2003.

The amended rules in Administrative Code Chapter 189 are listed on the right.



You may view the Noticed rules in the Administrative Code Bulletin at the following address:

<http://www.legis.state.ia.us/Rules/2002/Bulletin/ACB021225.html>

RULES AMENDED

- Chapter 1
"Description of Organization"
- Chapter 2
"Organization, Chartering, and Field of Membership of a Credit Union"
- Chapter 3
"Examination and Supervision Fees"
- Chapter 9 "Real Estate Lending"
- Chapter 17
"Investment Powers"

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EDUCATIONAL SESSION ON ALLOWANCE FOR LOAN AND LEASE LOSSES

Representatives from the Iowa Credit Union Division, Steve Petersen, CPA, of Petersen & Associates, and Laurie Butler, CPA and Vice President of Finance of Collins Community Credit Union will discuss the new guidance for the Allowance for Loan and Lease Losses.

This educational session will be held on Tuesday, March 11, 2003 from 1:30 to 3:00 p.m. over the Iowa Communications Network (ICN). The session will be broadcast to 18 ICN sites throughout the state.

Registration forms are

available on-line on the Division web site or by contacting the office at (515) 281-6514 to reserve an ICN site near you.

There is NO CHARGE for this educational session.

CALENDAR YEAR 2002 REPORT

Number of credit unions

2002 started with 182 natural person credit unions plus the Iowa Corporate Central Credit union, and concluded the year with 176 natural person credit unions and the Corporate. There were 6 credit union mergers, 1 state-chartered credit union converted to a federal charter and 1 federal credit union converted to a state charter.

Small Employee Groups

During the calendar year 29 employee group applications were processed with a potential of 899 members.

Credit Union Branch Offices

Iowa credit unions opened 8 new offices in this state and 1 in the state of Wisconsin. In addition, 1 out-of-state state-chartered credit union from Illinois opened an office in Iowa.

ATM Applications

A total of 114 Automated Teller Machines were established in Iowa this year by credit unions. Fifty-seven were established by one credit union.

Examinations

Examination staff conducted 180 examinations encompassing \$4.219 billion in assets during 2002.



STATE'S ECONOMIC CONDITION

The state is facing a \$400 million budget shortfall as state tax revenues lag behind the economic recoveries of the 2001 recession.

Currently, manufacturing and retail trade are down, with the largest single decrease occurring in construction. The service industry is the fastest grow-

ing segment of the economy and the finance, insurance and real estate industries in Iowa experienced employment increases as interest rates stimulated the purchase of existing homes.

Though the economy and the budget conditions are critical, Iowa credit unions

remain safe and sound mostly due to a strong reserve base.

Although the budget condition is critical, the Division continues to conduct timely examinations and oversight, as well as, continuing education and training.

ACCOUNTABLE GOVERNMENT ACT AND STRATEGIC PLANNING

Under the Accountable Government Act (AGA), Iowa is implementing a comprehensive and integrated performance governance system. The purpose is to produce results valued by Iowans. The different components of the AGA include strategic planning, performance planning, performance measures and budgeting.

State agencies have been asked to look three to five years into the future to lay out essential goals, strategies, and measures to ensure that it remains focused on and making progress in achieving its identified vision and mission.

The Credit Union Division has begun the process of preparing a plan that will be re-

viewed by the Governor and the Legislature when considering budgets and funding. The following elements are required of agency strategic plans:

- Mission Statement and Core Functions
- Vision Statement

(article con't. on page 3)

"All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work." -- Calvin Coolidge

AGA AND STRATEGIC PLANNING (CON'T.)

- Assessment
- Guiding Principles
- Goals (3 to 5) with Measures
- Strategies

The Credit Union Division's mission statement, a broad comprehensive statement defining what the agency is and why it exists, is ***"To safeguard the interests of credit union depositors and stakeholders through the***

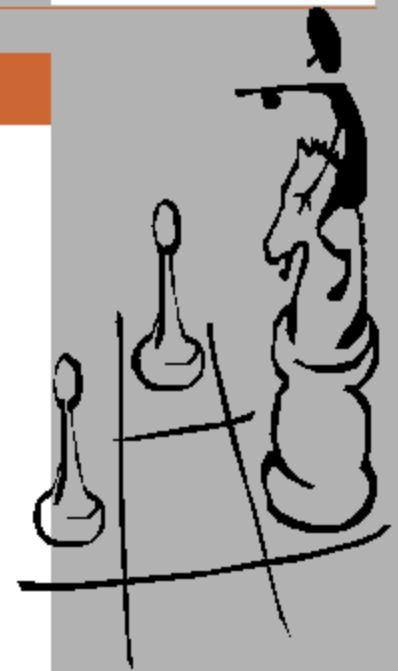
effective administration and execution of the laws relating to credit unions."

The Division staff identified it's core functions as regulation and compliance (examinations), education (training, supervision/guidance, communication), research, analysis and information management, and resource management.

When developing our strategic plan, the Division used

guiding principals of core values and philosophies as a foundation to support our mission. The following principals were used to direct our course when planning our goals and strategies. The principals are as follows:

- Customer Focus
- Results Orientation
- Long-Range Thinking
- Data-based Decisions
- Continuous Improvement



PIERRE JAY AWARD IS PRESENTED TO IOWA'S SUPERINTENDENT OF CREDIT UNIONS

During the National Association of State Credit Union Supervisors (NASCUS) Iowa's own superintendent of credit unions, James E. Forney, was presented with the Pierre Jay Award.

"The NASCUS Pierre Jay Award was first presented in 1997 and is named after the first Commissioner of Banks in Massachusetts.

Pierre Jay, who was ap-

pointed in April 1906, learned about the cooperative credit movement in Milan, Italy, and quickly embraced the concept. Over the objection of the banking industry, Jay worked with millionaire Edward Filene of Boston to champion credit union development in the United States.

This award recognizes the commitment of Pierre Jay, whose perseverance and service profoundly shaped credit union history.

The Pierre Jay Award was created by NASCUS to recognize those who have surpassed expectations. It is presented to those whose contributions have benefited the state credit union system in a significant fashion. Recipients of the award best demonstrate outstanding service, leadership, and commitment to NASCUS and the dual chartering system." NASCUS 2002 Annual Report



AMENDING ARTICLES OF INCORPORATION

"The articles of incorporation or the bylaws may be amended by a favorable vote of a majority of the members present at a meeting, if that number constitutes a quorum and if the proposed amendment was contained in the notice of the meeting.

Bylaws may also be amended by a vote of a majority of the members of the board, or by a majority vote of members voting by mailed ballot according to procedures specified by rule of the superintendent requiring at least twenty days' notice to all members, mailed ballots

ensuring the confidentiality of voters, announcement to members of the results of the vote, and preservation of the ballots for a reasonable period of time. All amendments must be approved by the superintendent before they become effective. [Iowa Code Section 533.2]

"We must adjust to changing times and still hold to unchanging principles." - Jimmy Carter



RECODIFICATION OF IOWA CODE CHAPTER 533

This legislative session the Credit Union Division submitted a recodification of Iowa Code Chapter 533, Credit Unions.

With the assistance of a task force and the Division's assigned Assistant Attorney General, the Credit Union Division presented it's draft of Chapter 533 to the Legislative Service Bureau.

The redraft consists of a reorganization of chapters, elimination of out-dated language, and some new language. A copy will soon be available on our web-site.



History of the Iowa Credit Union Division

The Iowa Credit Union Act was passed by the Iowa Legislature in 1925. The Act provided that state credit unions were to be regulated by the Iowa Superintendent of Banking and that a "credit union shall be deemed an institution for savings and shall be subject to taxation only as to its real estate, moneys and credits. The shares shall not be taxed." The supervision and regulation of credit unions remained under the Superintendent of Banking until January 1, 1979.

The Department of Credit Unions was established January 1, 1979, by the 67th General Assembly, and was reorganized as the Division of Credit Unions within the Department of Commerce by the 71st General Assembly, July 1, 1986. It was during this time that the responsibility for the supervision and regulation of credit unions was transferred to the Superintendent of Credit Unions.

EXAMINER UNDERGOES NAME CHANGE

Examiner Angel Ward underwent a recent name change.

Due to marriage to George Wallis on November 23, 2002, Angel will now be known as **Angel Wallis**.

CONGRATULATIONS
TO
GEORGE AND ANGEL WALLIS!!



HOMELAND SECURITY INITIATIVE

The Iowa Homeland Security Initiative is the state's domestic preparedness plan in response to the terrorist attacks that occurred on September 11, 2001.

A summary of recommendations in this plan form a foundation to build a long-term security management program.

Each state agency has been asked to review the Initiative, break it into its operational components and identify areas where that agency would be the primary lead agency or a supporting agency.

An implementation schedule for the recommendations will be forthcoming.



"Our real problem, then, is not our strength today; it is rather the vital necessity of action today to ensure our strength tomorrow."

Dwight D. Eisenhower.