

# State of Iowa Credit Union Division

Issue 3

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## RISK FOCUSED EXAMINATIONS

The Iowa Credit Union Division completed the risk focused pilot program at the end of March, 2002. The Division is gearing up to implement the Risk focused examination process on a full time basis.

The program, which began in February 2002, focused on seven key risk areas in examinations. These included **credit, liquidity, interest rate, transactional, reputation, strategic, and compliance risk**. The scope of future examinations of credit unions will be based on the degree of risk associated with each of these seven areas.

The Iowa Credit Union Division has made significant progress in our own risk focused examination and supervision processes the past few years. We look forward to the implementation of this examination process on a full time basis.

## ATM SURCHARGING

On March 6, 2002, United States District Court Judge Ronald E. Longstaff ruled in Metrobank et al v. Foster that federal law permits National Banks to charge ATM fees in Iowa. It is anticipated that Judge Longstaff's ruling will cause national banks to commence surcharging in Iowa ATM transactions, placing Iowa-chartered credit unions and banks at a competitive disadvantage to National Banks. The Iowa Attorney General's office has determined an appeal of the decision reached in the federal court would be an act of futility. Therefore, in response to Judge Longstaff's order, the administrators of Iowa Code Chapter 527 moved on March 18, 2002 to rescind their April 22, 1992 letter to ITS, Inc., disapproving of surcharging.

The federal courts have determined that National Banks are permitted to charge ATM fees; the Iowa Superintendent of Banking has reached a similar conclusion for Iowa state-chartered banks. In order to avoid the anticipated disparate effect these two decisions might have on Iowa's state-chartered credit unions, the Credit Union Division will no longer pursue as a violation of Iowa Code Chapter 527 surcharging which occurs on a ATM established by an Iowa credit union.

## OATH OF DIRECTORS

Please keep in mind that the 2002 Oath of Directors and Appointees form must be filled out and sent in to the Iowa Credit Union Division within ten (10) days following the credit union's Annual meeting.

If there are any changes to the Oath of Directors at any point in the year, don't forget to update this information with the Division.

If you need a blank Oath of Directors and Appointees form, go to [www.iacudiv.state.ia.us](http://www.iacudiv.state.ia.us).



## HELPFUL HINT

If you receive a letter or memorandum from the Division via email and have problems opening it, please let Melanie know. It is important to be able to open all documents sent by the Division, so don't hesitate to let us know you can't open one of our documents.



## CALL REPORTS

Every quarter, NCUA sends all credit unions the call reports disks and booklets. If you do not receive one or lose yours, please call either your examiner or Melanie in the office to receive another one.

Please keep in mind that your examiner has time limits to upload the call reports to NCUA, so it is important to get your call report to your examiner by the due date.

Please do not send the call reports to the Des Moines office unless your examiner's office address is listed as the Des Moines office. If you have lost your examiner's office address, contact your examiner for it or call Melanie at the office.

**The March Quarter End Call Report is to be submitted so it is received by the Examiner no later than April 22, 2002!**

### **ATM Approvals**

Six (6) ATM applications were approved for installation between January 1, 2002 and March 31, 2002.

### **BRANCH OFFICES ESTABLISHED**

There was one branch office approved out of state (Wisconsin) for the January 2002 to March 2002 quarter.



### **SMALL EMPLOYEE GROUP APPROVALS**

Six Small Employee Group applications were approved this past quarter with a total of 248 potential members.

### **MERGERS**

- A merger was completed on December 31, 2001 between Heritage Credit Union and John Deere Community Credit Union. John Deere Community Credit Union is the continuing credit union.
- Members of the ISEA Credit Union in West Des Moines, Iowa are awaiting preliminary approval for a merger with ISU Community Credit Union in Ames, Iowa. ISU Community Credit Union will be the continuing credit union.
- Morman Trail Credit Union in Kellogg, Iowa is merging with Deere Community Federal Credit Union in Ottumwa, Iowa. Deere Community Federal Credit Union will be the continuing credit union.
- C.R. Square D Credit Union in Cedar Rapids, Iowa is voting to merge with Square D Employees Federal Credit Union in Lexington, Kentucky. Square D Employees Federal Credit Union will be the continuing credit union.