

CREDIT UNION DIVISION NEWS

Issue 6

April 2003

ALL TRAINING

The Allowance for Loan and Lease Losses guidance informational session was held March 11, 2003.

There were 161 registered participants attending the session at over 19 Iowa Communication Network (ICN) sites throughout the state.

CREDIT UNION REVIEW BOARD MEETING APRIL 14, 2003

The Review Board quarterly meeting - Monday, April 14, 2003, at 10:00 a.m., in the Credit Union Division conference room.

See Agenda on Page 2



THREAT LEVEL HIGH

Corresponding to the threat levels established by the federal government, the Credit Union Division will continue to post on its website the current threat level.

We do not anticipate moving to a higher threat alert level in regards to the active campaign in Iraq per a public statement by Governor Vilsack addressing Iowa Homeland Security.

The Division has put into place the following appropriate precautionary measures:

At threat level "orange/high" the Credit Union Division will do the following:

- Follow the State of Iowa condition orange procedures;
- Determine from all available sources if any new valid information or threats are leveled at financial institutions, and the appropriate dissemination of information;
- Notify credit union employees of threat status;
- Notify credit union's with electronic banking services of the threat status and advise to fully observe their security procedures;
- Notify all other credit unions of the change in threat level as advised;
- Assess the vulnerability of the facility and restrict access, as necessary;
- Restrict mail and freight delivery, as necessary;
- Continue all precautions from lower threat level and continue business as usual, unless circumstances dictate otherwise;
- Follow Division Contingency Plan procedures;
- Monitor news.

Division Strategic and Performance Planning Update

The staff at the Credit Union Division has been meeting to develop a performance plan to assist us in making informed decisions and facilitating our efforts to tell Iowans and other stakeholders what has been accomplished.

Performance planning consists of three steps:

1. Identifying core functions
2. Defining and document-
3. Developing performance plan strategies and/or recommended actions

We have identified our core functions as "Regulation & Compliance" and "Resource Management".

The desired outcome for the Regulation & Compliance function is to reduce unacceptable level of risk in

credit unions.

The desired outcome for the Resource Management function is to provide timely and accurate services to Division employees, credit union management, their members, and other state agencies.

Next we will determine our services, products, and activities.

Overview of Administrative Rules Amendments

The following Administrative rule amendments became effective on March 26, 2003:

- Chapter 1.4 Forms and Instructions—the listing of forms was eliminated and the division website was added.
- Chapter 2.5(1) Field of Membership and Common Bond — the definition “Multiple Group” was added which is a combination of both an association common bond and an occupation, industry or employer common bond.
- Chapter 2.12(3)(4) — Time of Notice and Intervention — the “small” was eliminated from small employee group.
- Chapter 2.13(1) Contested Cases — the wording “\$350 contested case hearing fee and costs of transcription” was eliminated.
- Chapter 3 Examination and Supervision Fees — this chapter was rescinded. Any future fee changes will be approved and passed by public notice and hearing.
- Chapter 9 Real Estate Lending — the chapter was reduced to consist of

only sections 9.2 and 9.2 (1). Each credit union will establish and maintain its own written real estate lending policy.

- Chapter 17.1 Investment Powers — eliminated the date “1987” and the word “supplement”.

The Division, along with the Rules Review Committee, are presently working on amendments to Chapters 4, 6, 12, 15, 16, 18, 19, and 24.

Watch for future “Notices of Intended Action”.

To view the amended rules,



select “Laws & Regulations” from the Division website and click on the “Administrative Code” button at the top left hand corner of the screen.

CREDIT UNION REVIEW BOARD MEETING



The Review Board
Quarterly Meeting

Monday

April 14, 2003

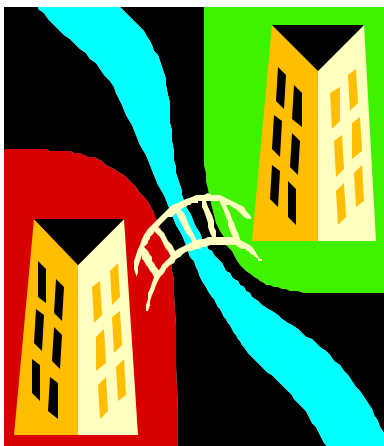
10:00 a.m.

Credit Union
Division Conference
Room

AGENDA

- *Call to Order & Roll Call*
- *Presentation of Members of the Public*
- *Minutes of the Previous Meetings*
- *Report of the Superintendent*
- *Committee Reports*
- *Unfinished Business*
- *New Business*
- *Next Meeting—July 14, 2003, 10:00*
- *Adjournment of Open Session*
- *Closed Session (If Needed)*

MERGERS



Since January 2003, the Credit Union Division has provided the oversight of three mergers.

As of January 1, 2003, Dunham Employees Credit Union

in Marshalltown, merged with Greater Iowa Credit Union in Ames.

Effective February 28, 2003, First Iowa Community Credit Union located in West Des

Moines, merged with First Class Credit Union located in Des Moines.

Armstrong Employees-Local 164 Credit Union in Des Moines, merged with Greater Iowa Credit Union in Ames.

OATH OF DIRECTORS — HELPFUL REMINDERS, COMMON ERRORS

Below are some helpful reminders to avoid common errors when completing your credit union's Oath of Directors form.

- The form is to be signed by all directors and appointees, notarized, and forwarded to the Credit Union Division within 10 days of each annual meeting.
- If a director is unavailable to sign within 10 days of the annual meeting, make a copy of the Oath and submit the original Oath to the Division with a memo explaining that the copy of the Oath with the absent signature, notarized, will be forwarded, as soon as possible, to the Division.
- It is required by law that not less than nine members of the credit union are to hold offices on the board of directors.
- It is required that not less than three members serve on the Auditing Committee, or the Credit Committee.
- There must be four officers of the board (chairperson, vice chairperson, secretary, and chief financial officer) These officers of the Board may not hold more than one such office simultaneously.
- No officer of the Board as defined above, or member or

alternate member of the credit committee shall serve on the Auditing Committee.

- In the event of a vacancy of an office of a director or appointee, any person appointed by the board of directors to serve until the next annual meeting of the membership must also sign an Oath of Directors form.

When submitting your Oath of Directors, please check for the following:

- The directors names are typed or legibly printed.
- Addresses and phone numbers for directors are included.



- The date of the annual/re-organizational meeting is included;
- Check that the correct form has been submitted. Complete the Iowa Credit Union Division's Oath of Directors and Appointees Form CU11. A common error is to send us the National Credit Union Administration's (NCUA) Oath of Director's form.

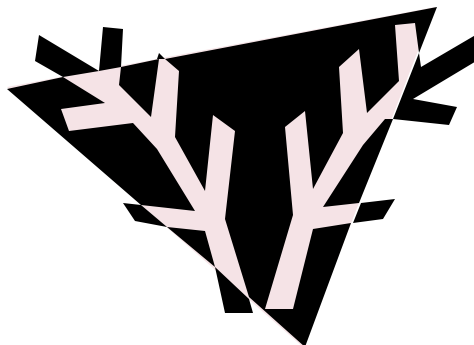
Branch Offices Established

Dupaco Community Credit Union established a branch office located at 5865 Saratoga Road, Asbury, Iowa 52004. The branch was approved on January 13, 2003.

A branch office opened at 303 Euclid Avenue in Des Moines by First Class Credit Union on March 20, 2003.

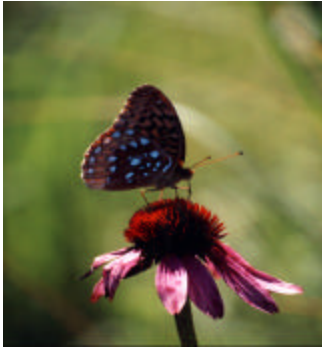
First Class Credit Union also relocated their principle office (formally the 303 Euclid Avenue address,

now a branch) to 2051 Westown Parkway in West Des Moines.



Name Change

February 15, 2003, Iowa Postal Credit Union located in Des Moines was renamed First Class Credit Union. The name change became effective February 15, 2003.



Spring, a time to grow.....



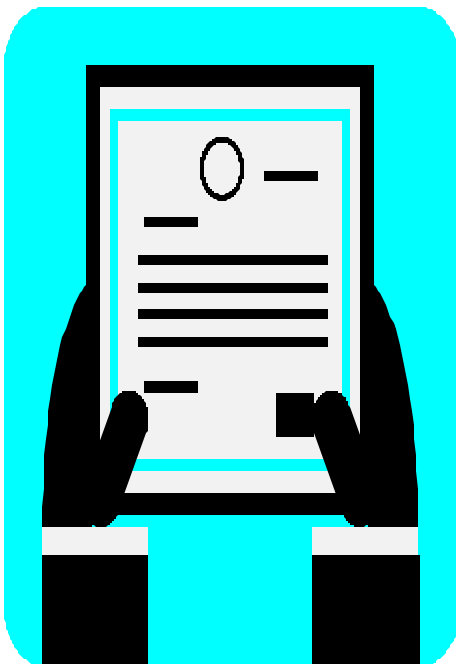
CAP LIFTED ON SBA LOANS

The U.S. Small Business Administration (SBA) lifted the cap on SBA-backed loans opening the 7(a) program to all credit unions. A revised econometric subsidy model is accredited to accurately forecast actual costs of the 7(a) loan program.

With the expansion of the SBA 7(a) loan program, more than 1,500 credit unions nationwide have the opportunity to participate. Last year, there were only 71 credit unions eligible for participation. That is a 30% increase of credit unions able to positively serve their members and impact their communities with small loans for start up business capital, which is something that will help the troubled economy.

Applications for guaranteed loans of up to \$2 million may be submitted. Credit unions interested in making small business loans have the opportunity to greatly expand their SBA participation.

NASCUS Certification Program



NASCUS Certification provides recognition to superior state credit union examiners and encourages professional development through the certification's requirement for continuing education hours.

There is a Certification Sub-Committee made up of the regulator members of the NASCUS Education Committee. This Sub-Committee oversees all aspects of the Certification Program.

Certification is granted

based on acquired technical skill as evidenced by a combination of formal technical education, on-the-job training and work experience and attestation by an organizational superior that appropriate skills have been acquired.

For re-certification, every three years, participants will be required to provide evidence of the successful completion of 128 continuing education hours for the

three-year certification period.

(This information was taken from the NASCUS website)

The Credit Union Division congratulates the following examiners who have achieved the National Professional Standards for certification: Allen Benson, Craig Stewart, Darrell Busch, Jami Weems, Chris Kumpf, Matt Wogsland, Kevin Gorman, Ann Mucahy.