

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Anthony Brown at 3:30 p.m. on January 28, 2009, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Cindy Neighbor- excused  
Representative Virgil Peck- excused  
Representative Dale Swenson- unexcused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes  
Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Joyce Bishop, Committee Assistant

Conferees appearing before the committee:

J. Thomas Thull, State Bank Commissioner, State Bank Commission  
Kevin Glendening, Deputy State Bank Commissioner-Division of Consumer & Mortgage Lending,  
State Bank Commission  
John P. Smith, Administrator, Kansas Department of Credit Unions

Others attending:

See attached list.

Chairperson Brown asked for introduction of bills.

Doug Wareham, Kansas Bankers Association, requested a bill be introduced regarding public funds and clarifying the nature of reciprocal deposit programs. Robert Olson made a motion to introduce this bill. Tom Burroughs seconded the motion. The motion passed unanimously.

J. Thomas Thull, State Bank Commissioner, and Judi Stork, Deputy Commissioner, Division of Banking, with the State Bank Commission, presented background information on the Office of the State Bank Commissioner, (Attachment 1).

Kevin Glendening, Deputy State Bank Commissioner-Division of Consumer & Mortgage Lending, State Bank Commission, presented information on the Division of Consumer and Mortgage Lending, (Attachment 2).

John P. Smith, Administrator, Kansas Department of Credit Unions, presented information on the Kansas Department of Credit Unions. (Attachment 3),

The next meeting is scheduled for February 2, 2009.

The meeting was adjourned at 5:05pm.

HOUSE FINANCIAL INSTITUTIONS COMMITTEE

3:30pm,

Room 784, Docking State Office Building

**GUEST LIST**

DATE: January 28, 2009

NAME	REPRESENTING
Halcy Davee	KS Credit Union Assoc.
John P. Smith	KS Dept. of credit unions
Sony Allen	Office of State Bank Commissioner
Judi Stork	✓
Kevin Glendening	—
DICK YADON.	Dept. of Credit Unions
Rick Fleming	Securities Commissioner
Wright Keck	Hein Law firm
Wanda Jean Smith	KMHA
Luke Bell	KS Assoc. of REALTORS
KATHY OLSEN	KBA
Doug Wareham	"
SHAWN T. MITCHELL	CBA
Jerel Wright	Ks Credit Union Assn
Macla Mauck	KCUA
Tom Gaches	GBA
Matt Casey	GBA
Matt Goddard	Heartland Community Bankers Assoc.

Jessie Kaufman

Ks Co-op Council







*Office of the State Bank Commissioner*

## Overview of the Office of the State Bank Commissioner

January 28, 2009

### Agency Structure

- The Office of the State Bank Commissioner is divided into five main areas:
  - ☞ Division of Banking and Trust
  - ☞ Consumer and Mortgage Lending Division
  - ☞ Legal Division
  - ☞ Division of Administration
  - ☞ Division of Information Technology
- Employ 99 full time staff with one full time temporary position.

*Office of the State Bank Commissioner*



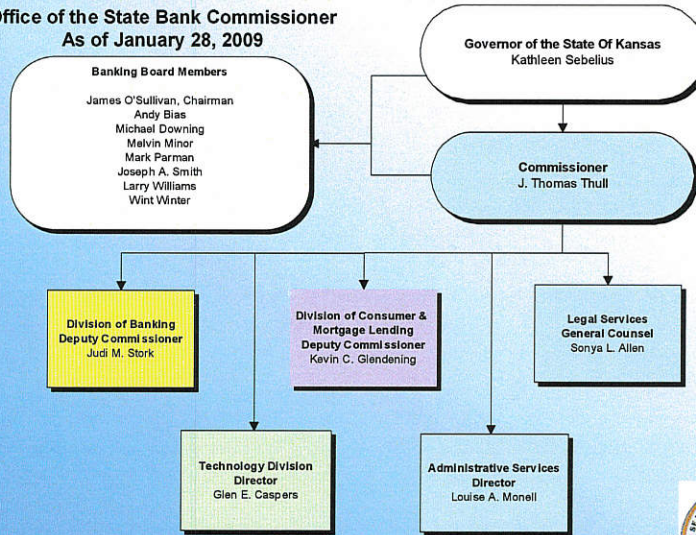
HOUSE FINANCIAL INSTITUTIONS

DATE: 1/28/2009

ATTACHMENT: 1



**Agency Organizational Chart  
Office of the State Bank Commissioner  
As of January 28, 2009**



Office of the State Bank Commissioner



## Division of Administration

- **Annual Budget Preparation**  
Preparation of Executive and Legislative Branch Appeals  
Preparation of Budget Summaries for Legislative Committees  
Current FY 09 Budget \$8,220,872
- **Financial Accounting System**  
Financial Reporting & Forecasting  
Annual Assessments  
Accounts Receivable & Payable  
Procurement
- **Human Resource Function**  
Recruitment  
Benefits  
Employer/Employee Relations  
Personnel Policies  
Payroll
- **Other**  
Inventory Control  
Facilities Management  
Fleet Management  
Strategic Planning Oversight

Office of the State Bank Commissioner





## Legal Division

- Provide interpretations of laws and regulations enforced by the OSBC, to OSBC examiners, industry professionals, consultants and other attorneys
- Bring administrative enforcement actions against entities licensed and regulated by the OSBC, and against unlicensed entities. Represent the OSBC in hearings conducted in accordance with the Kansas Administrative Procedure Act, and negotiate voluntary settlements of those actions where appropriate
- Draft proposed legislation, testimony and fiscal notes during the legislative session, and draft administrative regulations as needed
- Provide legal advice on personnel and policy matters as needed
- Receive and act on all consumer complaints

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## Division of Information Technology –Responsibilities–

- IT Exams on State Banks
- Local Area Networks and Servers
- Databases
- Internet Website ([osbckansas.org](http://osbckansas.org))
- Telecommunications
- Security and User Policy
- Technical Support
- Purchasing and Planning

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## OSBC – Division of Banking and Trust

January 28, 2009

## OSBC – Division of Banking and Trust

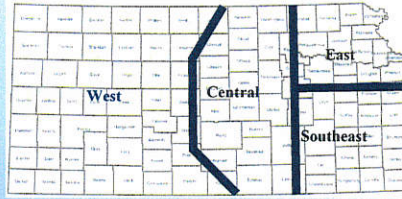
- Statutory Duty to Examine all Banks and Trust Companies once every 18-month period
- In completing this responsibility we alternate examinations with the FDIC and the FRB as well as complete joint examinations
- Currently we supervise 247 state chartered banks, 41 trust departments, and 10 trust companies
- Total bank assets under supervision as of 9-30-08 was \$28,342,351,000
- Additionally, we regulate 39 money transmitter companies

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## OSBC – Division of Banking and Trust



### West Region

- 57 banks
- Regional Manager : Mike Jackson
- Field Offices: Dodge City & Hays

### Central Region

- 75 Banks
- Regional Manager: James Hass
- Field Offices: Salina & Wichita

### East Region

- 74 banks
- Regional Manager: Scott Hatfield
- Field Offices: Lenexa & Topeka

### Southeast Region

- 41 Banks
- Regional Manager: Ed Spielbusch
- Field Office: Erie

### Trust

- 10 Trust Companies & 41 Trust Departments
- Regional Manager: Scott Lowry
- Field Offices: Topeka and Overland Park

## OSBC – Division of Banking

### Examination Process

1. Notification of examination and disbursement of the pre-note packet to the bank or trust company
2. Review of provided information off-site
3. On-site review
4. Completion of examination report off-site
5. Submittal of draft examination report to the main office
6. Transmittal of final report to the bank or trust company

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# OSBC – Division of Banking

## Examination Process

The examination is broken into three general areas of review:

1. Management and Directorate Assessment
2. Loan and Asset Review
3. Operations



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# OSBC – Division of Banking

## Examination Process

1. Management and Directorate Assessment
  - Evaluate staffing levels & competency
  - Evaluate management information systems and reporting
  - Review the board minutes for content and compliance with banking laws
  - Note any deficiencies, weaknesses or strengths with management or any aspect of management



## OSBC – Division of Banking Examination Process

### 2. Loan and Asset Review

- Thoroughly review the loan portfolio for general credit worthiness and identify problem loans and loan losses
- An institution's highest risk is generally within the loan portfolio and a large focus is placed on this area
- Complete an overall assessment of asset quality taking into consideration loans, other real estate, securities portfolio, and other balance sheet accounts and banking activity

## OSBC – Division of Banking Examination Process

### 3. Operations

- Balance all assets, liabilities, and capital
- Verify income and expenses
- Check for extraordinary items
- Determine liquidity levels
- Determine how sensitive a bank is to interest rates

This analysis and information supports the lead examiner's job of determining the overall condition of the bank.



# OSBC – Division of Banking

## Examination Process

Additionally, the OSBC conducts two concurrent examinations for:

- Compliance with the Bank Secrecy Act/USA PATRIOT Act
- The Information Technology risks and systems of the bank

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# OSBC – Division of Banking

## Examination Process

### CAMELS

C – Capital

A – Assets

M – Management

E – Earnings

L – Liquidity

S – Sensitivity to Market Risk

CAMELS – Banks are rated on a scale of 1 to 5, with a 1 rating as the best and a 5 rating as the worst. Each component is given a rating in addition to an overall composite rating.

For example, a bank could be rated 1-2-2-2-2-1/2

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Kansas State Chartered Banks – Ratings History							
Banking							
	Not Rated	Rated 1	Rated 2	Rated 3	Rated 4	Rated 5	Summary
12/31/08	1	104	111	20	10	1	247 / 31
12/31/07	2	118	122	8	2	1	253 / 11
12/31/06	1	137	110	6	1	0	255 / 7
12/31/05	2	138	113	7	1	0	261 / 8
12/31/04	0	126	119	15	1	0	261 / 16
Information Technology							
	Not Rated	Rated 1	Rated 2	Rated 3	Rated 4	Rated 5	Summary
12/31/08	1	54	182	10	0	0	247 / 10
12/31/07	2	60	167	23	1	0	253 / 24
12/31/06	2	56	170	28	0	0	255 / 28
12/31/05	10	55	188	8	0	0	261 / 8
12/31/04	25	35	196	5	0	0	261 / 5
Trust (Companies and Departments)							
	Not Rated	Rated 1	Rated 2	Rated 3	Rated 4	Rated 5	Summary
12/31/08	3	29	18	1	0	0	51 / 1
12/31/07	3	31	20	1	0	0	55 / 1
12/31/06	3	34	19	1	0	0	57 / 1
12/31/05	3	30	24	0	0	0	57 / 0
12/31/04	4	26	28	0	0	0	58 / 0

## OSBC – Division of Banking

- Problem institutions are considered to be those rated 3, 4, or 5 and possess unsafe or unsound practices
- Enforcement Actions
  - Board Resolution
  - Memorandum of Understanding
  - Cease and Desist Order (formal)

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## OSBC – Division of Banking

### Additional duties:

- Problem bank monitoring – *extensive follow up and monitoring required*
- Board meetings - *prepare for and conduct meetings for management and directorate*
- Annual off-site reviews – *provides an update on the bank's condition and progress in addressing examination recommendations*
- SCOR reports – *uses call report data to statistically identify the probability of downgrades in the CAMELS ratings*
- Visitations on problem banks – *typically six months following the examination*
- Quarterly monitoring of compliance with various statutes
- Correspondence and communication with various federal banking agencies and banking trade organizations
- FinCEN – *Financial Crimes Enforcement Network*
  - Access
  - Annual and Quarterly Reporting

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## OSBC – Division of Banking

The division is accredited by the  
Conference of State Bank Supervisors.

We are subject to:

- Annual Reviews
- Annual Profile Survey; 7 sections spread consecutively throughout the year
- Re-accreditation every 5 years

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## OSBC – Division of Banking Application Process

Type	Processed in 2008	
	Filed/ Approved	Approval Authority
Branch	25/25	Comm(1);Bk Bd (2)
Change of Control	9/7-1 denied (1 pending at year end)	Comm
Charter Conversion	3/2 (1 pending at year end)	Comm
Contracting Trustee	1/1	Comm
(1) Eligible Banks; (2) Non-Eligible Banks		

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## OSBC – Division of Banking Application Process

Type	Processed in 2008	
	Filed/ Approved	Approval Authority
Fiduciary Powers	0	Comm
Merger/P& A	8/7 (1 pending at yr end)	Comm
Name Change	3/3	Comm
New Charter	0	Bk Bd
Office Relocation	6/5 (1 pending at yr end)	Comm(1); Bk Bd (2)
(1) Eligible Banks; (2) Non-Eligible Banks		

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## Other Application Processes

Type	Approval Authority	Approved Companies
Money Transmitter	Commissioner	39

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## Money Transmitting

Includes (but is not limited to) transferring funds on behalf of the public by any and all means including, but not limited to, transfers within this country or to locations abroad by:

- Wire,
- Check,
- Draft,
- Electronic means or
- Facsimile.

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## Money Transmitting (cont.)

The license of money transmitter companies is renewed on an annual basis. Approval criteria includes:

- a \$250,000 net worth;
- a \$200,000 surety bond;
- identification of agent locations; and
- permissible investments in an amount at least equal to the amount of outstanding payment instruments.



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## OSBC – Division of Banking

KANSAS STATE CHARTERED BANKS				
	9/30/08	2007	2006	2005
State Chartered Institutions in Kansas	247	253	255	261
Total Assets	\$28,342M	\$28,315M	\$26,058M	\$28,735M
Asset Growth	0.13%	8.66%	(9.32%)	4.95%
Net Loan Growth	0.33%	9.68%	(9.43%)	8.34%
Total Deposit Growth	(0.63%)	7.57%	(7.72%)	4.86%
Core Deposit Growth	(0.13%)	8.76%	(9.95%)	2.50%
Net Loans to Total Deposits	84.96%	84.19%	82.57%	84.13%
Net Loans to Core Deposits	103.06%	104.11%	103.23%	102.63%
Noncurrent Loans to Loans	1.73%	1.61%	0.70%	0.67%
Loan Loss Reserve Percentage	1.46%	1.34%	1.36%	1.35%
Net Charge Offs to Total Loans	0.45%	0.31%	0.15%	0.17%
Other Real Estate Owned to Total Assets	0.35%	0.21%	0.15%	0.15%
Provisions to the Loan Loss Reserve	\$99,948M	\$77,446M	\$37,574M	\$43,321M
Percentage of Unprofitable Institutions	12.55%	5.14%	5.49%	3.45%
Net Interest Margin (Interest Spread)	3.93%	4.13%	4.20%	3.92%
Return on Assets (Profitability)	0.97%	1.28%	1.36%	1.28%
Return on Equity (Profitability)	9.28%	12.10%	13.21%	12.70%
Equity Capital	\$2,948M	\$3,022M	\$2,698M	\$2,670M
Equity Capital to Assets	10.40%	10.67%	10.35%	9.99%
Tier 1 Capital	9.74%	9.88%	10.18%	9.96%





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## Division of Consumer and Mortgage Lending

# CML

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## HISTORY OF CML DIVISION

- The Office of the Consumer Credit Commissioner was abolished July 1<sup>st</sup>, 1999 and became the Consumer and Mortgage Lending Division, one of the two divisions within the Office of the State Bank Commissioner.

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HOUSE FINANCIAL INSTITUTIONS  
DATE: 1/28/2009  
ATTACHMENT: 2-1



# CML Enforcement

The Consumer and Mortgage Lending Division supervises and enforces:

- **Uniform Consumer Credit Code (UCCC)**  
K.S.A. 16a-1-101 to 16a-9-102
- **Kansas Mortgage Business Act (KMBA)**  
K.S.A. 9-2201 to 9-2220
- **Credit Services Organization Act**  
K.S.A. 2004 Supp. 50-1116 to 50-1135
- **Fair Credit Reporting Act**  
K.S.A. 50-701 to 50-720
- **Federal Regulation Z**
- **Federal Regulation X (RESPA)**
- **Federal Regulation B (ECOA)**
- **Federal Regulation CFR Part 232 (DoD)**

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# CML Supervision

- Mortgage Bankers
- Mortgage Brokers
- Mortgage Servicers
- Supervised Lenders/Finance Companies
- Consumer Credit Grantors and Servicers
- Payday Lenders
- Title Lenders
- Credit Services Organizations

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## CML Supervision

- The Consumer and Mortgage Lending Division licenses and regulates lenders, servicers, and brokers in virtually every state and outside the United States. Licensed companies hold approx. \$23 billion in Kansas loans.
- As of June 30, 2008, the Consumer and Mortgage Lending Division had 7,436 total entities under its supervision.

## CML Examinations

- CML utilizes centralized scheduling for exam planning and efficiency, maximizing examination staff resources.
- On-site exams are conducted both in-state and out-of-state. Off-site exams are used where feasible and appropriate.
- Most CML exams are “paperless”. Exam books, docs, and exhibits are scanned on-site and stored electronically.



# CML Examinations

- Examinations follow familiar format:
- Pre exam review – scope
  - Determine trade lines, types of loans
  - Select sample from loan printouts
  - Review past violations, complaints, actions
  - Review pre-exam questionnaires
  - Familiarize with record systems

# CML Examinations

- On-site loan review and policies/procedures
  - Loan structure, terms & conditions
  - Finance charges & additional charges, fees
  - Borrower repayment ability/unconscionability
  - Payments application, servicing activities, collection activities
  - Appraisal/Collateral values – fraud issues
  - Illegal activities, kickbacks, deception



## CML Examinations

- Review company financial info, net worth, bonding, leases, credit and warehouse lines, servicing agreements, etc.
- Income and expense ledgers – unlicensed activity, kickbacks, etc.
- Records management / security
- Interview management, loan officers, other employees

## CML Examinations

- Few examinations are black and white, most are shades of gray! Subjective decisions require good examiner judgment. Lots of “creative” financing out there!
- Many CML examinations require extensive follow up and investigation by examiners after the on-site portion of the exam. Obtaining further information and docs from investors, appraisers, consumers, etc.



# CML Examinations

- Many of the laws under the supervision of the Consumer and Mortgage Lending Division carry potential criminal (jail) as well as civil (fine) penalties.
- CML examiners conduct and document exams with the knowledge they may have to testify in court, and are pleasantly relieved when they do not!

## CML Results

Cash Refunds and Savings to Consumers  
December, 2000 to June, 2008 total

**\$41,996,329**



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## Consumer Education Initiatives

Sponsorships and grants are awarded for a variety of consumer education programs statewide. Focus ranges from school age children to adults. These grants are funded through fines and settlements obtained by the Consumer and Mortgage Lending Division. Over \$2 million dollars in grants have been awarded since 2000.



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## Types of Education Programs

- Kansas Council on Economic Education (KCEE)
- Kansas Lifeskills Competition
- Consumer Credit Counseling Services (CCCS)
- Housing and Credit Counseling (HCCI)
- Communities in Schools – Reality University
- Money Matters – Newspapers in Education



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# Kansas Department of Credit Unions

## Kansas Credit Union General Information

- 86 Kansas State Chartered Credit Unions as of September 30, 2008.
- Total Assets \$3,299,267,626
- 514,523 Members
- Largest credit union in assets \$585,299,646
- Smallest credit union in assets \$150,643
- The 5 largest credit unions make up 44.27% of the total assets or \$1,469,333,153.
- The 10 largest credit unions make up 62.98% of the total assets or \$2,090,454,330.

## Kansas Credit Union Financial Performance

Third quarter 2008 call report statistics indicate Kansas credit unions are faring better than insured credit unions nationwide. According to September 30, 2008, call report statistics:

- Assets increased by 13.4%
- Loans increased 11.08%
- Average net worth to total asset ratio decreased by 63 bps to 11.83%
- Delinquency increased by 4 basis points to 1.13%
- The year to date return on average assets (ROAA) increased by 4 basis points to 0.74%
- 21% or 18 credit unions had negative earnings YTD at 9/30/2008



## Kansas Department of Credit Unions

The CAMEL rating issued at the conclusion of each credit union examination has remained steady. As of November 30, 2008:

- 12 credit unions or 14% were rated 1
- 57 or 66% rated 2
- 15 or 17% rated 3
- 2 or 2% rated 4
- None were rated 5

### Other Credit Union Information (September 30, 2008 data)

**Assets** **\$3,299,267,626**

**Total Loans** **\$2,298,051,133**

#### Percentage of Total Loans

<b>First Real Estate Mortgages</b>	<b>\$458,558,839</b>	<b>19.95%</b>
<b>Other Real Estate</b>	<b><u>\$225,591,530</u></b>	<b>9.81%</b>
	<b>\$684,150,369</b>	<b>29.77%</b>

<b>Member Business Loans</b>	<b><u>\$108,123,867</u></b>	
Less Unfunded Commitments	<b><u>\$14,838,023</u></b>	
<b>Funded Portion</b>	<b>\$93,285,844</b>	<b>4.06%</b>

<b>Consumer Loans</b>	<b>\$1,520,614,920</b>	<b>66.17%</b>
Indirect Portion Consumer Loans	<b>\$ 610,763,182</b>	<b>26.58%</b>



# Kansas Department of Credit Unions

## KDCU Function

KDCU is required by law to examine every Kansas state chartered credit union to ensure financial stability and compliance with state and federal laws and regulations.

The National Association of State Credit Union Supervisors (NASCUS) accredits the KDCU, recognizing the Department's examination standards as equivalent to the standards established by the NCUA, the federal credit union regulator/insurer.

KDCU was accredited by NASCUS for the first time in 1995, re-accredited 2000 and 2005.

KDCU grants new charters and mergers, provides for liquidation procedures when necessary and handles consumer complaints.

KDCU is required to examine each credit union at least once every 18 months. Currently, the average period between examinations is just under a 13-month cycle, a standard the department has maintained for the past 5 years.

KDCU uses a CAMEL rating scale to evaluate the financial condition of a credit union. A CAMEL evaluation consists of a review of Capital or Net Worth, Asset Quality, Management, Earnings and Liquidity. A credit union with a 3 or 4 CAMEL rating receives an examination no more than 12 months from their last exam.

KDCU credit union examinations use a risk focused approach, which focuses examination time on areas of highest risk. The risk focused exam concentrates on seven areas: Credit Risk, Interest Rate Risk, Liquidity Risk, Transaction Risk, Compliance Risk, Strategic Risk and Reputation Risk.

## Administrator Responsibilities

The Administrator is responsible by statute for the management, control, regulation and general supervision of credit unions. This includes requiring every credit union to submit to an examination by the Department, consistent with the authority of the NCUA as insurer.

The Administrator may:

- Require an independent audit to be performed under regulations established by the agency.
- Approve the merger, the sale or purchase of assets or the voluntary and involuntary dissolution of a credit union.
- Issue orders for corrective action for violations of law.
- Become the conservator for any credit union deemed insolvent and may appoint a liquidating agent.



# Kansas Department of Credit Unions

- Suspend from office and prohibit from further participation in any manner in the conduct of the affairs of a credit union any director, officer, committee member or employee who has committed any violation of a law, rules and regulations or of a cease and desist order or who has engaged in or participated in any unsafe or unsound practice in connection with a credit union or who has committed or engaged in any act, omission or practice in connection with the credit union which constitutes a breach of that person's fiduciary duty as such director, officer, committee member or employee, when the administrator has determined that such action or actions have resulted or will result in substantial financial loss or other damage that seriously prejudices the interest of the members.
- Recommend the removal of directors, supervisory or credit committees or submit findings of dishonest, reckless or incompetent performance of duties to the board of directors, supervisory or credit committee or to the credit union members at a general meeting of the shareholders.
- Suspend the charter, merge, liquidate, or take possession of any credit union which fails to federally insure share deposits, which loses coverage or allows such coverage to lapse.
- Authorize any credit union to engage in any activity in which such credit union could engage were they operating as a federally insured credit union.
- Require a credit union to establish net worth amounts as established by law.
- Establish rules and regulations governing the powers of corporate credit unions.
- Establish rules and regulations governing loans to credit union members, directors and members of the supervisory or credit committees.
- Approve the purchase, lease or rental of real estate and improvements by credit unions.
- Disclose or approve the disclosure of any confidential information secured or produced by the administrator in making an investigation or examination of a credit union.
- Approve a credit union's establishment or relocation of a branch and approve the place of business or change in place of business.
- Approve a conversion of a state chartered credit union to a federal charter.
- Authorize a credit union organized in another state or under the federal credit union act to do business in Kansas.

In addition, the Administrator has:

- General charge of the work of the Credit Union Council and maintaining a permanent record of all meetings and proceedings of the council at the office of the administrator.
- Administrative supervision of all agency employees.

## **Examination Process**

Each Kansas credit union is examined at least once every 18 months. The financial condition of a particular credit union determines the length of time between examinations.

KDCU on-site examination format is based on a system called AIRE (Automated Integrated Regulatory Examination System), which is used by both the state and federal credit union regulators and provides continuity between the state and federal examinations.



# Kansas Department of Credit Unions

NCUA, as the deposit/share insurer, defers the examination of Kansas state chartered credit unions entirely to KDCU. NCUA insurance examiners do participate in joint examinations when KDCU and NCUA determine the need for a joint examination.

The examination process consists of a review of the credit union's core financial condition along with a regulatory compliance audit. As described earlier, KDCU issues a CAMEL rating, which encompasses the review of Capital, Asset Quality, Management, Earnings, and Asset-Liability Management. A rating is given in each area with an overall aggregate rating of 1 (the best) to 5.

Each review includes a comparison of the credit union's financial ratios to standards desired by regulators, in addition to peer group statistics. The examination report incorporates examiner's findings into a Document of Resolution, which identifies the areas to be addressed by the credit union's board of directors. All document of resolution items are tracked by KDCU for completion with follow-up contacts scheduled to review the credit union's progress.

As part of the regulatory process, KDCU requires each credit union to remit a quarterly financial report (call report).

## **Credit Union Council**

The Council serves as an advisory group to the Administrator on issues and needs of credit unions.

The Council reviews proposed legislation and regulations under consideration by the administrator, the annual fees assessed credit unions to fund the agency and KDCU's biennial budget.

The Governor appoints each of the seven members of the Council for a term of three years and each may serve for two consecutive three year terms.

Five of the seven members shall be officers of state chartered credit unions, four of these five Council members must be from different congressional districts, and two are public members. No more than four of the Council members may be from the same political party. The Council holds one regular council meeting during each quarter of the year and may hold other meetings, as the Council considers necessary.