

# THE EXAMINER

Issue 7

2024 is proving to be an active year with the Division's Periodic Rules Review as well as other regulatory and statutory functions of the agency. Several actions require approval from the Administrator, and we are highlighting a couple in this newsletter as a reminder – core system conversions and dividend payments. Please visit our website at <https://cud.nc.gov/> for more information on approvals or contact us at (984) 275-6730. Other issues we are addressing are interest rate limitations for certain types of credit and the end of a source of liquidity. Enjoy the Spring!



## PERIODIC RULES REVIEW – COMMENT PERIOD

**Beginning on March 25 and continuing through May 24, 2024**, the public will be invited to comment on all active rules codified in 04 NCAC 06. The Report with Initial Determinations can be found at <https://cud.nc.gov/Laws-Regulations/Periodic-Review-of-Existing-Rules>. Caroline Warren is the rulemaking coordinator, and you may contact her with comments at [rules@nccud.nc.gov](mailto:rules@nccud.nc.gov) or by mail at 205 West Millbrook Road, Suite 105, Raleigh, NC 27609.

### IMPORTANT DATES

- March 25 – May 24, 2024 – Comment period for Periodic Rules Review
- March 29, 2024 – NCCUD Office closed for Good Friday
- April 9, 2024 – Credit Union Commission meeting
- April 30, 2024 – 1<sup>st</sup> Quarter 5300 Call Report is due no later than 11:59:59 p.m.
- May 27, 2024 – NCCUD Office closed for Memorial Day

### CORE CONVERSIONS

04 NCAC 06C .0301 (c) requires credit union management to submit a copy of the proposed contract and a description of the core system to the Administrator for review and approval **at least 60 days prior to conversion**. The contract/agreement must include several items listed in the rule. These requirements can be found on our website at <https://cud.nc.gov/Laws-Regulations>.

### DIVIDEND PAYMENTS

For credit unions reporting negative year-to-date earnings, your Bylaws require you to obtain the written approval from the Administrator **prior** to declaring or paying dividends to members. Please refer to Article XVI, Section 2 of your Bylaws for more information.

### MAXIMUM INTEREST RATES

NCGS §24-1.1 sets the maximum interest rate on closed end consumer credit with principal balances of \$25,000 or less at the

greater of 16% or a rate announced monthly by the Office of the Commissioner of Banks. Please review your loan products for compliance with the statutory limitations.

## BANK TERM FUNDING PROGRAM (BTFF) ENDS

The Federal Reserve Board authorized the 12 Reserve Banks to establish the BTFF as another source of liquidity to depository institutions, including credit unions. This program offered advances of up to one year; however, the BTFF ceased extending new loans on March 11, 2024. We encourage all our credit unions to evaluate liquidity options to safely meet member/depositor and institutional needs.



# THE EXAMINER

Issue 8



The Division will look a little different this year as two of our more-tenured examiners retire and new people join our agency (stay tuned for more information about new staff). Also, the Credit Union Commission gained two new members recently. An area that we are seeing more complaint activity in is elder financial exploitation and FinCEN recently issued additional guidance on this topic. Stay vigilant! As a reminder, call report financials and supervisory fees will soon be due. Happy Call Reporting!

## RETIREMENT NEWS

Kellie Daniel and Mark Ledford will soon be retiring after many years of dedicated service to North Carolina state-chartered credit unions, the Division, and the citizens of the State of North Carolina. Kellie started her career at the Division in December 1991 and Mark joined us in 2005. Both of them have generously shared their knowledge and experience with countless credit union industry professionals. Kellie's official retirement date is October 1, 2024, and Mark's is September 1, 2024. We wish them wonderful adventures and fulfilling futures!

## NEW COMMISSIONERS

In June, Governor Cooper appointed Debbie Trotter, President/CEO of Charlotte Fire Department Credit Union in Charlotte, and Michael Conlon, President/CEO of Affordable Communities Group in Cary, as the credit union management member and the public member, respectively to the Credit Union Commission. Mrs. Trotter has over 40 years of experience in the credit union industry, and Mr. Conlon is a real estate and investment entrepreneur and author. Welcome to the Credit Union Commission!

### IMPORTANT DATES

- July 4, 2024 – NCCUD Office closed for Independence Day
- July 30, 2024 – 2<sup>nd</sup> Quarter 5300 Call Report is due no later than 11:59:59 p.m.
- August 15, 2024 – Supervisory fees & schedules due
- September 2, 2024 – NCCUD Office closed for Labor Day

## ELDER FINANCIAL EXPLOITATION (EFE) AWARENESS

FinCEN issued a press release in June stating that 155,415 suspicious activity reports (SARs) were filed between June 2022 and June 2023 for approximately \$27 billion in EFE related activity. In addition to filing SARs, FinCEN recommends institutions refer affected customers/members to the Department of Justice's National Elder Fraud Hotline at 833-FRAUD-11 or 833-372-8311. EFE victims should also file reports with the FBI's Internet Crime Complaint Center (IC3) at <https://www.ic3.gov/Home/ComplaintChoice> and the Federal Trade Commission at <https://reportfraud.ftc.gov/>. The CFPB has helpful resources available for consumers, caregivers/service providers, and financial institutions at <https://www.consumerfinance.gov/consumer-tools/educator-tools/resources-for-older-adults/protecting-against-fraud/>.

## CALL REPORT FINANCIALS & SUPERVISORY FEES

Remember to email your financial statements to [support@nccud.nc.gov](mailto:support@nccud.nc.gov) when you submit your quarterly call reports. Supervisory fees are based on June 30 and December 31 call report total assets. We will email supervisory fee schedules to each credit union around the end of July. Please mail your completed schedule along with your check by August 15.



# THE EXAMINER

Issue 9

Autumn is a season of change – new faces, updated applications, new laws – and a time for friendly reminders regarding effective and enhanced governance and cybersecurity programs. Enjoy your Fall!



## NEW EXAMINER

Byron Roberson joined the Division in July 2024 and has over 11 years of industry experience with State Employees' Credit Union (SECU). While at SECU, Byron worked in member services, loan servicing, and mortgages. Bryan is a native of Raleigh, graduated Cum Laude from Winston-Salem State University in Physical Education/Recreation with a minor in Psychology, and completed his MBA with a concentration in Finance at UNC Pembroke. Welcome to the team, Byron!

## UPDATED NCCUD APPLICATIONS

We are in the process of updating applications for approval requests. If you are requesting to open a branch, expand your field of membership, or merge a credit union, please use updated forms on our [website](#) to expedite the review and approval process.

## NEW NC MONEY LAUNDERING LAW

[NCGS §14-118.8](#), enacted on June 28, 2024, and **effective December 1, 2024**, criminalizes money laundering if a person or organization knowingly and willfully commits one of seven identified actions that alone or aggregated exceed \$10,000. Refer to the new law and consider how this affects your BSA/AML/OFAC compliance programs.

### IMPORTANT DATES

- October 9, 2024 – Credit Union Commission meeting
- October 30, 2024 – 3rd Quarter 5300 Call Report is due no later than 11:59:59 p.m.
- November 11, 2024 – NCCUD Office closed for Veterans Day
- November 28 & 29, 2024 – NCCUD Office closed for Thanksgiving
- December 24-26, 2024 – NCCUD Office closed for Christmas

### CREDIT UNION GOVERNANCE

Strong governance is critical to a functionally, financially, and operationally sound credit union. The board of directors is fiduciarily responsible for the strategic direction, succession/continuity planning, business affairs, funds, and records of the institution. Committee members' duties are specific to the function of the group, such as supervisory oversight, lending, etc. Management is charged with implementing board directives and policies, ensuring accuracy of financial records, and developing and implementing strategic plans and budgets, among other tasks. The key to effective governance is ongoing education and implementation – knowing and following the requirements and expectations consistently, completely, and without conflicts of interest.

## CYBERSECURITY – STAYING VIGILANT

Everyone – including organizations, businesses, institutions, governments, and consumers – is affected by cybersecurity concerns. Data breaches, ransomware threats, DDoS attacks, and even election interference fears are frequently in the news, emphasizing the need for heightened cybersecurity awareness and measures. Strengthening systems, processes, and controls to eliminate or reduce vulnerabilities is a vital component to an effective and responsible cybersecurity program. Refer to the Cybersecurity & Infrastructure Security Agency's (CISA) website at [www.cisa.gov](http://www.cisa.gov) for tips, tricks and alerts.



# THE EXAMINER

Issue 10

With all the busyness at this time of year – holidays and year-end processing – it's also a time for changes and reminders. We wish you all a happy, healthy, and peaceful holiday season!



## NEW EXAMINER

Melissa Kerley joined the Division in December 2024 and has over 22 years' experience within the credit union industry. She began her career at State Employees' Credit Union working in member services, lending, mortgages, insurance services, and investments. Over the past 11 years, she worked within membership development/engagement and impact at Local Government and Civic Federal Credit Unions. Melissa is a native of Dunn and graduated from Campbell University where she participated in the 3/2 program to obtain her bachelor's and master's degrees in business administration. She is passionate about the credit union movement and looks forward to working in a new capacity serving our credit unions.

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## DIVIDEND REQUESTS

For credit unions reporting negative year-to-date earnings, your Bylaws require you to obtain the written approval from the Administrator **prior** to declaring or paying dividends to members. Please provide the following items for the Administrator's consideration of your request: most current financial statements and delinquency report, a list of proposed rates, and an explanation of the unprofitable condition. Refer to your Bylaws for more information.

### IMPORTANT DATES

- **December 24-26, 2024** – NCCUD Office closed for Christmas
- **January 1, 2025** – NCCUD Office closed for New Year's Day
- **January 20, 2025** – NCCUD Office closed for Dr. Martin Luther King, Jr. Day
- **January 30, 2025** – 4<sup>th</sup> Quarter 5300 Call Report is due no later than 11:59:59 p.m.

## RECOVERY & CONTINUITY

With the devastation brought on by Hurricane Helene, many of our credit unions, members, and communities experienced (and are still experiencing) recovery and restoration efforts. Recent events highlighted how interdependent we all are on each other and other services, including power, the internet, water, passable roads, etc. As many of you saw, even the most comprehensive and well thought out plans are not a guarantee for uninterrupted service. Documenting lessons learned and incorporating those into Disaster Recovery/Business Continuity plans are important to be as prepared as possible. We commend our credit unions for their staff, member, and community support as well as for their resilience in times of adversity!

## CYBERSECURITY – STAYING VIGILANT

Have you heard of ATM jackpotting? Criminal actors gain physical access to an ATM by downloading malware directly onto the machine's hard drive or attaching an already infected hard drive onto the machine to control the ATM cash dispense function, thereby allowing the criminals to take out cash. The attacks are believed to be the work of organized criminal groups and target multiple ATM manufacturers. Ensuring your machines are up to date on current security protocols can help protect you from this cybercrime.

