

Subject: The Daily Exchange -- January 6, 2014
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From: New Jersey Credit Union League <news@njcul.org>
To: staff@njcul.org
Conversation: The Daily Exchange -- January 6, 2014

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The Daily Exchange

January 6th, 2014

Today's News:

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CFPB Provides Basic Guide for Lenders: What is a Qualified Mortgage

WASHINGTON – Starting January 10, 2014, credit unions must assess the borrower's ability to repay for virtually all closed-end residential mortgage loans. All Qualified Mortgages (QM) are presumed to comply with this requirement. As described below, a loan that meets the product feature requirements can be a QM under any of three main categories: (1) the general definition; (2) the "GSE-eligible" provision; or (3) the small creditor provision.

Mandatory product feature requirements for all QMs

- Points and fees are less than or equal to 3% of the loan amount (for loan amounts less than \$100k, higher percentage thresholds are allowed);
- No risky features like negative amortization, interest-only, or balloon loans (BUT NOTE: balloon loans originated until January 10, 2016 that meet the other product features are QMs if originated and held in portfolio by small creditors);
- Maximum loan term is less than or equal to 30 years.

Three main categories

1. General definition category of QMs

Any loan that meets the product feature requirements with a debt-to-income ratio of 43% or less is a QM.

2. "GSE-eligible" category of QMs

Any loan that meets the product feature requirements and is eligible for purchase, guarantee, or insurance by a GSE, FHA, VA, or USDA is QM regardless of the debt-to-income ratio (this QM category applies for GSE loans as long as the GSEs are in FHFA conservatorship and for federal agency loans until an agency issues its own QM rules, or January 10, 2021,

Sponsorship:



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The New Jersey Credit Union Foundation has joined the AmazonSmile fundraising program. Through AmazonSmile, the Foundation receives 0.5% of eligible purchases made through the program.

For more information on how it works, click [here](#).

To shop at AmazonSmile to benefit the Foundation, click [here](#).



Upcoming Events:

January 7, 2014
VirtualCorps Webinar:
Marketing/Strategic
Planning - Strategic
Planning and
Implementation
3:00 pm to 4:00 pm
[More Information Click Here](#)

whichever occurs first).

3. Small creditor category of QMs

If you have less than \$2B in assets and originate 500 or fewer first mortgages per year, loans you make and hold in portfolio are QMs as long as you have considered and verified a borrower's debt-to-income ratio (though no specific DTI limit applies).

EXTRA NOTE: Even if a loan is not a qualified mortgage, it can still be an appropriate loan. You can originate any mortgage (whether or not it is a QM) as long as you make a reasonable, good-faith determination that the consumer is able to repay the loan based on common underwriting factors. You can continue to rely on your sound, tested underwriting guidelines that you have used in the past to make loans that have generally performed well, as long as you document the information you consider.

Learn more about the Ability to Repay Rule at www.consumerfinance.gov/Regulations.

****Get Your Staff Versed in Mortgage Terminology at NJCUL's January 16th Session****

NJCUL, in partnership with MGIC, is holding a "Learn How to Become Your Members' Mortgage Solution" workshop designed for anyone with limited mortgage knowledge who interacts with members.

Attendees will learn about the loan application process, the basics of members' credit evaluation, or the 4 C's: Credit, Capacity, Capital and Collateral, and how helping your members consider, compare and conclude which financing option is best for them positions your credit union as their trusted financial advisor, increasing retention and referrals.

For more information and to register, click [here](#).

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CUAC Bill Up for Full Assembly Vote Today

TRENTON, N.J. – Legislation (A4030; S2660) that would expand the state's Credit Union Advisory Council (CUAC) to seven members and provide for representation of federally chartered credit unions is scheduled for a full Assembly vote today. The bill passed the Assembly Financial Institutions and Insurance Committee in December by a 7-0 vote. The Assembly bill was sponsored by Assemblyman Troy Singleton (D7).

The Senate bill (S2660), sponsored by Senate President Steven Sweeney (D3), passed the Senate by a 38-0 vote in November.

The bill expands the CUAC from five members to seven and designates that not less than four seats can be held by representatives of state chartered credit unions and not less than two seats can be held by representatives of federally chartered credit unions.

The CUAC was established through legislation enacted in 1984 as a vehicle for state chartered credit unions to advise state government on

January 8, 2014
Webinar: Managing E-SIGN,
E-Statements & E-
Disclosures
3:00 pm to 4:30 pm
[More Information Click Here](#)

January 9, 2014
Webinar: Handling Dormant
Accounts & Unclaimed
Property
3:00 pm to 4:30 pm
[More Information Click Here](#)

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credit union related matters. Members are nominated by the governor and must be confirmed by the state Senate.

This legislation recognizes that federally chartered credit unions, though primarily regulated by the federal government, are also subject to numerous state laws and regulations and should have a voice as well.

If the bill passes the full Assembly, it will move on to the governor for his consideration.

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It's Not Too Late to Register for Tomorrow's VirtualCorps™ Webinar on Strategic Planning with Ken Bator

HIGHTSTOWN, N.J. – CEOs and executive staff...it's not too late to register for tomorrow's VirtualCorps™ Webinar on "Strategic Planning and Implementation". Speaker Ken Bator, with his 20+ years of experience in helping organizations make money, save money, and survive internal challenges and tough economic conditions, will guide you in creating a simple plan to be executed at a high level.



Click on the links below to read some of Bator's blog posts on marketing, strategic planning, and more!

- [Formula for Business Success = B + C + S](#)
- [Teaching the Why Behind the Mission and Vision](#)
- [That Best Use of Our Time](#)
- [That First Thing](#)

The VirtualCorps™ Webinar will take place tomorrow, Tuesday, January 7th from 3 p.m. to 4 p.m. and costs just \$99. To register and pay by check, email Mary Zelinsky at mzelinsky@njcul.org and your credit union will be invoiced. To register and pay online, click [here](#).

EDUCATION CANCELLATION POLICY: NJCUL must receive written cancellation in our office seven (7) days prior to the education session in order for you to receive a refund; substitutions only after this date. All cancellations will be subject to a \$25 cancellation fee.



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Target Breach Hearings Needed, CUNA

Tells Congress

WASHINGTON – In the aftermath of the Target data breach, CUNA has reached out to House Financial Services and Senate Banking committee leaders, encouraging them to "fully examine the chronic issue of merchant data breaches, their impact on consumers, and financial institutions."

The Target data breach compromised 40 million debit and credit cards and included stolen encrypted PIN data. "The cost of a merchant data breach—whether it is at a large national merchant or a local merchant—can be significant for credit unions of all sizes," CUNA President/CEO Bill Cheney wrote.

"Failure to hold merchants fully accountable for data breaches when they occur ultimately harms consumers, undermines their confidence in our payments system, and adds to their growing frustrations that government is not protecting their interests," Cheney added in the letter, which was sent to the committee chairs and ranking members.

"In the weeks following this breach, the first priority for credit unions has been to ensure that their members are protected from fraudulent transactions now and in the future. The steps credit unions have been taking include notifying members who have been affected, helping them to monitor their accounts and urging them to review their account statements, reversing fraudulent transactions and reissuing their cards, when appropriate," Cheney wrote. CUNA is also surveying credit unions about the effects and costs of the recent Target data breach.

"By contrast, Target's response to the breach has been in line with some other companies' responses to breaches since merchants are rarely held responsible for reimbursing financial institutions for the cost that the data breach has caused the financial institution or consumers to incur," he added. Cheney suggested that merchants that accept debit and credit cards should be subject to the same high data security standards as credit unions. Further, credit unions should have the ability in all instances to tell their members the name of the merchant where their accounts were compromised, and merchants that have data breaches should by law be financially liable for the impact of the breach on affected consumers and financial institutions, Cheney added.

Senate Banking Committee members Mark Warner (D-Va.) and Robert Menendez (D-N.J.) have also called for a hearing on consumer data security.

CUNA is conducting a brief survey of all CUNA/league member credit unions that offer debit and/or credit cards about the effects and costs of the recent Target data breach. Click [here](#) to access the survey.

If you have any questions about the survey form, please contact CUNA's Meg Jelak, at 800-356-9655, ext. 4172, or mjelak@cuna.coop.

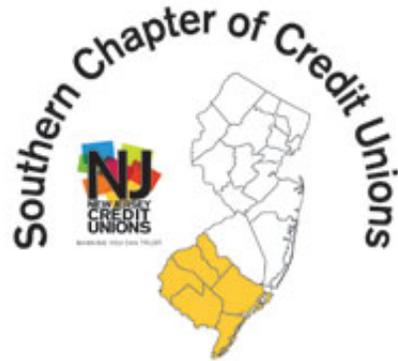
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Don't Miss the Southern Chapter Meeting Next Tuesday

Hear from NJCUL's Nicola Foggie on the Importance of Director Education

MILLVILLE, N.J. – The Southern Chapter of Credit Unions will hold its first meeting of 2014 next Tuesday, January 14th during which NJCUL Director of Compliance Nicola Foggie will give attendees an overview of the importance of director education.

The dinner meeting will be held at the NJ Motorsports Park in Millville, N.J., with cocktail hour beginning at 6 p.m. and the dinner/meeting beginning at 6:30 p.m. Choose from a delicious menu of cedar planked salmon (with lemon cream caper sauce), chicken sorrento (topped with tomatoes, mushrooms, mozzarella cheese, and marinara), or filet tips over risotto.



For more information and the [registration form](#), which includes dinner choices, click [here](#).

The registration deadline is Thursday, January 9th, 2014.

Chapter meetings are not limited to credit unions in that chapter only. All meetings are open to any NJCUL member credit union, regardless of their chapter affiliation. Please feel free to attend any chapter meeting to mix and mingle!

More Chapter information as well as the dates of all upcoming Chapter meetings is available on the League Web site at www.njcul.org/chapters.aspx.

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Home Equity Loans on Rise According to CUNA Monthly Estimate

MADISON, Wis. – Optimistic consumers and rising home prices equaled higher home equity loan growth in November according to CUNA's monthly sample of credit unions.

"We're seeing a nice turnaround in home equity loans," said Steve Rick, CUNA senior economist. After years of deleveraging and paying down debt, consumers are starting to borrow, he said.

S&P/Case-Shiller home price indexes, released Dec. 31, collectively rose 13.6% in October.

With home prices rising, there is equity available for homeowners to tap into. The monthly credit union estimate report said home equity loans grew 0.4% in November. "It means good things for the economy," he said.

Rising mortgage rates are prompting the upward movement in

Rising mortgage rates are prompting the upward movement in adjustable-rate mortgages, which led November loan growth at 1.1%. Fixed-rate mortgages declined 0.04%.

Overall, loans continue to do well, with 0.3% growth in November. Right now, CUNA is forecasting about 6.5% in loan growth for the year ending 2013 and more than 7% in 2014, Rick added. "We could see one of the best years in loan growth with a stronger economy and consumer confidence going up," he said.

Credit unions also are picking up market share in new auto loans, which increased 0.4%.

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Report Your Financial Literacy with the NYIB!

The National Youth Involvement Board (NYIB) is a community of credit unions that communicate, share, and work together towards the mission of "creating financially savvy individuals and loyal credit union



members." The NYIB collects classroom reporting information nationwide to illustrate the "people helping people" philosophy that the credit union industry was founded on.

Also with bank attacks, credit unions need to showcase and report the activities they do to better their communities.

Any credit union employee or volunteer who makes a presentation can and should report it. Qualifying presentations are those made to groups of five or more youth or young adult under the age of 22.

How to Report

1. Visit www.nyib.org
2. Click on "Register"
3. Fill out the registration information. (if your credit union is not listed as an active credit union, please fill out the "Credit Union Information Form" as well.)
4. Once you have registered, log into your NYIB account by using your email address and password that you set up.
5. Click on "Add a Presentation" or "Add an Excel Presentation"
6. Fill in the required information.
7. Make sure to click "Save" after each presentation is added.

If you have any questions, contact the NYIB North East Regional Coordinator Leah Sprowl at lsprowl@hrcu.org or (603) 332-1609.

Credit Unions, Mark Your Calendars

HIGHTSTOWN, N.J. – The New Jersey Credit Union League would like you to mark your calendars for these upcoming events:

January 8 -- [Reality Fair at Jackson Memorial High School](#)

January 14 -- [Retirement Fair Training](#)

January 14 -- [Southern Chapter Meeting: Importance of Director Education](#)

January 19-22 -- [CEO Summit in Key West, Florida](#)

January 31 -- [Deadline to Submit YIB Scholarship Participation Agreements](#)

February 11 -- [NJ DNA Meeting: Idea Implementation](#)

February 23-27 -- [CUNA's 2014 Governmental Affairs Conference](#)

March 10-12 -- [2014 CU Reality Check Conference](#)

March 28 -- [Reality Fair at The Wallace School](#)

April 2 -- [Financial Fitness Day](#)

April 4 -- [NJ CU Foundation Casino Night](#)

April 10 -- [ELS Session: Economic, Political and Tech Trends: 10 Things You Need to Know to Grow Your Business](#)

April 20-26 -- [National Credit Union Youth Week](#)

May 3 -- Jersey Shore FCU's 5th Annual 5K in May for the Marianne DiNofrio Pancreatic Cancer Research Foundation at Birch Grove Park

May 16 -- [Reality Fair at Ewing High School](#)

May 20 -- [NJCUL's 26th Annual Golf Tournament](#)

June 2 -- North Jersey FCU Foundation's 5th Annual Above and Beyond Golf Outing at Picatinny Arsenal Golf Course

July 30 - August 1 -- [NYIB Conference](#)

September 21-23 -- NJCUL's 80th Annual Meeting & Convention at Trump Taj Mahal

Look! A Distraction...

Kid President's 20 Things We Should Say More Often  



Kid President believes the things we say can help make the world more awesome. Here he shares a special list of 20 things we should say more often. What would you add to it?

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