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Conversation: The Daily Exchange -- March 27, 2014

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- Today's News:
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 - › FHFA Announces \$9.3B PLS Settlement with RofA. et al

Today: Deadline to Secure a Hotel Room for Casino Night! Make Your Reservation ASAP!

Join the Fun and Support the Foundation on Friday, April 4th!

OLD BRIDGE, N.J. – Today is the final day to secure a hotel room for the NJ CU Foundation's 4th Annual credit Union Casino Night on Friday, April 4th! The Foundation has a block of hotel rooms available at the Woodbridge Hilton for those attending. Today is the deadline to secure a room, so make your reservation ASAP!



There is a shuttle service available to take attendees from the Hilton to the Grand Marquis in Old Bridge, N.J. beginning at 5:30 p.m. that runs all night.

Call the Woodbridge Hilton at (732) 494-6200 to make reservations and reference the code "NJCUF".

[Registration materials](#) for the NJ CU Foundation's 4th Annual Credit Union Casino Night are available online; there's still plenty of time to register! The action-packed night will consist of a Texas Hold 'Em Tournament (pre-registration required) and will feature Craps, Roulette and Black Jack tables.

There will be an hor d'oeuvres buffet from 6 p.m. to 7 p.m. and an

- › Join the Global Women's Leadership Network Meeting April 8th at Affinity FCU
- › N.Y. Fed Papers Take on 'Too-Big-to-Fail', Other Big Bank Issues
- › Credit Unions, Mark Your Calendars

4th Annual Credit Union Casino Night

brought to you by the NJ Credit Union Foundation



NJ Credit Union Foundation's Casino Night Friday, April 4th!

[Registration materials](#) for the NJ CU Foundation's 4th Annual Credit Union Casino Night are now available! The event will be held on Friday, April 4 from 6 p.m. to 11 p.m. at the Grand Marquis in Old Bridge, N.J.

The action-packed night will consist of a Texas Hold 'Em Tournament and will feature Craps, Roulette and Black Jack tables.

More information and

open bar from 6 p.m. to 10 p.m. followed by the Chinese Auction and raffle.

More information and registration materials for the NJCUF's 4th Annual Credit Union Casino Night are available at www.njcul.org/casino-night.aspx.

Supporting the New Jersey Credit Union Foundation through its Casino Night ensures that your funds will be used toward its charitable giving and in-house programs, like Reality Fairs. We look forward to your participation and support.

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Are You Ready for Financial Literacy Month?

Credit unions celebrate youth in April. Join in the celebration all throughout Financial Literacy Month, or just during National Credit Union Youth Week™, by encouraging kids to set up savings accounts and learn how to manage money.

Register for [National Youth Saving Challenge™](#) for a chance to win one of 25 \$100 prizes for a young saver. New this year: Prizes for participating credit unions, too!

Plan, schedule, and budget your celebration by downloading this [spreadsheet](#) that includes all Youth Week products and their early-bird pricing.



[Sign up](#) for the free Youth Week e-News to receive tips for celebrating Youth Week and setting goals for the Saving Challenge.



Get inspiration for celebration activities and ideas and see how other credit unions celebrated in [2013](#), [2012](#) and [2011](#).

Share your Financial Literacy Month and Youth Week celebration ideas and stories with the [League](#) and [CUNA](#). Also

share via Twitter with #CUyouthweek.

You can also participate in Money Smart Week, April 5 – April 12, a public awareness campaign to promote financial education across all age groups from America Saves. To learn more about Money Smart Week visit, www.moneysmartweek.org.

Other resources and information on getting involved in National Financial Literacy Month are available from the NCUA (see related story below).

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more information and registration materials for the NJCUF's 4th Annual Credit Union Casino Night are available [here](#).

Upcoming Events:

April 1, 2014
VirtualCorps Webinar: Understanding and Leveraging the Power of your Low-Income Designation
3:00 pm to 4:00 pm
[More Information Click Here](#)

April 3, 2014
Risk-Based Capital Proposal Comment Letter Workshop
Location: Greater Alliance FCU
9:00 am to 12:00 pm
[More Information Click Here](#)

April 8, 2014
VirtualCorps Webinar: Risk-Based Pricing: Using Statistically Derived & Validated Risk-Based Loans
3:00 pm to 4:00 pm
[More Information Click Here](#)

Contact Us:

Address
299 Ward Street
Hightstown, NJ 08520
Driving directions

Phone
800.792.8861
609.448.2426

80% of Payday Loans Renewed or Followed by More Loans, CFPB Reports

WASHINGTON – More than 80% of short-term loans taken out at payday lenders are rolled over or followed within two weeks by another loan, according to a new CFPB report.

The report was unveiled Tuesday at a payday lending field hearing in Nashville, Tenn.

According to the bureau, defaulters are more likely than re-payers and renewers to have just a single loan sequence. Defaulting on a loan can preclude a consumer from borrowing again, the bureau noted.

CFPB Director Richard Cordray said the bureau study "again confirms that payday loans are leading many consumers into longer-term, expensive debt burdens."

While the CFPB believes that some payday loans should continue to be available, it is expected that the bureau will issue new restrictions on their practices.

"Too many borrowers get caught up in the debt traps these products can become. The stress of having to re-borrow the same dollars after already paying substantial fees is a heavy yoke that impairs a consumer's financial freedom," Cordray added in his written remarks.

The bureau said same-day renewals were less frequent in states with mandated cooling-off periods, but also noted that 14-day renewal rates in states with cooling-off periods were nearly identical to states without those limitations.

The CFPB analysis found that:

- 15% of new loans are followed by a loan sequence at least 10 loans long;
- Half of all loans are in a sequence at least 10 loans long;
- Increases in loan amounts are more likely to occur early in a loan sequence;
- Few borrowers amortize, or have reductions in principal amounts, between the first and last loan of a loan sequence;
- Loan size is more likely to go up in longer loan sequences, and principal increases are associated with higher default rates;
- Monthly borrowers are disproportionately likely to stay in debt for 11 months or longer; and
- The majority of monthly borrowers are government benefits recipients.

The field hearing also featured testimony by consumer groups. Industry representatives and the general public also were provided an opportunity to speak at the session.

FOX
609.448.3499

E-mail
info@njcul.org

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The CFPB announced in November 2013 that it would accept complaints on payday lenders and later that month announced its first enforcement action against a payday lender.

CUNA highlights credit unions as a consumer-friendly alternative to the high-cost payday loan industry. Around 20% of credit union members use payday lenders.

A May 15 CUNA Webinar will examine why payday lending has increased in recent years and illustrate how to develop effective credit union loan alternatives to payday loans.

The full CFPB study is available [here](#).

Information on and registration for CUNA's upcoming Payday Lending – The Credit Union Way Webinar is available [here](#).

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Snowy Southern Chapter Meeting Provides Pointers for Staying Out of Court

MAYS LANDING, N.J. – The Southern Chapter of Credit Unions held a meeting on Tuesday, March 26, 2014 at 6:00 p.m. at Cousin Mario's Restaurant, Mays Landing, N.J.

The networking session was followed by dinner and a presentation by credit union attorney Michael DuPont on "Keeping Your Credit Union out of Court".



Michael DuPont giving credit unions tips on how to stay out of court.

Dupont's presentation focused on three key steps to avoid court:

1. Communicate with your member early, especially in the case of foreclosures.
2. Good communication with your attorney is essential. The credit union and your attorney should work together to strategize and agree

union and your attorney should work together to strategize and agree to the expected and ideal result.

3. Be sure to understand the business decision associated with the filing of a suit, the cost, the chance of success, what the credit union stands to recover, and if the costs outweigh the possible recovery.

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XCEL FCU Hosting Free Open House April 3rd of its Hot-Site Location for CUs' Use During Disaster Recovery

Are you ready for the next emergency? The next natural disaster? Does your Board think you're ready?

XCEL FCU was headquartered in the World Trade Center on 9/11 and remained fully operational during Super Storm Sandy—but the credit union learned **a lot** during these events.

XCEL FCU, in partnership with Ongoing Operation (OGO), will be hosting an Open House on Thursday, April 3rd, 2014 to any credit union that may need an alternate location to run their credit union in an event of a disaster. XCEL's hot-site location will consist of cubicles and a data center with Internet access, phone lines, and 24/7 backup power.

The tentative agenda for this event is:

- 10am – 11am (Arrive and Mingle)
- 11am – 12:30pm (Presentations by XCEL and Kirk Drake, President/CEO of OGO)
- 12:30pm – 1:30pm (Lunch)

Attendance is FREE, but you must RSVP to Mike Mahiya by Friday, March 28th (MikeMahiya@XCELfcu.org or 201.499.1652). All credit unions are encouraged to attend regardless of your size. It's going to happen again, are you ready?

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Senate Report IDs Target Weakness Leading to Data Breach

WASHINGTON – U.S. retailer Target missed several opportunities to stop last year's data breach that compromised about 40 million debit and credit card numbers and the personal information of 70 million customers, a new Senate Commerce Committee report has revealed.

The report was released at a Wednesday committee hearing on the data breach.

The breach impacted credit unions, costing them an estimated \$30.6 million. Future fraud could increase these costs, according to CUNA. Credit unions are among the plaintiffs in more than 90 lawsuits that have been filed against Target.

The Senate analysis highlighted certain issues that contributed to the breach including:

- Target's decision to give network access to a third-party vendor that failed to follow broadly accepted information security practices. "The vendor's weak security allowed the attackers to gain a foothold in Target's network," the report said;
- Target's failure to respond to multiple automated warnings from anti-intrusion software which detected malware installations and reported on escape routes hackers planned to use to remove data from Target's network; and
- Target's failure to properly isolate sensitive data from other less sensitive data on its network.

Committee Chairman John D. Rockefeller IV (D-W.Va.) in a Wednesday release said, "If Target—or any other company—is going to collect detailed information about its customers, they need to do everything possible to protect it from identity thieves...Target must be a clarion call to businesses, both large and small, that it's time to invest in some changes."

CUNA has asked Congress to address data security relative to merchants, who are not held to the same standards of security as credit union and other financial institutions.

In particular, CUNA suggests all payment system participants are held to comparable levels of federal data security requirements; those responsible for the data breach should be responsible for the costs of helping consumers; and those responsible should ensure consumers know where their information was breached.

The full committee report on the Target breach is available [here](#).

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NCUA Chairman Encourages CUs to Educate their Members in April

ALEXANDRIA, Va. – April is National Financial Literacy Month, and NCUA Board Chairman Debbie Matz urged credit unions to use the month to promote greater consumer education among their members.

"Advancing financial literacy is a top priority for NCUA, and it's a core mission for credit unions," Matz said. "While consumer education is a year-round effort, Financial Literacy Month is a good reminder about the importance of learning how to manage money and build financial security. Credit unions should use this month to help their members become smarter consumers."

Credit unions can partner with national and local organizations such as schools, non-profits and other consumer focused groups to offer workshops and distribute outreach materials.

NCUA has several activities planned for the month, including:

- A free Webinar for credit unions, “Financial Literacy: Putting Your Mission into Action,” on April 3, beginning at 2 p.m. Eastern. Online registration is available [here](#).
- A new video documenting the history of America’s credit unions and NCUA, which will be available on the agency’s YouTube channel April 1.
- Participation in the Financial Literacy Day event on Capitol Hill on April 10 to educate lawmakers, congressional staffers and the public about federally insured credit unions and the role of NCUA. The event is convened by the Jump\$tart Coalition, Junior Achievement USA and the Council for Economic Education.

Beginning in April, consumers can also visit NCUA’s updated pages on [MyCreditUnion.gov](#) and the agency’s financial literacy site, [Pocket Cents](#), to get more information about saving, borrowing and managing credit.

Additionally, NCUA’s consumer Twitter feed, [@MyCUgov](#), provides personal finance tips covering a wide range of topics year round. During April, [@MyCUgov](#) will focus on financial literacy issues like saving, budgeting and borrowing.

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Understand and Leverage the Power of Your Low-Income Designation

Are you an Low Income Designated (LID) credit union but don’t know what it really does for you? Are you interested in moving forward with a CDFI certification in hopes of applying for a grant? Are you serving low-income markets and don’t have either designation but may think that you could be eligible?

Learn about this fundamental "building block" to develop sustainable solutions to the needs of low income consumers at the April 1st VirtualCorps Webinar “Understanding and Leveraging the Power of Your Low Income Designation (LID)” at 3 p.m. EDT.

The LID provides effective regulatory tools as well as access to external resources to increase institutional capacity and fuel their future growth in these emerging markets. Join us to learn how to use these tools more effectively and hear about best practices in serving low-income communities.

To register online please go to [www.njcul.org/virtualcorps-webinars.aspx](#). To register and pay by check, send an email to Mary Zelinsky at [mzelinsky@njcul.org](#).

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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FHFA Announces \$9.3B PLS Settlement with BofA, at al

WASHINGTON – The Federal Housing Finance Agency (FHFA), as conservator of Fannie Mae and Freddie Mac, announced Wednesday that it has reached a settlement in cases involving Bank of America, Countrywide Financial, Merrill Lynch and certain named individuals totaling approximately \$5.83 billion.

According to the agency release, the agreement provides for an aggregate payment of around \$9.33 billion by Bank of America that includes the litigation resolution as well as a purchase of securities by the bank from Fannie and Freddie.

Bank of America Corp. owns Countrywide and Merrill Lynch. The cases alleged violations of federal and state securities laws in connection with private-label, residential mortgage-backed securities (PLS) purchased by Fannie Mae and Freddie Mac between 2005 and 2007. Allegations of common law fraud were made in the Countrywide and Merrill Lynch cases.

Of the 18 PLS suits filed in 2011, FHFA says it now has claims remaining in seven suits against various institutions and remains committed to satisfactory resolution of these pending actions.

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Join the Global Women's Leadership Network Meeting on April 8th at Affinity FCU

BASKING RIDGE, N.J. – Denise McGlone, the Executive Vice President of Affinity Federal Credit Union, will host a Global Woman's Leadership Network meeting at the Affinity Federal Credit Union headquarters on Tuesday, April 8th.

The Global Woman's Leadership Network is a World Council initiative dedicated to the advancement of credit women in leadership worldwide, and engaging women in professional and personal development. Some of the largest credit unions in the country are actively involved in the Network events.

Catherine Ricker, the Vice President of Human Resources at Affinity Federal Credit Union, and Cindy Burke, the Vice President of Human Resources at McGraw-Hill Federal Credit Union, will be guest speakers that afternoon. Lunch will also be provided.

The meeting will be held at Affinity Federal Credit Union, 73 Mountainview Boulevard, Basking Ridge, on April 8th from 10 a.m. to 2 p.m. There is no cost to attend. RSVP to confirm your participation by March 31st by sending an email to marvannem@affinityfcu.com



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N.Y. Fed Papers Take on 'Too-Big-to-Fail', Other Big Bank Issues

WASHINGTON – A series of papers by Federal Reserve economists has found the largest U.S. banks enjoy a boost—what Reuters labeled a "too-big-to-fail" advantage in financial markets—which brings lower funding and reduced operating costs.

Reuters went on to say that while the study did not pinpoint the reason big banks can borrow more cheaply, "Wall Street critics say it is because investors believe the U.S. government would again rescue them in a panic" (March 26).

The New York Fed research papers, released Tuesday in a special edition of that body's Economic Policy Review, address bank size, complexity, and resolution issues.

According to the Fed papers, bank size has both benefits and costs: "The upside is the potential for economies of scale and lower operating costs; the downside is the 'too-big-to-fail' problem and associated funding advantages and moral hazard."

The papers also state that banks have become less bank-centric and more organizationally complex.

The 11 papers are titled:

- Do Big Banks Have Lower Operating Costs?;
- Evidence from the Bond Market on Banks' "Too-Big-to-Fail" Subsidy;
- Do "Too-Big-to-Fail" Banks Take On More Risk?;
- Components of U.S. Financial Sector Growth, 1950-2013;
- The Evolution of Bank Complexity;
- Measures of Complexity of Global Banks;
- Matching Collateral Supply and Financing Demands in Dealer Banks;
- Bank Resolution Concepts, Trade-Offs, and Changes in Practices;
- The Failure Resolution of Lehman Brothers;
- Why Bail-in? And How!; and
- Why Are Large Bank Failures So Messy and What to Do about It?

The Fed papers area available [here](#).

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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:

NJCUL Education

April 1 -- [VirtualCorps Webinar: Understanding and Leveraging the Power of Your Low Income Designation](#)

April 3 -- [Risk-Based Capital Proposal Comment Letter Workshop at Greater Alliance FCU](#)

April 8 -- [ELS Session: Economic, Political and Tech Trends: 10 Things You Need to Know to Grow Your Business](#)

April 8 -- [VirtualCorps Webinar: Risk Based Pricing: Using Statistically Derived & Validated Risk Based Loans](#)

April 11 -- [Digital Marketing Conference: Technology, Trends, Tactics & Tools](#)

Industry Events

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

April 1 -- [Special Town Hall Meeting with CUNA President/CEO Bill Cheney](#)

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

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

April 8 -- [Global Woman's Leadership Network Meeting Hosted by Affinity FCU](#)

April 10 -- [Reality Fair at Barringer High School](#)

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 3 -- [10th Annual Playball for Miracles Softball Tournament Sponsored by Elizabeth NJ Firemen's FCU](#)

May 9 -- [NJCUL's 26th Annual Golf Tournament](#)

May 9 -- [Reality Fair at Shawnee High School](#)

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

May 22 -- [Greater Alliance Federal Credit Union's 31st Annual Golf](#)

[Outing](#)

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

July 21 -- 4th Annual Garden Savings Federal Credit Union Golf Outing at Fiddler's Elbow Country Club

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

September 15th -- Picatinny Federal Credit Union's 16th Annual Golf Outing to Benefit the Captain Sean P. Grimes Scholarship Fund at the Picatinny Golf Club

September 20 -- [Renaissance Community Development Credit Union's 7th Annual Bike-A-Thon](#)

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

October 17 -- [International Credit Union Day](#)

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