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**Conversation:** The Daily Exchange -- April 3, 2014

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April 3rd, 2014

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### CUNA Tells OMB RBC Plan Casts 'Far Too Wide' Net, CUs Encouraged to File Comment Letters

WASHINGTON – NCUA's definition of "complex credit union," as set forth in its proposed risk-based capital (RBC) regulation, "casts a regulatory net that is far too wide" and would create lasting burdens for credit unions, CUNA said in a Wednesday letter.

The letter was sent to the Office of Management and Budget (OMB) in response to that agency's request for public assessments of the paperwork burden any new rule would create.

Under the 198-page NCUA RBC proposal, the current 7% leverage capital standard, which is required by the Federal Credit Union (FCU) Act, would remain the floor. However, the agency has said credit unions with assets of \$50 million would be considered "complex," and, thus, would be subject to revised risk-based capital requirements.

"The idea that a financial institution becomes 'complex' the moment its assets cross the \$50 million threshold is arbitrary. By any reasonable measure, a financial institution with slightly more than \$50 million in assets is small and likely to be relatively simple," CUNA Deputy General Counsel Mary Dunn wrote.

The CUNA letter also noted that the FCU Act requires the agency to take more than asset size into consideration when it determines the complexity of a credit union. The NCUA must consider the complexity of a credit union's book of assets such as loan and investments as well as liabilities, and to determine whether a credit union's operations are "sufficiently multi-faceted to warrant the credit union being designated as 'complex'," Dunn said.

While the current definition of "complex," which sets that standard at \$50 million in assets and a 6% risk-based net worth ratio, is not perfect, "it does go beyond mere asset size to determine whether a credit union is complex," the CUNA letter noted.

Ranks Second in Nation,  
Again  
) Credit Unions, Mark Your  
Calendars



## Register Today for NJCUL's 26th Annual Golf Tournament on May 9th!

[Registration materials](#) for the NJCUL's 26th Annual Golf Tournament are now available! Golfer registration is on a first-come, first-serve basis, so register today!

There are many sponsorship options for vendors to choose from to support the NJCUL's golf tournament and gain exposure among credit union professionals. Click [here](#) to view sponsorship information.

While the NCUA claims the proposal will impact less than 200 credit unions, CUNA has repeatedly warned that the RBC plan, as proposed, could affect the core operations of most, if not all, credit unions with assets over \$50 million.

The proposed "complex" definition would make many more relatively small credit unions subject to the proposal, and create paperwork and regulatory burdens for credit unions that should not even be under the rule. "Because of their small size, many of these credit unions lack the staff resources necessary to deal with the associated burdens," Dunn noted.

CUNA and the state leagues are encouraging all credit union to file comments letters before the May 28 deadline. A free RBC Webinar and other resources are available on the League's [home page](#).

Assistance with individual comment letters is available from NJCUL Director of Compliance Nicola Foggie at 800-792-8861, ext. 112 or [nfoggie@njcul.org](mailto:nfoggie@njcul.org).

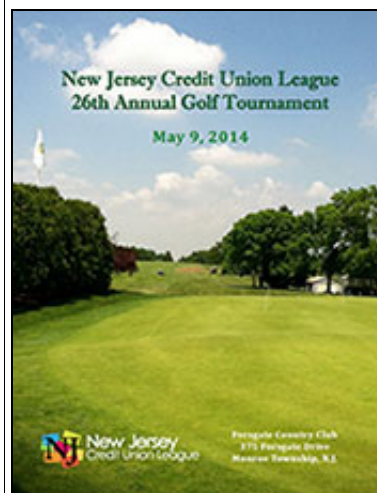


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## It's Time 'Fore' Golf!

MONROE TOWNSHIP, N.J. – Register today for the NJ CU League's 26th Annual Golf Tournament on May 9th!

Once again, the tournament will be held at the beautiful Forsgate Country Club in Monroe Township. The day will consist of a continental breakfast, a 10 a.m. shot gun start, lunch at the turn, and a cocktail hour/awards ceremony at 3 p.m.



Back again is the President's Cup! The team with the best score will receive a beautiful President's Cup trophy. It's a traveling trophy, and each year it will be passed along to the new winning team. Wouldn't you like bragging rights for a year? There will also be chances to win great high-end door prizes.

## Upcoming Events:

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](#)

April 9, 2014

**Webinar: Clarifying Signature Card Confusion - Personal & Business Accounts**

3:00 pm to 4:30 pm

[More Information Click Here](#)

April 11, 2014

**Digital Marketing Conference: Technology, Trends, Tactics & Tools**

Location: NJCUL

3:00 pm to 4:30 pm

[More Information Click Here](#)

## Contact Us:

### Address

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## Connect with Us:



Registration is on a first-come, first-served basis, so sign up today! Credit union golfer registration materials are available [here](#).

There are many sponsorship options for vendors to choose from to support the NJCUL's golf tournament and gain exposure among credit union professionals. Each sponsorship option gives you customized signage at the sponsored hole. You can also send in items to be included in "goodie bags" that will be given to each player.



Sponsor registration materials are available [here](#).

If you have any questions, please contact Yvette Segarra at [ysegarra@njcul.org](mailto:ysegarra@njcul.org) or 800-792-8861 ext. 103.

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## Financial Regulators Release Statements on Cyber-Attacks on ATM and Card Authorization Systems, Distributed Denial of Service Attacks

The Federal Financial Institutions Examination Council (FFIEC) members, including NCUA, are issuing statements to notify financial institutions of the risks associated with cyber-attacks on Automated Teller Machine (ATM) and card authorization systems and the continued distributed denial of service (DDoS) attacks on public-facing websites. The statements describe steps the members expect institutions to take to address these attacks and highlight resources institutions can use to help mitigate the risks posed by such attacks.

Cyber-attacks on financial institutions to gain access to, and alter the settings on, Web-based ATM control panels used by small- to medium-sized institutions are on the rise. The members expect financial institutions to take steps to address this threat by reviewing the adequacy of their controls over information technology networks, card issuer authorization systems, ATM usage parameters, and fraud detection processes. In addition, the members expect financial institutions to have effective response programs to manage this type of incident.

The members also expect financial institutions to address DDoS readiness as part of their ongoing information security and incident plans. More specifically, each institution is expected to monitor incoming traffic to its public website, activate incident response plans if it suspects that a DDoS attack is occurring, and ensure sufficient staffing for the duration of the attack, including the use of pre-contracted third-party servicers, if appropriate.

### The agencies' statements are available below:

- [Joint Statement: Distributed Denial-of-Service \(DDoS\) Cyber-Attacks, Risk Mitigation, and Additional Resources](#)



- [Attacks, Risk Mitigation, and Additional Resources](#)
- [Joint Statement: Cyber-attacks on Financial Institutions' ATM and Card Authorization Systems](#)

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## NCUA Sets April 16 Small Dollar Lending Webinar

WASHINGTON – Details on how consumer-friendly, low-cost, short-term loans can help a credit union's members and its bottom line alike will be shared in an April 16 NCUA Webinar.

The free Webinar, "Small Dollar Lending," will begin at 2 p.m. (ET). During the Webinar, NCUA officials and credit union representatives will discuss:

- The benefits short-term, small-dollar loans can bring to a credit union's portfolio mix;
- Regulatory concerns governing this type of product offering; and
- The costs associated with developing or initiating short-term loans.

NCUA Office of Small Credit Union Initiatives Economic Development Specialist Tom Penna Jr., NCUA Office of Examination and Insurance Program Officer Lucinda Johnson and two credit union representatives will present the Webinar.

Participants can submit questions in advance at [WebinarQuestions@ncua.gov](mailto:WebinarQuestions@ncua.gov). The subject line of the email should read, "Small Dollar Lending Webinar."

The NCUA's short-term, small-amount loan program permits federal credit unions to charge an interest rate that is a maximum of 10 percentage points above the established usury ceiling at that time. Currently, this amounts to an interest rate ceiling of 28%.

Most credit unions offering payday loan alternatives also limit fees, provide member financial counseling and encourage members to open savings accounts.

To register for the Webinar click [here](#).

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## New Jersey Credit Union Foundation Accepting Grant Applications for Technical Assistance Related to the Discontinuation of Windows XP

HIGHTSTOWN, N.J. – The New Jersey Credit Union Foundation often provides financial assistance to New Jersey credit unions faced with regulatory changes that affect their technological infrastructure. Most

notably the Foundation provided technical assistance grants for equipment related to remote deposit capture. Many New Jersey credit unions benefited from funds related to this initiative and were able to continue serving members effectively and efficiently.

Credit unions, and many other businesses, are currently faced with the discontinuation of Windows XP. Many credit unions are operating with an older system that cannot handle the upgrade to Windows 7 or Windows 8. Many will not be able to complete regular member services due to this change.

Due to this change, the New Jersey Credit Union Foundation will now be accepting applications for technical assistance grants as part of its XP Sunset Grant Program. This program looks to help credit unions under \$25 million in assets, in good financial standing, upgrade their equipment in order to continue serving their members. Grant applications will be accepted until April 30, 2014.

Similar to the Foundation's Remote Deposit Capture Grant Program, all grant applications will be reviewed and available dollars will be disbursed evenly to all eligible credit union applicants.

[Grant applications for the program can be found here.](#) Questions and submissions should be sent to Foundation Executive Director Candice Nigro at [cnigro@njcul.org](mailto:cnigro@njcul.org) or 609-448-2426 ext. 110.

In an effort to provide as many grants as possible to credit unions in New Jersey, the Foundation is also asking for financial support, or donated equipment, from all credit unions. If you would like to contribute in any way, please contact Candice Nigro at the information above.

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## Learn the Truth About Collections & Bankruptcy

HIGHTSTOWN, N.J. – In this ever-increasing litigious society and current state of the economy, credit unions are experiencing increased collections activity and an increase in bankruptcy filings. NJCUL's full-day session "The Truth About Collections and Bankruptcy" on May 13th will provide the knowledge needed to remedy situations and protect the credit union's assets. Credit union attorney Michael DuPont will provide information to aid in both the collection and bankruptcy processes and highlight the areas of potential recovery for credit unions.

### WHAT YOU WILL LEARN

- Current trends in the Bankruptcy Courts and an overview of Chapters 7, 11 and 13
- Appropriate action for Cram Downs in Chapter 13s of mortgages and/or Auto Loans
- The Real Estate and Foreclosure Process and its impact on your Credit Union
- How to improve your Credit Union's success of Collection and Recovery in Bankruptcy Cases

- Use of Proofs of Claim
- Setoff and the Administrative Hold
- Use of Cross-Collateralization
- Payroll Deductions in Bankruptcy Cases
- Use of Reaffirmation Agreements
- The Automatic Stay
- Non-dischargeability/Substantial Abuse Issues

Join us either “live” at the League or via video conferencing at Atlantic FCU or Members 1st of NJ FCU for this 10 a.m. to 2 p.m. session, which will include lunch.

The cost to attend is \$209 per person for credit unions \$150 million in assets and above, \$149 per person for credit unions \$50-\$150 million in assets, and \$69 per person for credit unions under \$50 million in assets. A 50% discount is available for all CUs under \$10 million in assets. Contact Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) or 800-792-8861 ext. 100 for details.

To register and pay by check, send an email to Mary Zelinsky at [mzelinsky@njcul.org](mailto: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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## Latest Edition of CU House Newsletter Available

WASHINGTON – The First Quarter 2014 edition of the Credit Union House newsletter is now available. The first quarter edition of the CU House newsletter highlights GAC events and the newest Hall of Leaders inductees.

Click [here](#) to access the newsletter.

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## CUNA Mutual Group: Six Steps to Improving Your Employees' 401(k) Plan Results

Offering your employees a defined contribution retirement plan is a huge first step in helping them meet their retirement income needs. Consider six additional steps that can help participants better manage their contributions and reach their goals. [\[Full Article\]](#)



their contributions and reach their goals. [\[Full Article\]](#)



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## Garden State's Tax Burden Ranks Second in Nation, Again

WASHINGTON – A study by the Tax Foundation found that New Jersey has the second highest state and local tax burdens in the nation.

Residents in New Jersey paid 12.3% of their collective incomes in state and local taxes during fiscal year 2011, the most recent data available. The garden state was flanked by neighbors New York and Connecticut which came in first and third respectively. New York, New Jersey, and Connecticut have finished on top since 2005, the report said.

Wyoming was at the bottom of the list at just 6.9%.

The Tax Foundation is a non-partisan policy group based in Washington, D.C., according to the organization's website.

The Tax Foundation's full report is 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 8 -- [VirtualCorps Webinar: Risk Based Pricing: Using Statistically Derived & Validated Risk Based Loans](#)

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

May 6 -- [VirtualCorps Webinar: CafeGive Leveraging Social Media and Community Programs to Increase Your Member Base and Build Brand Preference](#)

May 13 -- [Full-Day: The Truth About Collections & Bankruptcy](#)

May 14 -- [Full-Day: Management Session: Becoming a World Class "Member Centric" Service Credit Union](#)

May 15 -- [Full-Day: Staff Session: Becoming a World Class "Member Centric" Service Credit Union](#)

## **Industry Events**

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 14 -- [Reality Fair at Ocean County County College's Southern Education Center](#)

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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