

Subject: The Daily Exchange -- April 9, 2014
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From: New Jersey Credit Union League <news@njcul.org>
To: staff@njcul.org
Conversation: The Daily Exchange -- April 9, 2014

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April 9th, 2014

Today's News:

- › What Makes CU Reality Check Different from the Rest?
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- › Join the South-Central Chapter for a Lunch Meeting on June 17th
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- › New Jersey Credit Union Foundation Accepting Grant Applications for Technical Assistance Related to the Discontinuation of Windows XP
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What Makes CU Reality Check Different from the Rest?

ATLANTIC CITY, N.J. – Credit Union Reality Check is unlike any other conference. Why?



Visit www.curealitycheck.com/blog.aspx for a great video wrap-up of the 2014 conference, which took place March 10-12 at Harrah's Resort in Atlantic City, N.J., and see exactly why CU Reality Check is different from the rest. Hear directly from attendees on why they come back, year after year.

Keep checking back at www.curealitycheck.com for information on next year's event!

Thanks to Mid-Atlantic Corporate FCU for the great video!

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NCUA's Risk-Based Capital—Numbers Don't Tell the Story



**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! 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.

Upcoming Events:

April 17, 2014

Don't Tell the Story

Posted in CU Insight by Gregg Stockdale, 1st Valley Credit Union, on April 8, 2014

The assumption that a Call Report tells the full story of capital risk is both flawed and dangerous. Never mind the philosophical assumption that all risks can be measured. I'm really troubled by the push-broom sized way risk is measured when NCUA should be binging out their sharpest pencil. We need differentiation and separation of credit union analysis... not broad oversimplified (and quite frankly, draconian artificial) limits.

Easiest example – My CU has been making RE loans since we were large enough and we were formed in 1951. We have never had a RE loss. We are located in San Bernardino, a BK city. We survived the great recession and all that. Yet, because our members make lots of RE loans – We will be deemed risky. Look at our call data. Yes we have a large concentration of RE loans. They are however, 15-year step up loans where the LTV is 70% or less. That doesn't jump off the Call Report. I've got a lot of risk here according to NCUA. Yes, we are under \$50M, but does anyone think it'll be too long before someone tells us –“We think you should follow those guidelines as well.” At the same time I could make 0.79% auto loans that have a 72 month term and LTV's in excess of 120% and that's not risky according to NCUA. Why? Simply because that risk is not disclosed on the Call Report.

NCUA needs to stop the current proposal and come back with a well-reasoned and comprehensive solution. The current proposal is neither.

The full story is available [here](#).

CUNA and the state leagues are encouraging all credit unions to file comment letters before the May 28 deadline. A free RBC Webinar and other resources are available [here](#).

Assistance with comments letters is available from NJCUL Director of Compliance Nicola Foggie at 800-792-8861, ext. 112 or nfoggie@njcul.org.

Countdown to Comment Deadline

50

Days Left

Comments from New Jersey

1

Comment

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Two Great Speakers for the Upcoming North-Central Chapter Meeting

Webinar: Examination Findings of the CFPB
3:00 pm to 4:30 pm
[More Information Click Here](#)

April 22, 2014
Webinar: Frontline Series: Negotiable Instrumental Precautions & Endorsement Risks
3:00 pm to 4:30 pm
[More Information Click Here](#)

April 23, 2014
Webinar: Real Estate Lending Series: Ability to repay - Are You in Compliance with New CFPB Rules
3:00 pm to 4:30 pm
[More Information Click Here](#)

Contact Us:

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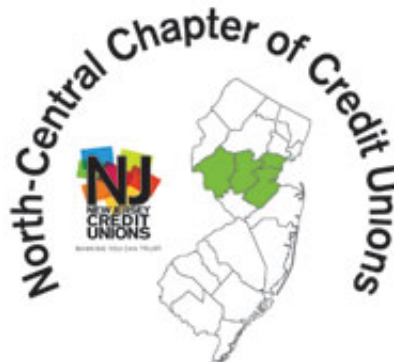
info@njcul.org

Connect with Us:



NEW BRUNSWICK, N.J. – Join the North-Central Chapter for its next meeting on Thursday, May 15th, featuring two great speakers tackling hot topics.

With the NCUA looking to impose Risk-Based Capital (RBC) regulations on credit unions, Nicola Foggie, Director of Compliance at the New Jersey Credit Union League, will speak briefly on how credit unions can respond to the NCUA about this matter. This proposed change has the potential to affect credit unions both large and small. Your responses are critical to show the NCUA they need to rethink this proposal.



Then, Sean McDonald from Your Full Potential will talk about how to **Attract & Retain TOP Talent At Your Credit**

Union. It is more important than ever for credit unions to employ passionate, smart, and dedicated people. The competition for great talent is heating up and for the sake of their own futures, credit unions must endeavor to recruit, hire, and retain the best professionals. There are no shortcuts. There are no silver bullets.

This session will discuss how to recruit this kind of employee, how to provide them with the tools they need to succeed, and how to retain these smart and passionate employees – we need them to stay in our industry and at our credit unions. Here's a teaser: your best employees should be treated BETTER than your average ones.

Join the North-Central Chapter on Thursday, May 15, 2014 at 12 p.m. at the Rutgers Club in New Brunswick, NJ.

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

The registration deadline is May 12th.

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.

Please note: Only New Jersey Credit Union League preferred vendors are able to attend New Jersey Credit Union League Chapter events and meetings.

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NCUA Testifies Supplemental Capital Could be Considered as Part of RBC Discussions

DISCUSSIONS

WASHINGTON – Lawmakers' expressed interest in NCUA's risk-based capital (RBC) proposal during a Tuesday House Financial Services Committee hearing is a "terrific development" CUNA President/CEO Bill Cheney said.

"We have urged Congress to take a particular interest in the proposed risk-based capital rule, and clearly the issue has piqued interest," Cheney said. The questions during the hearing about the risk-based capital proposal reflect "a level of concern in Congress that the proposal is in need of significant improvements." he added.

NCUA General Counsel Mike McKenna, a witness at the regulatory burden hearing, said the agency could consider allowing credit unions greater access to supplemental capital as it finalizes proposed RBC regulations.

McKenna made his remarks in response to a question during a House Financial Services Committee hearing titled "Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom.

California Reps. Ed Royce (R) and Brad Sherman (D) each had questions about the RBC proposal for McKenna.

Royce told McKenna he is concerned that the risk weights applied to mortgages under the RBC proposal do not reflect actual risk and are more stringent than the standards imposed on community banks despite credit unions' generally better delinquency rates.

Royce also questioned whether the RBC rule could prevent some credit unions from making loans to their members.

Both Royce and Sherman asked McKenna why the risk weights in the NCUA proposal differ so much from those imposed in similar regulations placed on community banks. McKenna noted that the agency has received many comments on risk weights and is looking them over and considering the issue.

The NCUA hopes to work with all stakeholders to make the final RBC rule more effective, McKenna said.

"We appreciate that NCUA has indicated it will make changes and we will continue to encourage them to do so," CUNA's Cheney said. "Meanwhile, as credit unions file their comment letters with the agency on the proposal, we are urging them to share their comments with their lawmakers, so that Congress can keep a watchful eye on this issue going forward."

During the hearing, Royce also took a moment to draw attention to his Credit Union Residential Loan Parity Act, which he noted would increase the amount of capital made available to small businesses and also increase the amount of rental housing available to Americans. McKenna said the agency has reviewed Royce's legislation and has no concerns about it.

CUNA and the state leagues are encouraging all credit unions to file comment letters on the proposed RBC rule before the May 28 deadline. A free RBC Webinar and other resources are available [here](#).

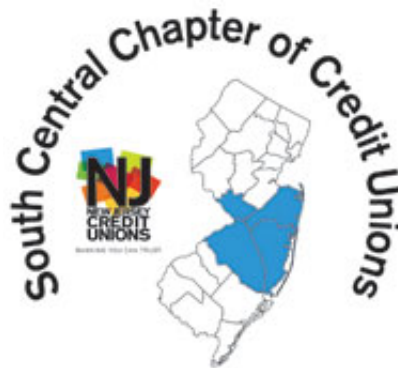
Assistance with comments letters is available from NJCUL Director of Compliance Nicola Foggie at 800-792-8861, ext. 112 or nfoggie@njcul.org.

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Join the South-Central Chapter for a Lunch Meeting on June 17th

Hear from CMG's Carlos Molina on Enterprise Risk Management

MT. LAUREL, N.J. – Save the date! The South-Central Chapter will hold a lunch meeting on Tuesday, June 17th featuring Carlos Molina from CUNA Mutual Group, who will speak on Enterprise Risk Management.



The meeting will take place at 11:30 a.m. at Carlucci's Waterfront in Mt. Laurel, NJ.

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

The registration deadline is June 10th.

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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Learn the Truth About Collections and Bankruptcy

Full-Day Session on May 13th will Provide Knowledge Needed to Remedy Situations & Protect CU Assets

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

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 or 800-792-8861 ext. 100 for details.

To register and pay by check, send an email to 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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NCUA Testifies Recent Actions Constitutes Reg Relief, CUNA Disagrees

WASHINGTON – Representatives from federal financial regulatory agencies at Tuesday's House Financial Services Committee hearing on regulatory burdens agreed with Rep. Gregory Meeks' (D-N.Y.)

assertion that one-size-fits-all regulations are bad for institutions and consumers.

Meeks and committee colleagues questioned representatives from NCUA, the CFPB, Federal Reserve, FDIC and Office of the Comptroller of the Currency during Tuesday's hearing, titled "Who's In Your Wallet: Examining How Washington Red Tape Impairs Economic Freedom."

In his opening statement, NCUA General Counsel Mike McKenna asserted that 70% of new rules approved by the agency since January 2013 have "provided regulatory relief or greater clarity without imposing new compliance costs.

"Since the beginning of 2013, the NCUA board has approved 17 final rules," McKenna said. "Of those, one was required by the Dodd-Frank Act. Five provided regulatory relief. Four addressed safety and soundness matters, and the remaining seven rules were technical in nature," he added.

In response, CUNA General Counsel Eric Richard said after the hearing that credit unions see things quite differently. "Counting the number of rules and deciding how many were regulatory and how many were de-regulatory is not a viable approach. It is the impact of the rules—not their number—that is the real issue."

During the hearing, McKenna said the agency works hard to balance safety and soundness with regulatory burdens. "NCUA is working to streamline its regulatory framework," he added.

"Through this initiative, the NCUA board has approved four targeted rules to mitigate risk and six rules to cut regulatory burdens. Rather than adopting one-size-fits-all regulations, NCUA targets rules to risk and asset size and strives to ensure rulemaking is reasonable and cost-effective," he said. Examples of these streamlining efforts include the NCUA's ongoing three-year rule review process, examination process revamps and the re-allocation of agency resources to focus on potential risks, he said.

"As we learned from the recent financial crisis," he said, "the cost of inaction can sometimes be greater than the cost of action."

McKenna also commented on the agency's risk-based capital rule during the hearing.

Speaking on remittance transfer regulations, Rep. Shelley Moore Capito (R-W.Va.) noted that many firms are exiting that business. New CFPB rules are making it more difficult and more expensive to provide these services, she said. Capito also noted that she and Meeks are crafting a bill that would require regulators to examine their standards for duplicative regulations.

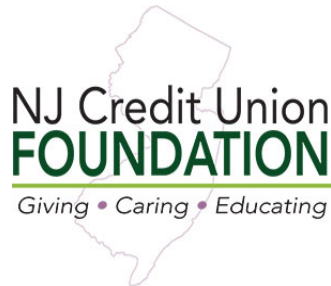
Other topics discussed during the lengthy hearing included how the regulators examine the impact of their rules, Operation Chokepoint, CFPB actions against auto lenders, and collateralized loan obligations.

McKenna's testimony is available online [here](#).

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

Application Deadline April 30th

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.

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 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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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 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](#)

May 16 -- [NJ DNA Meeting at Credit Union of New Jersey](#)

Industry Events

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 15 -- [North-Central Chapter Meeting: NCUA's Risk Based Capital and Attracting & Retaining TOP Talent at Your Credit Union](#)

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

June 17 -- [South-Central Chapter Meeting: Enterprise Risk Management](#)

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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