

Subject: The Daily Exchange -- April 30, 2014
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To: staff@njcul.org
Conversation: The Daily Exchange -- April 30, 2014

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The Daily Exchange

April 30th, 2014

Today's News:

- › CUs Must Prepare for NCUA Liquidity Review Exams; New Questionnaire
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CUs Must Prepare for NCUA Liquidity Review Exams; New Questionnaire

NCUA's Liquidity and Contingency Funding rule became effective March 31, 2014. While all federally insured credit unions subject to the regulation, credit unions \$50 million or more in assets must have a formal "contingency funding plan" (CFP). And credit unions with \$250 million or more in assets also should have applied to join the CLF and/or establish a relationship at the Federal Reserve Bank's discount window.

If not, closely review NCUA's [Letter to CUs No. 14-CU-05](#), which includes the examiners' "Liquidity Review Questionnaire." The LRQ provides a proposed list of 14 documents that the examiner might use during the evaluation—such as a copy of the written policies for controlling and monitoring liquidity; the latest strategic plan (if it addresses future liquidity needs); and a copy of the credit union's ALM policies and procedures. The actual questionnaire is divided into three parts:

Part A: Scope of the Liquidity Review. The examiner will start by reviewing basic ratios:

- Loans/Assets
- Borrowings and non-member deposits/Total Shares and liabilities
- Cash and short-term investments/Assets
- Regular shares and share drafts/ Total shares and borrowings

...And asking the question: "Has the CU sold a participation interest in a loan or sold a loan where the loan is still outstanding and the CU is liable to repurchase the loan under a recourse arrangement?"

Part B: Limited Scope. For a credit union where its ratios indicate there is little liquidity risk and it does not have recourse liability, the exam will be limited in its scope. Part B covers liquidity management



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

Download the registration materials for the NJCUL's 26th Annual Golf Tournament [here](#). 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:

May 13, 2014
Full-Day: The Truth About Collections & Bankruptcy
Location: NJCUL and via Video Conference
10:00 am to 2:00 pm

generally (eight yes/no questions) and contains a Liquidity Risk Matrix that summarizes the potential causes of illiquidity and describes possible management methods for monitoring those causes.

Part C: Liquidity Management and Operations. If the ratios indicate there is at least moderate risk, or the credit union is exposed to recourse liability, a "Part C" exam scope will be more detailed and with expanded questions to assess weaknesses.

Remember that immediately after adopting this new regulation in October 2013, NCUA issued [Letter to CUs No. 13-CU-10](#), which included a recommended timetable for compliance, the key sources of liquidity NCUA will look for in a contingency funding plan, and examiner expectations of a credit union's liquidity policy (based on the size and complexity of the credit union).

Bottom line: If the examiner determines that a credit union doesn't have the expected documentation (review that list of 14 things), or has not adopted required practices or a comprehensive CFP, the examiner will need to decide if such a finding materially impairs the credit union's ability to manage liquidity risk—either presently or in the future. Material findings are to be documented in the exam report with appropriate recommendations for corrective action. Less significant findings may be addressed informally with meetings with key staff at the credit union. So, having on-going dialogue and seeking feedback with the examiner during the examination can assist with resolving findings before they become an issue.

Check out CUNA's eGuide topic on [Liquidity Regulation](#) for a complete list of resources.

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NCUA's Metsger Urges CUs to Send Comment Letters on RBC Proposal

CUs Have Less than 30 Days to Comment

ALEXANDRIA, Va. – With less than 30 days left for credit unions to send in comments to the NCUA on the agency's controversial Risk-Based Capital (RBC) proposal, NCUA Board Member Rick Metsger is encouraging credit unions to get their comments in.



In a [video interview](#) with *Credit Union Times* this week, Metsger says

[More Information Click Here](#)

May 14, 2014
Full-Day: Management
Session: Becoming a World
Class "Member Centric"
Service Credit Union
Location: NJCUL and via
Video Conference
10:00 am to 3:00 pm
[More Information Click Here](#)

May 15, 2014
Full-Day: Staff Session:
Becoming a World Class
"Member Centric" Service
Credit Union
Location: NJCUL and via
Video Conference
10:00 am to 3:00 pm
[More Information Click Here](#)

Contact Us:

Address
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info@njcul.org

Connect with Us:



In a [VIDEO INTERVIEW](#) with *Credit Union Times* this week, Metzger says, "I would suggest to credit unions, if they haven't commented yet, that if this is that important—and I believe it is—it should be a priority of theirs and they should start getting their comments in."

May 28 is the public comment deadline.

NJCUL and CUNA are urging credit unions to send comment letters to NCUA before this deadline and have tools and resources available for credit unions to easily comment.

NJCUL member credit unions can visit the League's RBC Tools page at www.njcul.org/RBCtools.aspx to download a draft of a comment letter as well as the NJCUL's comment letter filed earlier this month. A total of six comment letters have been filed from New Jersey. They can found at www.njcul.org/comment-calls.aspx.

Credit unions can also access CUNA's RBC Action Center at www.cuna.org/riskbasedcapital, which provides information on the proposal, its effects to the system and for your specific credit union, and how to take action to express your concerns.

If you have any questions about the proposal or how to comment, please contact NJCUL Director of Compliance Nicola Foggie at nfoggie@njcul.org or 800-792-8861 ext. 112.

The *CU Times* interview with Metzger is available [here](#).



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Final Day to Submit NJCUF Grant Apps for Technical Assistance Related to the Discontinuation of Windows XP

HIGHTSTOWN, N.J. – New Jersey credit unions have until close of business today to send in grant applications to the New Jersey Credit Union Foundation for technical assistance grants as part of the Foundation's 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.



Similar to the Foundation's Demote



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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CU Tax Status, MBL Reform Target of ICBA Hill Visits

WASHINGTON – Bankers have not given up on the credit union tax status, as the Independent Community Bankers of America (ICBA) has highlighted opposition to the credit union tax status as a key issue for its annual Washington Policy Summit.

In a release, the ICBA urged summit attendees to encourage members of the U.S. Congress to review the credit union tax status. The ICBA also called on banks to oppose expanded powers for credit unions, "particularly a proposal to raise the cap on credit union business lending."

The ICBA event, which has around 1,000 attendees, ends Thursday.

"The bankers are a bit late to the party," CUNA president/CEO Bill Cheney said. "In February, the House Ways and Means Committee—with its tax reform proposal—made no changes to our tax exemption, and have signaled no willingness to change that stance."

He added, "But the bankers are tenacious—and that should be a sign to all credit unions to keep telling their lawmakers 'don't tax my credit union.'"

The benefits that credit unions provide to both members and others—amounting to an estimated \$8.5 billion in 2013 alone—far exceed the total annual tax that could be raised by taxing credit unions, CUNA reminds. These benefits are realized by credit union members in the forms of higher returns on savings, lower rates on loans, and lower or fewer fees than members would have paid or received had they been customers at other financial institutions.

Credit unions also have a moderating influence on bank pricing, by raising bank deposit interest rates and lowering bank loan rates. CUNA estimates that bank customers saved about \$2.4 billion in 2013 from more favorable pricing due to the presence of credit unions in their local markets.

The nationwide [Don't Tax My Credit Union](#) grassroots campaign continues with CUNA and the NJCUL encouraging credit union

supporters to keep on [emailing](#) and [tweeting](#) their lawmakers even if they've done so already.

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April Showers Bring May...Golf!

MONROE TOWNSHIP, N.J. – This rain will only make the greens greener for NJCUL's 26th Annual Golf Tournament on May 9th!

It's not too late to register to golf! We'll be on both of Forsgate Country Club's beautiful courses, Banks and Palmer. 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.



Golfers will also have the chance to win the President's Cup Trophy, bid on fantastic memorabilia during

the new Silent Auction, and win great door prizes.

Don't miss out! Sign up today! Credit union golfer registration materials are available [here](#).

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Bring Branded Cause Marketing to Your Credit Union

May VirtualCorps Webinars Take on Social Media and Branding—Register Today!

Many CUs have still not embraced the totality of social media and how it helps to drive member loyalty and increase growth. Many CUs still are not actively supporting proper marketing plans and what branding really means.

Two VirtualCorps.com Webinars taking place in May will surely make you consider your own position and how you can effectively start to adopt what these experts have to offer.

Click on the Webinar to register:

[**05/06/14 - VirtualCorps Webinar: CafeGive Leveraging Social Media and Community Programs to Increase Members**](#)

Speaker: Ketan Sampat, CTO and Co-Founder at CafeGive Social

This webinar is designed to give attendees a consolidated view of the options available in Facebook, LinkedIn, Twitter, and other channels to help focus the investment and set expectations on results. Topics include: insights to the best uses and features of each channel, advertising opportunities of each channel, along with operational and budgetary considerations. How to develop both strategy and a measure of success will also be covered

[05/13/14 - VirtualCorps Webinar: Branding the Experience](#)

Speaker: [Ken Bator](#), expert in brand concept, marketing and management

This Webinar is designed to explore and analyze “branding” and the core elements associated with having a strong brand. There are many internal and external essential components of having a successful brand. Topics include: the definition of a brand, how to create a strong brand, and the process of maintaining an established brand.

These Webinars are available “live” from 3 p.m. to 4 p.m. on the dates listed above. After the “live” dates, recording of these Webinars will be available for order [here](#).

Don't miss these great Webinars that tackle the nitty gritty of marketing!

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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Housing Reform Mark-Up Delayed by Committee

WASHINGTON – An expected Tuesday mark-up of housing finance market reform legislation has been postponed to allow Senate Banking Committee members more time to consider the issue.

"As all of the Members already know, there continue to be important discussions to build a larger coalition supporting the bill. While we have the votes to report the bill out today, Members of the Committee have asked for a brief delay to try to work out additional issues prior to a final vote," Committee Chairman Tim Johnson (D-S.D.) said on Tuesday.

CUNA Senior Vice President of Legislative Affairs Ryan Donovan said the delay is likely "about trying to find additional votes to get the bill out of committee with a strong vote."

The committee will reconvene to discuss the bill in the coming days, Johnson said. In the meantime, CUNA is monitoring the situation and trying to improve areas of the bill where there are still outstanding issues.

The 425-page bill, known as the Housing Finance Reform and Taxpayer Protection Act of 2014 (S. 1217), would overhaul the housing finance market and address the issues created by the current government ownership of Fannie Mae and Freddie Mac.

The bill ensures that credit unions and community banks, "experts at meeting the financial needs of our communities, have clear and competitive access in the new system," ranking committee member and bill co-sponsor Mike Crapo (R-Idaho) said Tuesday.

CUNA has advocated for credit union priorities on several fronts, including meetings with White House officials, Federal Housing Finance Agency Director Mel Watt, and members of Congress, and the NJCUL has met numerous times with Rep. Scott Garrett (R-5) who chairs the House subcommittee with jurisdiction over Government Sponsored Enterprises (GSEs) such as Fannie Mae and Freddie Mac.

In these meetings, law- and policy-makers have been encouraged to be mindful of the existing regulatory burdens of credit unions and other mortgage servicers, and to avoid layering additional regulatory authority on top of existing regulatory regimes that address mortgage servicing, as well as the need to ensure credit unions and other small lenders continued access to a viable secondary mortgage market.

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CO-OP Financial Services Webinar May 6th Hosted by NJCUL

***Be There. Be More. Be Everything Every Financial
Institution Aspires To Be.***

CO-OP Financial Services helps credit unions leverage the latest technology and trends to strengthen member connections and support growth. Inspired by member credit unions, CO-OP constantly reinvents ways to serve the changing needs of the credit union movement.



Join NJCUL and CO-OP for a free Webinar on Tuesday, May 6th.

Webinar Discussion Topics:

- Who is CO-OP Financial Services?
- CO-OP Product Overview
- Debit PIN and Signature Processing
- CO-OP Network National Access and Convenience
- End-to-End Solutions

No Charge

Presenter: Rob Goodwin, Regional Sales Manager – CO-OP Financial Services

Rob has worked in the credit union industry since 2000, beginning his career at NJCUL in providing credit unions with EFT solutions. Rob currently works with credit unions from Maine to South Carolina.

Webinar Details:

Date: Tuesday, May 6, 2014

Time: 10:30 a.m. – 11:30 a.m. Eastern Time

To Register: Contact Mary Zelinsky; mzelinsky@njcul.org

Instructions to log-in to the webinar/teleconference will be emailed to you prior to the Webinar date.

Questions? Please call John Hendery at 1-800-792-8861 ext. 108 or jhendery@njcul.org.

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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

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 13 -- [VirtualCorps Webinar: Branding the Experience](#)

May 14 -- [NJ DNA Meeting at Credit Union of New Jersey](#)

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

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 6 -- [CO-OP Financial Services Webinar](#)

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

May 12 - 14 -- [Federal Reserve Bank of Philadelphia's Reinventing Older Communities: Bridging Growth & Opportunities](#)

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 20 -- [Southern Chapter Meeting: Elections to be Held](#)

May 21 -- [Reality Fair at Shawnee 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 6 -- [Credit Union of New Jersey Foundation Coach/Cash Bingo in Support of the Ewing Community Disaster](#)

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

July 17 -- [NCUA Chairman Listening Session: Regions I & II in Alexandria, Va.](#)

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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