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To: staff@njcul.org
Conversation: The Daily Exchange -- May 19, 2014

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The Daily Exchange

May 19th, 2014

Today's News:

- › 18-Month RBC Timeframe Not 'Etched in Stone' Matz Says as Comment Deadline Nears
- › Business Students Get Hands-On Budgeting Experience Through the Reality Fair Program
- › Tonight and Wednesday: Catch NJCUL President/CEO Greg Michlig on 'New Jersey Capitol Report'
- › Don't Miss Tomorrow's Free Webinar with CU Direct on Rethinking the Auto Buying Experience
- › NJCUL Wants to Recognize Those with 25+ Years of Service to the N.J. CU Movement
- › Nominations for NCUA Small CU Consulting Close May 31
- › Driving Success: 2014 Small CU Conference June 7th Offers Up Strategies that Work

18-Month RBC Timeframe Not 'Etched in Stone' Matz Says as Comment Deadline Nears

WASHINGTON – "The 18-month timeframe in the proposed risk-based capital rule is not etched in stone," NCUA Chair Debbie Matz told a credit union audience Friday. She added, "If the comment letters raise sensible reasons to delay the effective date further, we will certainly consider doing so."

Matz was addressing the annual meeting of the Hawaii Credit Union Association.

With just seven business days to go before NCUA wraps up the comment period on its risk-based capital (RBC) proposal, more than 550 comment letters detailing credit union concerns had been posted to the agency Web site as of Friday.

That number includes an almost unprecedented letter signed by more than 320 members of the U.S. House, including six from New Jersey, urging the NCUA to consider the impact of its RBC plan on credit unions. The lawmakers ask the agency to provide justification and more clarity as to why the proposed risk weights differ from those applied to other community financial institutions and to give credit unions more time than the proposal's allotted 18 months to come into compliance after it is finalized.

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](#).

RBC Tools, including a draft comment letter, as well as the 13 comment letters filed thus far from New Jersey, are available to NJCUL member credit unions at www.njcul.org/RBCtools.aspx.

Assistance with comment letters is available from NJCUL Director of

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NJCUL is Collecting 80 Examples of "Banking You Can Trust" in Honor of its 80th Anniversary!

We're asking our member credit unions to provide us with examples of how they have provided "Banking You Can Trust" this year.

Send your credit union's examples of "Banking You Can Trust" to the League at news@njcul.org. Photos are strongly encouraged! We'll be featuring all of these

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

Once the comment period closes, the NCUA will host three listening sessions: June 26 in Los Angeles, July 10 in Chicago and July 17 in Alexandria, Va. CUNA will be attending each of the sessions and will be working with the leagues to ensure credit unions' concerns are heard by the agency.

NJCUL will attend the July 17 session in Alexandria and plans to provide transportation for interested members. Listening Session registration is available [here](#).

Additional information on CUNA's and the NJCUL's legislative and regulatory advocacy efforts are available through CUNA's weekly [The Cheney Report](#), [Legislative Update](#), [Regulatory Advocacy Reports](#), and monthly [Legislative Affairs Webcast](#), as well as reported in various NJCUL publications such as the *Daily Exchange*.

| | |
|-------------------------------|--------------------------|
| Countdown to Comment Deadline | Comments from New Jersey |
| 10 | 13 |
| Days Left | Comments |

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Business Students at Ewing H.S. Get Hands-On Budgeting Experience Through the Reality Fair Program

EWING, N.J. – Around 150 business students at Ewing High School put their skills to the test on Friday when they participated in a Financial Reality Fair sponsored by Credit Union of New Jersey (CUNJ).



great stories and photos at our 80th Annual Meeting and Convention September 21-23, 2014 at the Trump Taj Mahal in Atlantic City, N.J.

Upcoming Events:

May 20, 2014
Webinar: Implementing the New ACH Security Framework Requirements
3:00 pm to 4:30 pm
[More Information Click Here](#)

May 21, 2014
Webinar: Reporting Your Members' Credit: Understanding Increasing Regulatory Requirements
3:00 pm to 4:30 pm
[More Information Click Here](#)

May 28, 2014
Webinar: IT Audit for Credit Unions
3:00 pm to 4:30 pm
[More Information Click Here](#)

Contact Us:

Address

299 Ward Street
Hightstown, NJ 08520
Driving directions

Phone

800.792.8861
609.448.2426

Fax

609.448.3499

E mail



CUNJ President/CEO Andy Jaeger and Board member Gary Chizmadia sell furniture with high interest rates to unsuspecting students.

The business classes came to the school's media center for a brief orientation then stopped by the various booths with their customized budget worksheets to make purchases while trying to stay within budget. The Fair was a great hands-on experience for students to put to the test all that they had learned this year about budgeting, credit scores, cost of living, etc.



Financial Counselors show the students where they could've saved some money after the experience.

This is the third Reality Fair CUNJ has held for Ewing High School students. In 2012, CUNJ hosted a Fair at Lawrenceville High School where Ewing H.S. students and Hopewell H.S. students were bussed in. In 2013, CUNJ held a Fair at Ewing High School and had Lawrenceville H.S. and Hopewell H.S. students bussed in. This year, the credit union opened it up to only Ewing H.S. so more of its students could participate.

The credit union has a well-established relationship with the high school and a student-run branch in the school.

New Jersey credit unions have one more Reality Fair this Wednesday at Shawnee High School, sponsored by ABCO FCU. Plans are in the works for next year. Look for more information from the League as plans are finalized.

And check out this month's *Exchange* for a wrap-up of this year's Reality Fairs and testimonials from volunteers, hosting credit unions, and teachers.

info@njcul.org

Connect with Us:



More information on the program is available at www.njcul.org/financial-reality-fairs.aspx or by contacting Marissa Anema at manema@njcul.org or 800-792-8861 ext. 117.

For additional photos from the Fair, click [here](#).

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Tonight and Wednesday: Catch NJCUL President/CEO Greg Michlig on 'New Jersey Capitol Report'

HIGHTSTOWN, N.J. – Tune in tonight to WBGO at 7:30 p.m. and Wednesday night to WHYI at 5:30 p.m. to catch NJ CU League President/CEO Greg Michlig appear on the public television program “New Jersey Capitol Report”. Michlig spoke with host Steve Aduato about the difference between banks and credit unions and the credit union movement here in New Jersey.



In the segment, Michlig explains that credit unions are financial services cooperatives where members are owners. “As a member, you’re paying yourself,” Michlig explains. “Everything that comes out of a credit union from a profit environment goes back into the credit union and back out to members in terms of better rates and fewer and lower fees.

“That’s the primary driving force behind the cooperative nature of credit unions.”

Tune in!

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Don't Miss Tomorrow's Free Webinar with CU Direct on Rethinking the Auto Buying Experience

Tuesday, May 20, 2014 – 1:00 pm Eastern Time

[Register Now](#)

Only 23% of credit union auto loans are generated through the

Only 25% of credit union auto loans are generated through the member channel.* Learn how to capture more opportunities!

Many members do not keep their credit union at top-of-mind for auto financing. Buying and financing a vehicle are frequently a single event that happens at the dealership. As a result, your credit union's financing opportunities are often lost.

Discover the keys to building an effective ongoing strategy that will help your members view auto shopping and financing as a single step that occurs before going to the dealership. Learn how you can reinvent your marketing and relationship building programs around a continuous, high touch member engagement program that positions your credit union at the forefront of the entire auto buying process. At this unique event, you'll gain insight on:

- Research findings on consumer's shopping and financing behaviors
- Key member engagement opportunities and critical influence points in the auto buying cycle
- Best practice strategies that have been most successful at influencing member's buying decisions
- Tips on messaging to members based on mobile trends and the multi-screen experience
- How to effectively position pre-approval financing within the member's decision process

By putting these concepts into practice, you'll help increase new loan opportunities, strengthen member loyalty and grow your credit union's value proposition as the primary financial institution (PFI) for members.

EVENT SPEAKERS:

Marci Francisco

Senior Director, Automotive Marketing & Business Development, CU Direct

Bob Nealon

Regional Vice President, CU Direct

**Statistic Source: Callahan & Associates*



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NJCUL Wants to Recognize Those with 25+ Years of Service to the N.J. CU Movement

At this year's Convention, the League would like to recognize those with 25+ years of service at their respective credit unions.

At the 78th Annual Meeting and Convention two years ago, the League disolved a large meter board that listed those dedicated to

the credit union movement in New Jersey for 25 years or more. The League is again honoring those for their long-time service. Please click [here](#) to view the list from 2012.

If you have over 25 years of service and are not on last year's list, or know of someone at your credit union, please let the League know by contacting Yvette Segarra at ysegarra@njcul.org with the following information: name, credit union, and number of years of service at the credit union.

In order to be included, names must be received no later than August 15th.

Any questions, please contact Yvette Segarra.

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Nominations for NCUA Small CU Consulting Close May 31

ALEXANDRIA, Va. – Nominations for credit unions to receive free consulting services from NCUA's Office of Small Credit Union Initiatives are due May 31.

NCUA's consulting services, provided by experienced economic development specialists, offer assistance to credit unions in the areas of budgeting, marketing, policy development, strategic planning, and operational or regulatory areas. Selected credit unions receive assistance for a six-month period.

To qualify a credit union must fall into one of the following categories: total assets of less than \$50 million; a new charter (fewer than 10 years); designation as a Minority Depository Institution; or designation as a low-income credit union.

Credit unions may nominate themselves or be nominated by their NCUA examiner. Credit unions not chosen in one round may apply again in subsequent rounds.

Additional information is available [here](#).

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Driving Success: 2014 Small CU Conference June 7th Offers Up Strategies that Work

HIGHTSTOWN, N.J. – Small credit unions are a viable component of the credit union system, and while they push forward, they face challenges. NJCUL's 2014 Small CU Conference on Saturday, June 7th will cover a range of hot topics specific to small credit unions' viability and success.

The theme of this conference is



"Driving Success: Strategies that Work". Join your small credit union peers for an informative conference that features speakers and sessions that will help your credit union develop a strategy and tap into the resources specific to your needs.



**Driving Success –
Strategies that Work**

Take a look at the speakers and sessions listed below:

- Michael Hudson: Making Strategy Practical: Developing Your Mindset
- Bonnie Karcewski: A NJ CU Success Story
- Navigating the Risk Focused NCUA Exam Process
- Teri Robinson: Faith in Serving the Underserved
- Angel Santos, Small Credit Union Resources

Click [here](#) for more information and the [full brochure](#).

Registration is free for up to 3 registrants per credit union for all NJCUL member credit unions under \$50 million in assets.

To register, send an email to Mary Zelinsky at mzelinsky@njcul.org or call 800-7928861 ext. 100. Please include the names of all registrants from your credit union.

Thank you to our generous sponsors that make this conference possible: Aspire FCU, Credit Union of New Jersey, and XCEL FCU.



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.



• Education • Development • Growth • Essentials •

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Agenda Available for NCUA's May Board Meeting

ALEXANDRIA, Va. – [The NCUA has released its agenda](#) for this Thursday, May 22, 2014 Board meeting. Matters to be considered on the short agenda include 10-year regulatory review, an underserved FOM request, and a quarterly review of the Corporate Stabilization Fund.

Full.

Click [here](#) for the agenda.

The video recording of the agency's April open meeting is now available on the agency's Web site.

Archived videos of past Board meetings may be viewed [here](#), and each video remains on the site for one year.

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McWatters Confirmation Vote Update in Weekly Cheney Report

WASHINGTON – The confirmation of J. Mark McWatters to the NCUA board is still awaiting a final vote, and while it is widely expected that he will be confirmed, it may not be until later next month.

"Senate confirmation of J. Mark McWatters for the seat held by Fryzel may be delayed a bit, but the wait is in no way related to McWatters," said CUNA President/CEO Bill Cheney in his weekly [Cheney Report](#). "His nomination is grouped with three nominees for the Federal Reserve Board, and political maneuvering among senators over those confirmations is holding up the process."

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Court Keeps NCUA N.Y. RMBS Suit Alive

NEW YORK – The U.S. District Court in New York has denied a motion to dismiss a lawsuit involving NCUA and Wachovia Capital Markets, LLC, now known as Wells Fargo Securities, LLC.

This is the latest in a series of lawsuits brought by NCUA against various banking institutions on behalf of several corporate credit unions that purchased large amounts of residential mortgage-backed securities in the years between 2005 and 2007 and have since been liquidated. NCUA's complaints generally assert that the offering documents used to sell residential MBS contained material misstatements and/or omissions.

In this case, NCUA is serving as the liquidating agent for Southwest Corporate FCU and Members United Corporate FCU. Southwest Corporate FCU purchased two RMBS certificates from what was then called Wachovia Capital Markets, in June and December of 2006, for a total of \$25,738,350. Both certificates were rated AAA at the time of purchase but were downgraded to junk status by mid-2009, and by June 2013 approximately 25% of the loans for each certificate were delinquent.

NCUA has claimed that American Mortgage Network, Inc. (AmNet), which originated 100% of the loans in the first certificate, known as AMN1, had a high percentage of "originate-to-distribute" loans, which it said encourages shoddy underwriting practices because the securitization of mortgage loans breaks down the direct relationship between the borrower and the lender.

Wachovia claimed that a forensic analysis of AMN1 "found materially

higher LTV (loan-to-value) ratios and lower owner-occupancy rates" than those listed in the offering documents by the NCUA.

The court found that NCUA has plausibly pled its claims related to the underwriting conduct for loans contained in the first certificate, noting that while there is "no single set of allegations that every plaintiff must include to state a plausible claim," NCUA presented enough factual content to allow the court to draw a reasonable inference.

In 2006, the year AMN1 was sold, AmNet had a 90.3% originate-to-distribute rate, and within one year of securitization, more than 5% of the mortgages in that certificate were delinquent or in default, and has only worsened in later years, rising to 25% by June 2013.

"These allegations, when viewed in their totality, create a plausible inference that AmNet systematically failed to comply with its reported underwriting guidelines," the decision reads.

Wachovia also attempted to have the court dismiss any figures involving loan-to-value (LTV) ratio, arguing that LTV ratios are based upon appraisals that are a matter of opinion, meaning that the NCUA failed to show "that the estimates were both objectively false and disbelieved by the speaker when made."

However, the court ruled that some of the LTV ratios were calculated on purchase price for the property, not appraisals, and are "therefore clearly representations of fact." Also, that an appraisal can be a statement of fact in that it "represents an appraiser's true belief as to the value of the property."

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Latest CUNA Regulatory Advocacy Report Available

This week's Regulatory Advocacy Report will bring you up to speed on the following issues we are working for on your behalf:

- NCUA Board Member Fryzel "Confident" There Will Be Significant Changes to the RBC Rule
- CUNA Urges Credit Unions to Comment on RBC Proposal
- CFPB Extends Comment Period for International Remittance Rule; CUNA Continues to Seek Feedback
- FHA ARM Notification/Look-Back Proposal Issued for Comments
- Bank Secrecy Act Update
- FHFA Announces It Won't Lower Loan Limits, Will Buy Certain non-QM Loans and Releases Its Strategic Plan
- NCUA Posts May Board Meeting Agenda
- NCUA Releases 2013 Annual Report

Be sure to visit our new [Risk-Based Capital blog](#) for the latest from CUNA staff and guest bloggers.

Read the full [Regulatory Advocacy Report](#) for May 19.

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

June 3 -- [Full-Day: Staff Session: Becoming a World Class "Member Centric" Service Credit Union](#)

June 3 -- [VirtualCorps Webinar: CDCU's Access to Grant Funding, Secondary Capital](#)

June 4 -- [Full-Day: Management Session: Becoming a World Class "Member Centric" Service Credit Union](#)

June 5 -- [Full-Day: Staff Session: Becoming a World Class "Member Centric" Service Credit Union](#)

June 7 -- [Small Credit Union Conference: Driving Success – Strategies that Work](#)

June 10 -- [Executive Leadership Series Session: Credit Union Differentiation Strategies](#)

June 10 -- [VirtualCorps Webinar: Emerging Leadership: Public Speaking & Presentation Skills Fundamentals](#)

June 20 -- [2014 Compliance Conference: Plan Your Next Move!](#)

Industry Events

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](#)

June 24 -- [NJ READ Meeting](#)

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

Outing at Hooter'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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