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## The Daily Exchange -- May 27, 2014

New Jersey Credit Union League <news@njcul.org>

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May 27th, 2014

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### Former Speaker Gingrich Characterizes RBC Plan as 'Extraordinarily Troubling' in Letter as Tomorrow's Comment Deadline Approaches

WASHINGTON – Former Speaker of the House Newt Gingrich, who worked on amending the Federal Credit Union Act in 1998, submitted a letter Friday to NCUA regarding its risk-based capital (RBC) proposal, calling the proposal "extraordinarily troubling."

Gingrich, a Republican who represented the 6th District of Georgia, is one of the latest U.S. lawmakers to bring their concerns to the attention of the regulator.

"This is not what Congress contemplated NCUA should do to establish a Prompt Corrective Action regime," Gingrich wrote, adding, "We never intended, nor even comprehended the possibility of higher risk-based capital requirements for well-capitalized credit unions than those that apply to adequately capitalized credit unions."

The act directs NCUA to set any risk-based component for the well-capitalized threshold no higher than the component for the adequately capitalized level.

He continued, "If Congress wanted a different result, we would have indicated that. In fact, in other banking statutes, we did exactly that. At the time of the 1998 statutory change, banks were already subject to risk-based capital ratio standards for both the adequate and well-capitalized classifications.

"However, both then and now, banks have a lower statutory leverage ratio and access to supplemental forms of capital," Gingrich wrote. Quoting from the Federal Credit Union Act, he added, "The proposal thus creates a system that does not seem 'to take into account that credit unions are not-for-profit cooperatives' that 'do not issue capital

Calendars



## 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](mailto:news@njcul.org). Photos are strongly encouraged! We'll be featuring all of these 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:

**June 3, 2014**  
**Full-Day: Staff Session:**

stock,' must rely on retained earnings to build net worth' and 'have boards of directors that consist primarily of volunteers.'

Lastly, "banks and credit unions are not the same, and we did not want NCUA to treat them exactly the same," he wrote, urging the regulator to design a system that takes into consideration the unique nature of credit unions and applies the risk-based standards as Congress intended—at the adequately capitalized level.

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

NJCUL's RBC toolkit, which includes a draft letter, is available to member credit unions at [www.njcul.org/RBCtools.aspx](http://www.njcul.org/RBCtools.aspx). Assistance with comments letters is available from NJCUL Director of Compliance Nicola Foggie at 800-792-8861, ext. 112 or [nfoggie@njcul.org](mailto: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.

The 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*.

<b>Countdown to Comment Deadline</b>	<b>Comments from New Jersey</b>
<b>2</b> Days Left	<b>41</b> Comments

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## NJCUL's 2014 Awards Program is Underway!

**Deadline for Submissions is August 1st**

HIGHTSTOWN, N.J. – The 2014 New Jersey Credit Union League Awards Program is underway!

Nominate your credit union, CEO, a truly dedicated volunteer, a

**Becoming a World Class 'Member Centric' Credit Union**

10:00 am to 2:00 pm

[More Information Click Here](#)

June 3, 2014

**VirtualCorps Webinar: CDCU's Access to Grant Funding, Secondary Capital**  
3:00 pm to 4:30 pm

[More Information Click Here](#)

June 4, 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](#)

Contact Us:

**Address**

299 Ward Street  
Hightstown, NJ 08520  
Driving directions

**Phone**

800.792.8861  
609.448.2426

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609.448.3499

**E-mail**

[info@njcul.org](mailto:info@njcul.org)

Connect with Us:



difference-making staff member, or a cutting-edge marketing piece.

For the past couple years, the League has gone "digital" with its awards program with great results. For 2014, we're continuing the same, stream-lined format. We **ONLY** accept applications via the Web (e-mail, YouTube video, etc.) and we will also hold our judging through an online platform, asking ALL credit unions to cast their votes from the comfort of their offices! Each NJCUL member credit union will be able to view all entries and cast their vote for the winner.

The League's Awards Program information can be downloaded [here](#). Please read the requirements carefully and **ONLY** submit entries electronically. Award entries not submitted correctly will be returned to the credit union.

**Please note: These requirements are just for the New Jersey Credit Union League Awards Program. National award information can be found at [www.njcul.org/awards.aspx](http://www.njcul.org/awards.aspx).**

All entries must be submitted by Friday, August 1st, 2014.

Questions about the Awards Program, submitting entries and requirements can be submitted to Candice Nigro at [cnigro@njcul.org](mailto:cnigro@njcul.org) or 800-792-8861 ext. 110.

Please email all awards submissions to Candice Nigro at [cnigro@njcul.org](mailto:cnigro@njcul.org).



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## RBC Plan May Impede CU Goals, Florida's Sen. Nelson Writes

WASHINGTON – In a Friday letter to NCUA Chair Debbie Matz, Sen. Bill Nelson (D-Fla.) relayed his concerns about the regulatory agency's risk-based capital (RBC) proposal and its effect on credit unions' ability to serve their communities.

"Credit unions have long played a critical role in serving communities without access to other affordable financial services, promoting thrift among their members and providing a low-cost source of credit," he wrote, adding he was concerned that the proposed RBC rule "may impede these important goals."

Nelson joins Sen. Al Franken (D-Minn.) and Senate Banking

Committee member Heidi Heitkamp (D-N.D.) in submitting comments. This is in addition to the King-Meeks letter signed by 324 members of Congress, including six from New Jersey, and a May 7 comment letter from former Senate Banking Committee Chair Alfonse D'Amato (R-N.Y.).

D'Amato's counterpart during the 1998 amendment of the Federal Credit Union Act, former House Speaker Newt Gingrich (R-Ga.) submitted a letter Friday as well.

The proposal should reflect the nature of credit unions, the purpose they serve and the types of activities they engage in, Nelson wrote. "Accordingly, I urge the NCUA Board to seriously consider the concerns of credit unions before finalizing the rule to ensure it does not apply a broad brush where a fine-tooth comb is more appropriate," he noted.

Nelson ended his letter with a note of support for efforts to strengthen the integrity of the U.S. financial system and urged that such policies "are reasonably targeted and serve the public interest."

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

NJCUL's RBC toolkit, which includes a draft letter, is available to member credit unions at [www.njcul.org/RBCtools.aspx](http://www.njcul.org/RBCtools.aspx). Assistance with comments 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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## June 1st Sprint CU Member Discount Program Deadline Fast Approaching

The deadline is fast approaching for those credit unions in New Jersey who do not already offer Sprint to their members, but want to sign up and qualify for 75% of the Sprint Marketing Incentive for the 2013-2014 year.

The Sprint CU Member Discount program has flourished over the past eight years with now **1,924 credit unions** nationally offering the

discount to their members, over **1,191,932 activations** and nearly **\$472 million saved** by credit union members.

There is no cost for participating in this program. Not only do members receive a terrific savings, but the Sprint CU Member Discount program is one of the easiest ways for credit unions to generate non-interest income. There are now **89 New Jersey credit unions** signed up with Sprint! The deadline for new credit union sign ups and ordering inserts for your July statements is June 1, 2014.

Contact Angel Santos at [1-800-792-8861 ext. 109](tel:1-800-792-8861) or e-mail [asantos@njcul.org](mailto:asantos@njcul.org) to sign up today.



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## eBay Breach Prompts Menendez, Sire to Introduce Data Security Bill

WASHINGTON – Two N.J. delegation members, Sen. Robert Menendez (D-N.J.) and Rep. Albio Sires (D-8) have introduced new data security legislation in the wake of eBay's announcement Wednesday that users' personal information may have been compromised. The Menendez-Sires Commercial Privacy Bill of Rights aims to increase consumer protections and, in the event of a data breach, hold corporations accountable.

Since the Target data security breach last holiday season, breaches at Michaels and Neiman Marcus have also followed, with eBay being the most recent high-profile example.

In a response to a letter from Menendez following the Target breach, Federal Trade Commission (FTC) Chair Edith Ramirez urged Congress to enact data security legislation that gives the FTC civil penalty authority and recommended that Congress establish a general federal breach notification requirement.

"When we shop, every consumer assumes that companies will protect their data by any means necessary. Yet in the last year, we have read far too many stories about hackers getting past corporations' security systems," Menendez said.

The legislation would only apply to entities covered by the FTC that collect, use, transfer, or store certain information concerning more than 5,000 people during a 12-month period. While the bill will be enforced by the attorney general, state attorneys general, and the FTC, private suits based on the law would be prohibited.

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.



The Menendez-Sires bill would:

- Place limits on both the type of information an entity may collect and for how long it may retain that information.
- Require the FTC to issue regulations requiring companies to get consumers' opt-in consent for the transfer of their covered information to third parties for behavioral advertising or marketing; access and correct any personally identifiable information the entity has stored; and compel those entities to inform their customers of and allow them to exercise their rights.
- Require entities to contractually protect consumer information when transferring it to a third party.
- Create a uniform data security notification standard to replace the current notification system and ensure timely notice of a data breach to consumers.
- Provide additional protections for children through inclusion of the Do Not Track Kids Act.
- Require an independent non-governmental organization to help companies implement the bill and tasking the Department of Commerce with organizing outside entities towards the creation of safe harbor provisions.

Numerous organizations have long called for consumers' privacy rights legislation. In 2012, the Administration released a report called "Consumer Data Privacy in a Networked World," which called for a consumer privacy bill of rights. A May 1 report on data collection by White House counselor John Podesta renewed the call for legislation to protect consumers' collected data.

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## Hear from Filene's George Hofheimer on Credit Union Differentiation Strategies at the June 10th ELS Session

HIGHTSTOWN, N.J. – The credit union difference is well-known to people within the credit union system, but this only represents a



small share of the financial services market. Why do your members do business with your credit union? Why don't non-members do business with your credit union?

Join the discussion at the June 10th Executive leadership Series (ELS) session featuring Filene Research Institute Chief Research & Innovation Officer George Hofheimer who will speak about Credit Union Differentiation

Strategies.

Hofheimer will discuss current research and innovation efforts to encourage and promote differentiation strategies for your credit union. Specific topics to be covered include product innovation, young adult outreach, operational efficiency and corporate social responsibility (CSR) initiatives.

The cost to attend is tiered based on assets and is as follows:

\$209.00 per person for credit unions over \$150 million, \$149.00 per person for credit unions \$50 - \$150 million, and \$69.00 per person for credit unions under \$50 million. A 25% discount is available for credit unions that send three or more people.

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

To register, e-mail Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) (be sure to note name of attendee(s), credit union, and cost). Or register online [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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## Free Webinar with MemberClose on May 29th

MemberClose, a preferred vendor of NJCUL, is a cost effective settlement services program being used by over 170 credit unions nationally including a number of New Jersey credit unions! The MemberClose program is easy to use and simple to get started. There are no sign up or implementation fees or monthly minimums.

Learn about all MemberClose has to offer at a free Webinar hosted by NJCUL.

### Webinar Agenda Topics:

- Explanation of how MemberClose saves on the time & the money it costs to process all home equity loan types.
- How MemberClose employs a single-point dashboard that brings nationally recognized vendors & service providers into one easy-to-use solution
- With one user name & password, credit unions can securely order Credit Reports, Flood Certifications, Automated Valuation Models (AVMs), Gap Appraisals, Full Appraisals, Tile Reports, Title Insurance, Compliant Loan Documents, Closing Services, e-Recording Services, and much more.

**Date:** Thursday, May 29, 2014

**Time:** 10:00 a.m. – 11:30 a.m.

To register, send an email to [memberclose@cucenter.org](mailto:memberclose@cucenter.org).

Instructions to join the Webinar will be sent to you prior to the date of the Webinar.

NJCUL contact for questions/information: John Hendery, [jhendery@njcul.org](mailto:jhendery@njcul.org); 800-792-8861 ext. 108.



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## May 2014 Issue of NJ DNA Newsletter Now Available

HIGHTSTOWN, N.J. – The **May 2014** issue of the NJ DNA newsletter *Network Connect* is now available.

The newsletter provides directors and volunteers with an overview of current political advocacy taking place in Trenton and Washington, updates on NCUA regulations and proposals, comment calls, useful resources, calendars of upcoming events, and much more. The newsletter also announces NJ DNA's upcoming in-person meetings and provides information on how to register.



The May 2014 issue is available for download [here](#).

This aspect of the NJCUL site is limited to directors and volunteers only and is password protected. If you are a director or volunteer and would like access to the newsletter—as well as other resources for directors and volunteers—visit [www.njcul.org/Secure/Register.aspx](http://www.njcul.org/Secure/Register.aspx) to request a log-in.

Interested in joining NJ DNA? Contact Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) or 800-792-8861 ext. 100.

Save the date for the next NJ DNA meeting to be held on August 13 at Pinnacle FCU in Edison, N.J.

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## 'Rural' Definition has Many Implications for CUs, CUNA Tells Senators

WASHINGTON -- The designation of an area as "rural" by the CFPB has many implications for credit unions, CUNA told key senators in a May 21 letter. The letter declared CUNA's support for a bill that would



increase the number of counties that could receive such designation.

The HELP Rural Communities Act (S. 1916), introduced by Sen. Mitch McConnell (R-Ky.), would direct the CFPB to establish an application process by which a county could request to be designated as a rural area if the CFPB has not already assigned it that status.

Credit unions operating in "rural" areas may be exempt for some regulatory burdens, such as certain escrow requirements under the Truth in Lending Act that requires certain lenders to create an escrow account for at least five years for higher-priced mortgage loans. They may also be exempt from standards under the Ability-to-Repay and Qualified Mortgage (QM) rules that disqualify mortgage loans with balloon payments from meeting the QM standard.

Being exempt from such requirements, CUNA noted in its letter, can beneficially affect the types of products a credit union can offer their members in what can be underserved areas.

The letter was sent to Senate Banking Committee Chairman Tim Johnson (D-S.D.) and its ranking member, Mike Crapo (R-Idaho) and signed by CUNA President/CEO Bill Cheney. Cheney closed the letter by saying CUNA and credit unions look forward to working with the legislators to see the bill's enactment.

CUNA's letter 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](#)

[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

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

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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