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**To:** staff@njcul.org  
**Conversation:** The Daily Exchange -- June 11, 2014

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June 11th 2014

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- › CEOs and Compliance Professionals: Join the NJ READ Discussion on June 24th
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### Filene's George Hofheimer Brings CU Differentiation Strategies to Latest ELS Session

HIGHTSTOWN, N.J. – If someone asked you “why should I bank with your credit union?”, what would your answer be? Filene's head of research and innovation, George Hofheimer, presented this question right out of the gate at Tuesday’s Executive Leadership Series (ELS) session.



*Filene's George Hofheimer challenges credit unions to determine what makes them different and to focus on that distinction.*

Convenience, lower cost, needs-based, financial cooperative, exist solely for benefit for members...these were some of the answers given by the credit union leaders in the room. Hofheimer delved a bit deeper into what makes us different and how we can “capture the imagination” of consumers.

Claims Right of Section 11  
Latest Blog Post  
> Credit Unions, Mark Your  
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.

Big banks have big megaphones, Hofheimer reminded the group. They have millions of dollars to spend on marketing and advertising, and they have a branch on every corner. Being cooperative is the key to having a bigger megaphone, he says. Credit unions can band together and tell a collective story, whether it benefits them individually or collectively.



*Our Banking You Can Trust interns Gabrielle Leach and Brett Dawidowski sitting in on the ELS session, learning credit union differentiation strategies.*

We have a lot going for us, but we haven’t grown into our own yet, he says. Context, competition, technology, regulation, industry...there’s a lot we’re up against.

As one strategy to rise above the rest, Hofheimer stressed the notion that you can’t be everything to everybody. You must know what you do and what you’re good at. Are you a cost leader? Do you serve a certain niche? Do you offer unique products/services? Hofheimer challenged credit unions to choose one area to focus on, make a distinguished decision, then deliver something distinctive to your members.

Throughout the “Credit Union Differentiation” conversation, many credit unions shared the areas they are focusing on, how they’re distinguishing themselves from the competition, as well as their struggles to “break out of the box”.

NJCUL’s Banking You Can Trust interns Gabrielle Leach and Brett Dawidowski sat in on the discussion and offered up a unique perspective on credit union awareness among younger generations.

Additional photos are available on the League’s [Facebook page](#).

Look for more in-depth coverage of the ELS session in this month’s *Exchange*.

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## Sen. Baldwin Urges 'Appropriate' Risk

## Upcoming Events:

June 18, 2014

**CFO Roundtable: Proposed Risk Based Net Worth**  
Location: NJCUL and Atlantic FCU & Members 1st of NJ FCU via Video Conference

10:00 am to 12:30 pm

[More Information Click Here](#)

June 20, 2014

**2014 Compliance Conference: Plan Your Next Move!**

Location: Holiday Inn of East Windsor

8:30 am to 4:00 pm

[More Information Click Here](#)

June 24, 2014

**NJ READ Meeting**

Location: NJCUL

10:00 am to 12:00 pm

[More Information Click Here](#)

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## Weights for CUs

WASHINGTON – Another voice from Capitol Hill is weighing in on NCUA's risk-based capital proposal. This time it is Sen. Tammy Baldwin (D-WI), who is urged the federal credit union regulator in a letter yesterday to work with credit unions from her state of Wisconsin to ensure that the RBC rules are "appropriate for the risks on their balance sheets."

"As you know, Wisconsin's credit unions are an important source of financial services in my state. They serve 2.4 million members, many from rural areas.

"These credit unions have contacted me with a number of concerns about the proposal, chief among them is that the rule does not properly capture the risks involved in their lending decisions," Baldwin writes.

The NCUA proposal would, in part, change risk-based capital ratios and require higher minimum levels for credit unions with concentrations of assets in real estate loans, member business loans, or high levels of delinquent loans.

Baldwin's letter today joins more than 2,000 already sent to NCUA. The contacts include a joint letter sent last week by Sens. Tim Johnson (D-S.D.), the Banking Committee's chair, and Mike Crapo (Idaho), its ranking Republican member, which calls for a clear, well-calibrated, effective RBC rule, letters from Sen. Heidi Heitkamp (D-N.D.), a member of the Senate Banking Committee, Sen. Al Franken (D-Minn.), and former Senate Banking Committee Chair Al D'Amato, as well as a joint letter signed by a bipartisan coalition of 324 House lawmakers.

CUNA ardently opposes the RBC plan as written and has expressed to NCUA its willingness and desire to work with the agency on both a comprehensive strategy and on a narrower new rule approach.

CUNA said in its own letter of comment that the economic and legal issues spawned by the proposal are numerous, the policy questions are real, and, as evidenced by the overwhelming level of interest in this rule, the stakes for credit unions and their 99 million member owners could not be higher.

NCUA will host three post-comment period 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*.

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## CEOs and Compliance Professionals: Join the NJ READ Discussion on June 24th

HIGHTSTOWN, N.J. – CEOs and compliance professionals: Join us for the second NJ READ meeting of the year on June 24th at the League. The group discussion will begin with any results forthcoming from the NCUA proposed rule Prompt Corrective Action - Risk-Based Capital (RBC) and the potential effect on credit union exams as the agency begins to review and weigh the comments it has received.

The group will also revisit NCUA's [2014 Supervisory Focus](#) and take a look at the Fair Lending exam process and other recent proposed or final regulations, such as the CUSO rules (effective June 30), as well as the CFPB's mortgage rules that have or will shortly become effective and its proposed rule for financial institutions to issue more effective privacy notices along with the challenges compliance brings.

If you have other recommendations for discussion topics for the June 24 or future meetings, please feel free to contact the Director of Compliance, Nicola Foggie, at [nfoggie@njcul.org](mailto:nfoggie@njcul.org).

*CEOs, short of time? Feel free to send your compliance professional to represent your credit union.*

*Don't miss this opportunity to be a part of exam and regulatory solutions for credit unions!*

Contact Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) or 1-800-792-8861 ext. 100 to register to attend the June 24 NJ READ meeting.



• Regulatory Examination Assistance & Development •

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## President to Cap Student Loan Payments Starting Dec. 2015

WASHINGTON – President Obama signed an executive order Monday allowing borrowers to limit repayment of federal student loans to 10% of their monthly incomes, according to a report from the *Associated Press*. The order will take effect in December 2015 and will affect approximately five million borrowers.

In his weekly video address Saturday, the president touted the benefits of a college education, citing statistics that say the unemployment rate of college graduates is about half of those who have graduated high school, while graduates of a four-year college earn on average \$15,000 more per year than someone with just a high school diploma.

"Over the past three decades, the average tuition at a public four-year college has more than tripled. The average undergraduate student who borrows for college now graduates owing almost \$30,000," he said.

The president also directed the Departments of Education and the Treasury Monday to work together to help borrowers manage student debt in several ways:

- Offering performance-based contracts with private companies to provide better service through a federal student loan program. These competitive contracts are meant to provide companies with incentives to find new and innovative ways to best serve students and taxpayers and to ensure that borrowers are repaying their loans.
- Directing the Department of Education to match student borrower portfolios against the Department of Defense's database to identify service members who can have their student loan interest rates capped at 6% through the Service Member Civil Relief Act.
- The secretaries of the Treasury and Education will work with Intuit Inc. and H&R Block, two of the country's largest tax preparation firms, to communicate information about federal student loan repayment options with borrowers during the tax filing process.
- The administration will work with Intuit to communicate with federal student loan borrowers through Intuit's free personal finance product, Mint.com, which is used by 15 million people. The product includes the capability to provide personalized information about federal loan repayment options based upon the information that a user has already provided.
- The Department of Education will increase efforts to identify borrowers who may be struggling to repay and provide them with timely information about their options supporting them through the repayment process and helping them avoid or get out of default.

The president announced a similar plan with a 10% cap in 2010, but only for those who started borrowing after October 2007.

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## Learn How ComplySight Can Help Your CU Manage and Track its Compliance

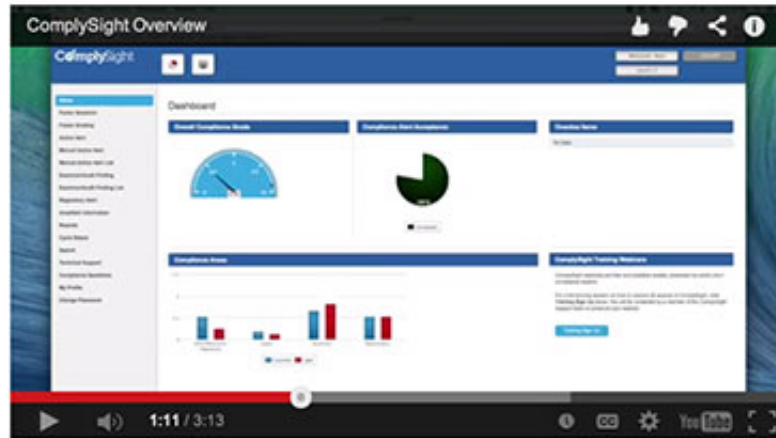
***Free Webinars Available Throughout the Month of June***

The League InfoSight Web compliance tool, ComplySight, is now available to New Jersey credit unions through the NJ CU League.

What is ComplySight and how can it help your credit union streamline

the lengthy compliance process?

Click [here](#) to view an introductory video.



CU Solutions has also scheduled various Webinars to introduce credit unions to this tool. Click on a date and time below to participate.

### **Introduction to ComplySight**

[Introduction to ComplySight](#)

June 18<sup>th</sup> 9:30 – 10:00 am (EST)

[Introduction to ComplySight](#)

June 18<sup>th</sup> 3:30 – 4:00 pm (EST)

[Introduction to ComplySight](#)

June 26<sup>th</sup> 9:30 – 10:00 am (EST)

[Introduction to ComplySight](#)

June 26<sup>th</sup> 3:30 – 4:00 pm (EST)

### **ComplySight Training 1.01**

[ComplySight Training 1.01](#)

June 19<sup>th</sup> 9:30 – 10:30 am (EST)

[ComplySight Training 1.01](#)

June 19<sup>th</sup> 3:30 – 4:30 pm (EST)

### **ComplySight Training & Tips**

[ComplySight Training & Tips](#)

June 30<sup>th</sup> 9:30 – 10:30 am (EST)

[ComplySight Training & Tips](#)

June 30<sup>th</sup> 3:30 – 4:30 pm (EST)

For more information, visit [www.njcul.org/complysight.aspx](http://www.njcul.org/complysight.aspx) or contact League Director of Compliance Nicola Foggie at [nfoggie@njcul.org](mailto:nfoggie@njcul.org) or 800-792-8861 ext. 112.

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## Mortgage Choice Act Passes, Appropriations on Radar

WASHINGTON – The U.S. House passed the Mortgage Choice Act (H.R. 3211) by a voice vote Monday evening. Both houses of the U.S. Congress are in session this week, and they will remain in session through the end of the month.

The legislation would make two adjustments to the Truth in Lending Act definition of fees and points to ensure greater consumer choice in mortgage and settlement services, which is why it has been supported by CUNA.

Under the current Ability to Repay/Qualified Mortgage rule, points and fees may not exceed 3% of the loan amount. According to CUNA, what constitutes a "fee" and a "point" toward the cap varies depending on who makes the loan, and what arrangement the borrower makes to obtain title insurance.

The bill would clarify those definitions, as well as exclude title insurance and escrowed homeowner insurance premiums from points and fees, making sure those amounts are not counted toward the 3%.

Rep. Bill Huizenga (R-Mich.), sponsor of the bill, spoke on the floor about the negative effects of the current 3% cap on points and fees, and praised the bipartisan support the bill received. Supporters on the floor also said the bill was about "fairness and opportunity," and that the bill will allow more access to credit and choice for consumers, especially low- and moderate-income consumers.

Also this week, the Senate is expected to hold votes on several nominations, which could include the nomination of J. Mark McWatters to the NCUA board.

In addition, Senate action is expected on the Bank on Students Emergency Loan Refinancing Act (S.2432). The bill would allow most individuals with both federal and private student loans to refinance those loans into new federal direct loans at interest rates specified in the bill. Additionally, the legislation would amend the Internal Revenue Code to impose a new minimum tax on certain high-income taxpayers.

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## Don't Miss Next Friday's Compliance Conference!

### *Plan Your Next Move!*

EAST WINDSOR, N.J. – NJCUL's annual Compliance Conference is back! Join other compliance professionals and credit union leaders for the full-day conference taking place on Friday, June 20th at the Holiday Inn of East Windsor.

2014 LEAGUE  
COMPLIANCE CONFERENCE  
Plan Your Next Move

Hear from compliance experts from

the NCUA, CFPB, and CUNA Mutual Group as well as credit union attorney Michael Dupont and Kristen Tatlock from Compass 4 CUs, LLC on a range of topics to help you plan your next move, including compliance hot topics, the latest from the CFPB, the vacant foreclosure process, NCUA's 2014 exam focus, what's new in fair lending regs and exams, and more!



Friday, June 20th, 2014

Holiday Inn of East Windsor Conference Center  
399 Monmouth Street  
East Windsor, NJ 08520  
8:30 a.m. - 4:00 p.m.



Mark your calendars and plan to join us on June 20th!

The cost to attend is \$209 per person for credit unions \$150 million and above, \$149 per person for credit unions \$50-150 million, and \$69 per person for credit unions under \$50 million.

Get your registrations in ASAP!

More information and registration materials are available [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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## Matthew Brazinski Promoted to Business Development Manager at First Financial FCU

WALL, N.J. – Matthew Brazinski, of Toms River, was recently promoted to Business Development Manager at First Financial Federal Credit Union.





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In his new role, Brazinski will be responsible for developing and implementing programs to attract new business and deepen relationships with existing member partnerships. He will also develop and coordinate membership drives as well as manage and review small business account relationships. Brazinski began working at First Financial in October 2013, as Branch Manager of the Howell and Freehold locations.

Brazinski graduated from The College of New Jersey in 2005 with a Bachelor of Science degree in Criminal Justice. He is an avid year-round surfer and enjoys restoring and shaping surfboards in his spare time. He is also actively involved in the Grace Tabernacle Bible Church located in Allenwood, N.J. and enjoys volunteering, participating, and helping to coordinate their men's basketball league, youth events, and community gatherings. Brazinski and his family reside in Toms River.

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## Attorney Drew Edwards Clarifies Right of Setoff in Latest Blog Post

In response to receiving some questions from clients about the right of setoff, Drew Edwards, Esq., of the law office of Edwards & Edwards, has written an article about the subject, which credit unions may find useful.



The right of setoff is one of a credit union's best collection tools. Basically, the right of setoff enables a credit union to use the balance in a member's deposit accounts to pay that member's delinquent loan balance, he points out. This is often a quick and easy way for the credit union to recoup at least some of its losses when a member defaults on a loan. However,

there are certain cases in which the right of setoff is not so simple, and important exceptions where it does not apply at all.

In the article, Edwards discusses some situations in which setoff is not available, such as consumer credit cards and IRAs. The full article can be found on the Edwards & Edwards blog 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 18 -- [CFO Roundtable: Proposed Risk Based Net Worth](#)

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

July 8 -- [VirtualCorps Webinar: Millennials Want Convenient Access to...Products and Services We Don't Have?](#)

July 15 -- [VirtualCorps Webinar: Negotiating Your Executive Compensation Package](#)

### **Industry Events**

June 16 -- [Northern Chapter Meeting: Congressman Donald Payne, Jr.](#)

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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