

Subject: The Daily Exchange -- June 20, 2014
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Conversation: The Daily Exchange -- June 20, 2014

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The Daily Exchange

June 20th, 2014

Today's News:

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XCEL FCU Celebrates 50 Years of Service

SEACAUCUS, N.J. – XCEL FCU celebrated 50 years of service to its members at its 50th Anniversary Annual Meeting, Election & Dinner held Thursday evening at the Meadowlands Plaza Hotel.



XCEL FCU President/CEO Linda McFadden addresses the crowd.

All members were invited and encouraged to attend. It was an opportunity for XCEL FCU members to meet the professional staff that runs the credit union and the Board and Committee members that guide the staff as well as elect three members to the Board of Directors. Attending members had the chance to win \$5,000 and other great giveaways and prizes.



BANKING YOU CAN TRUST

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 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:

July 8, 2014
VirtualCorps Webinar:
Millennials Want
Convenient Access



NJCUL President/CEO Greg Michlig presents McFadden and the credit union with a plaque honoring its 50th Anniversary.

XCEL FCU President/CEO Linda McFadden addressed the crowd, discussing the “state of the credit union.” NJCUL President/CEO Greg Michlig was in attendance and presented McFadden and the credit union with a plaque honoring its 50th Anniversary.

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Senate Approves McWatters for NCUA Post

WASHINGTON – The U.S. Senate yesterday confirmed J. Mark McWatters to the NCUA board. He will join NCUA Chair Debbie Matz and board member Rick Metsger to form the three-person board.

CUNA interim President/CEO Bill Hampel offered CUNA's congratulations to McWatters. Hampel said Thursday, "His extensive experience in business, the private practice of law, teaching, congressional staff work, and other endeavors will help him bring a unique perspective to the issues.

"We at CUNA look forward to discussing a range of issues with Mr. McWatters, including the importance of a strong safety and soundness regulator, while at the same time providing much needed regulatory relief for credit unions."

On June 12, CUNA sent a letter to Sens. Harry Reid (D-Nev.) and Mitch McConnell (R-Ky.), urging the Senate to schedule a vote on McWatters so the board would have a full contingent as it considers comments on its risk-based capital proposal.

McWatters, who was nominated by President Barack Obama in December, will serve a term that ends in August 2019.

Members of the NCUA are appointed by the U.S. president and confirmed by the Senate. No more than two board members can be from the same political party, and each member serves a staggered six-year term.

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July 8, 2014
Webinar: Foundations of
Financial Literacy for
Directors: Analysis of
Financials and More
3:00 pm to 4:30 pm
[More Information Click Here](#)

July 9, 2014
Webinar: Completing the
SAR Report Line by Line
3:00 pm to 4:30 pm
[More Information Click Here](#)

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During his March nomination hearing before the Senate Banking Committee, McWatters said he intends to work with NCUA board members, agency staff, and external stakeholders "in an open and respectful manner, with the goal of finding a common ground and working cooperatively through any differences."

"I've had an opportunity to get to know Mark in recent months, and I certainly look forward to his joining the Board," NCUA Board Chairman Debbie Matz said. "Mark is experienced, thoughtful, judicious and values a collaborative process to get things done. I know credit unions and their members will be well served by his presence on the Board."

Previously, McWatters served as a member of the Troubled Asset Relief Program (TARP) Congressional Oversight Panel, and prior to that he practiced for more than 25 years as a domestic and cross-border tax, corporate finance and mergers and acquisitions attorney.

McWatters received his J.D. degree from the University of Texas School of Law, a master of laws degree from Columbia University School of Law and a master of laws degree in taxation from New York University School of Law.

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Appraisal Exemptions Would Be Extended Under NCUA Plan

ALEXANDRIA, Va. – NCUA has issued a proposal to revise two of its regulations regarding appraisals. The amendments would equalize NCUA and banking regulatory agencies' in treatment of exemptions from a requirement to obtain an appraisal for certain extensions of credit transactions.

This change is aimed at facilitating the ability of federally insured credit unions to modify a real estate-related loan held by the credit union more easily so they can better assist borrowers in times of a distressed housing market.

The proposal would eliminate a redundant requirement that federal credit unions make available to any requesting member a copy of an appraisal used in connection with that member's application for a first-lien loan on a dwelling. It would narrow the scope of this requirement to cover only loans secured by a subordinate lien on a dwelling.

Federal credit unions would still be subject to the requirement that all creditors must automatically provide applicants with free copies of all appraisals and other written evaluations developed in connection with an application for a loan to be secured by a first lien on a dwelling.

The proposed rule also requires the appraisal to be available for a period of 25 months after the applicant has received notice from the credit union of the action taken on the application for a loan secured by a subordinate lien on a dwelling.

The second proposed change would exempt a transaction from the appraisal requirement involving an existing extension of credit at the

ending federally insured credit union, provided that there is no advancement of new monies, other than funds necessary to cover reasonable closing costs or there has been no obvious and material change in market conditions or physical aspects of the property that threatens the adequacy of the credit union's real estate collateral protection after the transaction, even with the advancement of new monies.

The board is allowing a 60-day comment period for the proposed rule after it is published in the Federal Register. CUNA will post a Regulatory Call to Action to seek feedback from credit unions on this proposed rule.

The NCUA proposed rule on appraisals is available [here](#).

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Convention Corner: Central Park Will Get You Out of Your Seats!

ATLANTIC CITY, N.J. – Our Monday night entertainment will have you singing and dancing along to all the hits! The 10-piece party dance band “Central Park” is known for their style, class, and years of experience creating excitement and energy on the dance floor.



There is no greater thrill than to dance and sing along as the band goes from The Temptations to Rihanna to Frank Sinatra to Pitbull. “There is no generation shift on the Dance Floor”.

They’ll be playing for ALL the guests!

Click [here](#) for more information on the band!

As we celebrate our 80th anniversary, dance along to tunes that span decades!

Join us at our 80th Annual Meeting & Convention September 21, 2014 through September 23, 2014 at the Trump Taj Mahal in Atlantic City, NJ.

More information and registration is available on our Convention Web

more information and registration is available on our convention web site www.njcuconvention.com.

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NCUA Proposes to Allow FICUs to Securitize Loans

ALEXANDRIA, Va. – NCUA took steps at its monthly meeting yesterday to allow a natural person credit union to securitize loans it has originated, as well as a companion proposed rule that would allow for safe harbor during securitization.

Securitization can be used as an activity incidental to the business for which a federal credit union is chartered, if the transaction meets certain requirements. The proposed rule would also apply to federally insured, state-chartered credit unions (FISCUs) that are permitted by state law to securitize their assets.

The proposed rule would establish seven minimum safety and soundness requirements for a federal credit union engaging in securitizing assets: compliance with all federal and state laws and regulations; independent risk management; an annual audit; sufficient board knowledge regarding the activities; relevant management expertise; a Board-approved securitization policy; and internal controls.

Dale Klein, senior capital markets specialist with the Office of Examination and Insurance, said securitization could provide credit unions that originate certain loans three benefits: an additional source of liquidity, possible reduction of interest rate risk associated with originated fixed rate loans, and a chance for certain credit unions to better optimize capital management.

CUNA has said it believes the proposed rule could be helpful for credit unions that originate loans and wish to securitize their assets but as issued, may only be useful to very large credit unions.

"I estimate a credit union would have to originate at least \$100 million worth of securitizable loans each quarter. Only credit unions with vast origination capacities would be able to do that," Klein said.

A credit union that securitizes assets would have to create an issuing entity to hold the assets collateralizing the asset-backed security. The proposed rule would limit the amount of residual interests and retained interests that a federal credit union may carry to 25% of the its net worth.

NCUA Board Member Rick Metsger said while there are a few credit unions who are capable of securitizing loans, he thinks "it's a good tool to have in the toolbox" for institutions that are able.

After a final rule is adopted, NCUA staff stated that guidance will be provided to assist credit unions who may choose to securitize their loans.

NCUA Board Chair Debbie Matz called the proposed rule "essential to creating a viable market for credit union securitizations," and that it would protect investors in the event of a credit union being conserved

or liquidated. The proposed rule would provide greater certainty to promote investor confidence and a level playing field for credit unions to sponsor securitizations.

CUNA will be issuing a Regulatory Call-to-Action to solicit input and feedback from credit unions. NCUA is seeking comments on both proposed rules for 60 days following their publication in the Federal Register.

The NCUA proposed rule on asset securitization is available [here](#).

The NCUA proposed safe harbor rule is available [here](#).

Click [here](#) for CUNA's Detailed Summary of the NCUA Board Meeting.

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Join Us for the FREE NCUA Office of Small Credit Union Initiatives' 2014 Newark Boot Camp on July 26th

NEWARK, N.J. – NJCUL has partnered with NCUA's Office of Small Credit Union Initiatives' (OSCUI) for the 2014 Newark Boot Camp on July 26th.



Taking place at the Hilton Newark Penn Station from 7:45 a.m. to 4 p.m., this workshop is free for New Jersey credit unions under \$50 million in assets.

Hear from NJCUL, NCUA, and industry experts on resources available to small credit unions, linking your strategic plan to your business plan, protecting your credit union from the rising trend of employment

lawsuits, BSA deficiencies and how to stay compliant, and much more!

There will also be break-out sessions geared towards managers, board members, and marketing professionals.

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

To register, click [here](#).

There is a \$149 room block rate at the Hilton Newark Penn Station.

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.



Report: Banks Know Customers Hate Them

MADISON, Wis. – Banks may often seem oblivious to the enmity they stir up with consumers. But a new report indicates they are at least aware of the impact that a bad reputation may have on their bottom lines.

More than 80% of communications, marketing, and investor relations managers at banks, brokerages, and other financial services firms said that they think the financial crisis of 2008 is still having a negative impact on their companies, according a survey of banking executives at 225 companies. The survey was done for the public relations and communications firm Makovsky by market researcher Ebiquity and reported by [CNNMoney](#) this week in an article titled “Banks know that customers hate them”.

Those reputation problems have cost banks an estimated 27% in revenue over the past two years, according to Scott Tangney, executive vice president of Makovsky.

But the banks aren't accepting the responsibility for their bad rep. About 55% of the executives surveyed thought regulatory actions, fines, and lawsuits were hurting the industry's reputation. State attorneys general and federal regulators continue to go after the industry, keeping banks in the headlines for all the wrong reasons, banks claim.

Still, more than 60% of survey respondents said that improving both customer and employee satisfaction would be a "very important" step towards improving the reputation of banks.

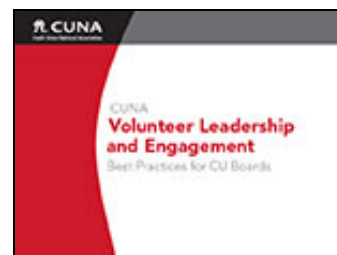
Financial services firms with Wall Street exposure have the most to prove to consumers, Tangney said. JPMorgan Chase, Bank of America and Citigroup have suffered the biggest hits to their reputations in recent years. All have faced multi-billion dollar settlements tied to less-than-reputable banking practices.

Click [here](#) for the *CNNMoney* article.

CUNA White Paper: Volunteer Leadership and Engagement: Best Practices for CU Boards

CUNA's Volunteer Leadership Committee assembled a white paper in order to provide directors with information and inspiration on how to actively engage with their credit unions.

“Directors are members who want to make a difference in their credit union,” the text quotes Rudy Pereira, President/CEO of Royal Credit



Union, Eau Claire, WI. "It's critical that they provide leadership and strategic direction, and that they engage in discussions with the management team for the betterment of the members."



With that objective in mind, this white paper addresses the committee's three central concerns:

1. **Directors' role in credit union advocacy**
2. **Planning for board succession**
3. **Strategies to advance board education**

[Read the full whitepaper to explore these top credit union issues.](#)

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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

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](#)

July 26 -- [NCUA Office of Small Credit Union Initiatives' 2014 Newark Boot Camp](#)

Industry Events

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 -- [NJCU's 80th Annual Meeting & Convention at Trump Taj Mahal](#)

October 17 -- [International Credit Union Day](#)

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