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**To:** staff@njcul.org  
**Conversation:** The Daily Exchange -- June 30, 2014

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The Daily Exchange

June 30th, 2014

Today's News:

- › Another Senator Asks NCUA to Reconsider RBC Proposal
- › Call for Nominations for the NJCUL Board of Directors Going On Now
- › NCUA's New CUSO Rule Goes into Effect Today
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## Another Senator Asks NCUA to Reconsider RBC Proposal

ALEXANDRIA, Va. – Sen. Roy Blunt (R-Mo.) joined an ever-growing chorus of Capitol Hill lawmakers expressing concern with NCUA's risk-based capital (RBC) proposal in a Friday letter to NCUA. Blunt, the House Minority Whip from 2007 to 2009, said that many Missouri credit unions have contacted him to express their concerns with the proposal.

"I agree with the Missouri credit unions and my numerous House and Senate colleagues that the proposed rule will unintentionally adversely affect the business of credit unions, is inconsistent with current statutory requirements and should be reconsidered by the NCUA," the letter reads. "I ask the NCUA to take into consideration the cost and burden of implementing these new risk-based capital requirements and provide justification as to why, with the limited ability other than retained earnings, an across-the-board approach regarding risk weights is necessary at this time."

The proposed rule has generated a record-breaking number of comments.

More than 10 current and former federal lawmakers have filed individual comment letters. A letter signed by 324 U.S. House members, including six from New Jersey, also urges changes.

CUNA filed a 47-page [comment letter](#) outlining its issues with the proposal, including what it believes is an overstepping of NCUA authority under the Federal Credit Union Act, restrictions on credit union lending, and an inadequate implementation period. In addition to the NJCUL's comment letter, 121 comment letters were filed by New Jersey credit unions.

The official comment period ended May 28. NCUA is now holding three public Listening Sessions across the country to give interested



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](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:

July 1, 2014

Webinar: Compliance Officer Training: Will Your AML/OFAC Program Satisfy Examiners Scrutiny?

parties more opportunity to comment and ask questions.

The NJCUL will attend the July 17 session in Alexandria and will provide transportation for interested members.

Additional information on CUNA’s and the NJCUL’s legislative and regulatory advocacy efforts is available through CUNA’s weekly [The President’s 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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## Call for Nominations for the NJCUL Board of Directors Going On Now

***Conflict of Interest Policy and Questionnaire Must Be Submitted by 5 PM on July 14th***

Pursuant to the Election Rules for the NJCUL Board of Directors, a call for nominations was issued on June 13th. All directors elected during this balloting will serve beginning January 2015. Information has been sent to each member credit union CEO, anyone interested should review this information carefully and submit your nomination by 5:00 p.m. on July 14<sup>th</sup>.

For this election cycle there are three seats up for election. Each of the three seats will carry a three-year term. There is one open seat in each of the three director categories, known as Tier A, B and C.

For 2014, the tiers are classified as follows:

- Tier A: Credit unions under \$47,561,022 million in assets
- Tier B: Credit unions over \$47,561,022 million in assets
- Tier C: At-large, credit unions of any size

In order to qualify to run for the position of Director a nominee must be a United States citizen and either the CEO or equivalent (the most senior executive officer of the credit union); or a member of the board of directors of a credit union in Good Standing in NJCUL. More qualification information is available in the nomination materials that were mailed to the credit union and that are online [here](#).

In order to participate, candidates must complete the following:

- Board of Directors Candidate Nomination form
- Board of Directors Candidate Profile form
- NJCUL Code of Ethics Policy & Conflict of Interest questionnaire

Copies of these documents have been sent to each member credit union and can also be downloaded online [here](#). The Board of Directors Candidate nomination form, Board of Directors Candidate profile form and the Conflict of Interest Policy and Questionnaire must

Examiner Scrutiny?  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

July 2, 2014  
Webinar: Consumer Loan  
Documentation  
3:00 pm to 4:30 pm  
[More Information Click Here](#)

July 8, 2014  
VirtualCorps Webinar:  
Millennials Want  
Convenient Access  
to...Products and Services  
We Don't Have?  
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

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

#### Connect with Us:



promis form and the Conflict of Interest Policy and Questionnaire must be filled out and submitted by 5:00 PM on **July 14th, 2014** using one of the following methods:

- By mail or other delivery method to the following address:  
Tracy Sussmann, Chairman  
New Jersey Credit Union League Election Committee  
c/o MidState Federal Credit Union  
237 Roosevelt Ave  
Carteret, NJ 07008
- By e-mail to [tracystv@aol.com](mailto:tracystv@aol.com)
- By fax to 732-541-4449

The Election Committee of the New Jersey Credit Union League Board of Directors shall review and determine candidate eligibility according to the NJCUL Bylaws and Nomination/Election rules. Candidates submitting inaccurate or incomplete information and not meeting the requirements of these rules and the NJCUL Bylaws will be disqualified from running for a seat on the board.

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## NCUA's New CUSO Rule Goes into Effect Today

ALEXANDRIA, Va. – Today marks the start of the NCUA's new CUSO rules. Prior to today, all federally insured credit unions must have amended their contracts with CUSOs.

The new rule requires any federally insured credit union with an outstanding loan to, or an investment in, a CUSO to enter into a written agreement requiring the CUSO to submit annual reports to the NCUA, as well as a state supervisory authority if the credit union is state-chartered.

The language of such an agreement must ensure the CUSO complies with a new section of the rule that requires "subsidiary CUSOs" to also report to the NCUA. This applies to an entity in which a CUSO has any ownership interest that primarily provides products or services to credit unions or credit union members.

Each CUSO will be required to provide basic registration information, which includes contact information, services offered, information about any subsidiary CUSO, and names of credit unions investing in, lending to, or receiving services from the CUSO.

A system for direct reporting by CUSOs is expected to be operational by the end of 2015, according to the NCUA.

Kathy Thompson, senior vice president for compliance and legislative analysis for CUNA, wrote in this month's *Credit Union Magazine* about several of the rule's new requirements.

The NCUA has added more extensive reporting requirements to CUSOs that engage in "complex or high-risk activities" that are of particular concern to the agency, Thompson writes. These activities include:

- Credit and lending, including business loan origination; consumer mortgage loan origination; loan support services, including servicing; student loan and credit card loan origination;
- Information technology, including electronic transaction services; record retention, security and disaster recovery services; and payroll processing services; and
- Custody, safekeeping and investment management services for credit unions.

In addition, the new rule stipulates that less-than-adequately capitalized federally insured, state-chartered credit unions are subject to restrictions on recapitalizing a CUSO without approval from its state regulator and notice to NCUA.

Thompson notes that because all states do not have the same investment and loan caps applied to federal credit unions, these rules aren't identical to those applicable to less-than-adequately capitalized federal credit unions.

Click [here](#) for the full article in *Credit Union Magazine*.

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## Our NEW Convention Web Site is Your One-Stop Shop for All Convention Info!

**Check Out Our Speakers, Sessions, Entertainment, and More!**

HIGHTSTOWN, N.J. – Visit our NEW Convention Web site [www.njcuconvention.com](http://www.njcuconvention.com) to see what we have in store for you at our 80th Annual Meeting & Convention this September!

The screenshot shows the website for the NJCU 80th Annual Meeting & Convention. At the top left is the NJCU logo. The navigation menu includes 'AGENDA', 'INFO', 'EXHIBITORS', 'AWARDS', and a green 'REGISTER' button. The main heading is 'NJCU 80th Annual Meeting & Convention'. Below this, there is text celebrating 80 years of strength and mentioning that the event is the largest in New Jersey with over 700 attendees. A photo of a tree with '80 YEARS STRONG' carved into it is featured. To the right, a vertical banner says '82 YEARS OF SERVICE' and 'NJ NEW JERSEY CREDIT UNIONS'. At the bottom, there is a photo of a large group of people and text stating the event will be held from September 21-23, 2014, at the Trump Taj Mahal in Atlantic City, NJ.

The site includes the agenda, speaker and delegate information, session descriptions, hotel information, and more!

Exhibitors can also check out booth rates as well as sponsorship and advertising opportunities.

Check it out and register today!

We hope you will celebrate with us on September 21, 2014 through September 23, 2014 at the Trump Taj Mahal in Atlantic City, NJ. Don't miss our premier event!

Please note that Exhibitors cannot register online and must complete the Exhibitor Prospectus found [here](#).

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## Bill to Create Safe Harbor for Financial Institutions Introduced

WASHINGTON – Following up an amendment he made to a House appropriations bill earlier this month, Rep. Blaine Luetkemeyer (R-Mo.) filed a bill Thursday to protect private industry and financial institutions from what he deemed "organized bureaucratic intimidation and regulation."

The measure, now known as H.R. 4986, would "ensure that existing laws are interpreted as intended, overzealous and inappropriate use of regulatory and enforcement tools is curbed, and financial institutions have the security and ability to return to the business of offering products and services," according to a release from Luetkemeyer's office.

Luetkemeyer said in a statement that federal banking regulators, with the Department of Justice, are placing regulatory pressure on financial institutions that eventually choke-off certain businesses from the financial services they need to survive. "That notion goes against the very nature of our free market system."

The legislation aims to create a new safe harbor for financial institutions, including credit unions, to promote nondiscriminatory access to financial products and services provided the merchant is licensed, registered as a money services business, or has obtained a reasoned legal opinion demonstrating the legality of the merchant's business.

The safe harbor does not require a financial institution to do business with any merchant nor does it place the burden of determining the legality of business with the financial institution.

Luetkemeyer's amendment earlier this month cut off funding for Operation Choke Point, which was introduced by the Department of Justice (DOJ) in 2013. Operation Choke Point is a DOJ initiative that is investigating U.S. financial institutions and the business they do with payment processors, payday lenders, and other companies believed to be at higher risk for fraud. This operation is controversial for the potential threat of the government pressuring the financial

industry to cut off the companies' access to banking services, without first having shown that the targeted companies are violating the law

Opponents of Operation Choke Point have claimed it separates consumers from access to financial services. In March, 23 members of Congress signed a letter indicating they had heard numerous reports of Operation Choke Point enforcement interfering with financial institutions processing lawful transactions.

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## Power Up Your Millennial Marketing

# VirtualCorps.com™

The Millennial generation is critically important for us.



We can't afford to skip a generation; we're toast without them. The July 8th VirtualCorps Webinar "Millennials Want Convenient Access to... Products and Services We Don't Have?" is focused on the products needed to attract and retain Millennials.

The conversation, lead by Scott Butterfield, will include Alternative Financial Services, which include prepaid debit cards, check cashing and payday loans. Sure this generation wants convenient access and technology (the more the better), but they also want access to products they value.

### Takeaways

- Steps for an external assessment to identify local Alternative Financial Service Providers
- Steps for an internal assessment to identify potential product and service opportunities for serving new potential Millennial members.
- Understanding the sustainable business model for Alternative Financial Services.

### Who Should Attend

Business Development Managers, Marketing Managers, Operations and Product Development Managers, Sr. Management, Board Members

**Time:** 3 p.m. to 4 p.m.

### Cost:

Live Webinar Only: \$99

Recorded Version Only: \$99

Live Webinar & Recorded Version: \$199

Live webinar & Recorded version: \$125

**Registration**

To register and pay by check, email Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) and your credit union will be invoiced. To register and pay online, click [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.*



• Education • Development • Growth • Essentials •

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**June Issue of *The Exchange* Available!**

**Read Up on Recent CUDE Grads, our Small CU Conference, the Unbanked, & More!**

HIGHTSTOWN, N.J. – The June edition of NJCUL’s monthly publication [The Exchange](#) is now available.

The cover story features a conversation with Director of Education & Training Barbara Agin and Director of Marketing & Communications Candice Nigro on their recent Credit Union Development Education (CUDE) experience.



Also in this month’s edition you’ll find information on the continuing Risk-Based Capital (RBC) conversation, an are article with graphics on “Who is the Unbanked?”, coverage of our Small CU Conference held earlier this month, and much more.

Click [here](#) to view the June edition of *The Exchange*.

To subscribe to *The Exchange* and other NJCUL publications, visit [www.njcul.org/news.aspx](http://www.njcul.org/news.aspx).

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**Looking to Generate More Loans? CUNA Mutual is Here to Help**

Did you know 91% of consumer credit is extended outside of credit unions\*? If you're looking for ways to stay competitive and grow your loan portfolio, consider running a Loan Generation Marketing (LGM) campaign. LGM expands your lending efforts with greater precision and skill by pinpointing and connecting with your best loan opportunities.

Register for a free upcoming Webinar [here](#) or get more info [here](#)

Brought to you by CUNA Mutual Group and Ser Technology.

*\*CUNA Economics and Statistics and CUNA Mutual Group, Dec. 2013*

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**Register Today**  
For a Loan Generation Marketing Webinar



Common Purpose. Uncommon Commitment.

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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**

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 6 -- [Miracle Marathon Pep Rally](#) (rain date Sept. 13)

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](#)

September 21-23 -- [NJCUL's 80th Annual Meeting & Convention at Trump Taj Mahal](#)

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

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