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**Conversation:** The Daily Exchange -- July 18, 2014

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July 18th, 2014

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### TODAY: Last Chance to Take Advantage of the Early Bird Discount for Convention!

ATLANTIC CITY, N.J. – Today is the final day for credit unions to take advantage of the early bird discount for our 80th Annual Meeting &



Convention! To receive the discount, simply enter the promotional code "EARLYBIRD" when registering on our [Convention Web site](#).

We are also offering Small Credit Union Pricing for credit unions with assets under \$10 million. Any credit union with assets under \$10 million that registers for Convention will receive one free registration for each fully paid registrant.

For more information on these discounts and to register, click [here](#).

Visit our NEW Convention Web site at [www.njcuconvention.com](http://www.njcuconvention.com) for details on this exciting event!

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

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### More RBC Issues Surface During Final Listening Session

ALEXANDRIA, Va. – Even after three, three-plus hour discussion sessions, credit unions were not "talked out" about their concerns with NCUA's risk based capital proposal (RBC) Thursday. That energy and



## 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.

NCUA’S risk-based capital proposal (RBC) Thursday. That energy and engagement is what is needed going forward to ensure revisions will be significant enough to bring the kind of improvements credit unions need in a final regulation, according to CUNA.



*CUNA Deputy General Counsel Mary Dunn urges the NCUA during its final Listening Session to reduce the proposed risk-based capital requirement for well-capitalized credit unions, which CUNA says is out of proportion with the level of risk that credit unions present. (Photo courtesy of CUNA).*

At the agency’s final Listening Session of the year yesterday, credit unions of all sizes continued to underscore that the RBC plan, as written, is seriously flawed and unworkable. NCUA Chair Debbie Matz continued to assure that there will be numerous changes to the proposal before a rule is made final.

She also stated, “The bottom line is, our goal is not to have a consensus. Our goal isn’t to have everybody here think it’s the best rule they’ve ever seen. Our goal is safety and soundness.”

NCUA has pledged to add time to the proposed 18-month implementation period and to adjust risk weights, especially in the areas of mortgages, member business loans, investments, CUSO’s, and corporates credit unions.



*NJCUL Chairman and XCEL FCU President/CEO Linda McFadden shares her concerns with CUTimes following the listening session.*

## Upcoming Events:

July 22, 2014

**Webinar: Ensuring Data Security: What You Need to Know Now**

3:00 pm to 4:30 pm

[More Information Click Here](#)

July 23, 2014

**Webinar: Emerging Leader Series: Stress Testing for Enterprise Risk Management**

3:00 pm to 4:30 pm

[More Information Click Here](#)

July 26, 2014

**NCUA OSCUI's 2014 Newark Boot Camp**

Location: Newark, NJ

7:45 am to 4:00 pm

[More Information Click Here](#)

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NCUA Board member Rick Metsger said the proposed rule will not replace examinations or proper supervision; it is a tool the agency will use to try to more accurately assess an institution's capital situation.

"The fact is, under our current requirements, there are two credit unions that are undercapitalized. I don't think there's anybody here that believes out of all the credit unions in the country, that only two are struggling with capital," Metsger said. "Obviously the current rule isn't giving us a very good picture of what the capital requirement should be."

CUNA Deputy General Counsel Mary Dunn urged the agency during the session to reduce the proposed RBC requirement for well-capitalized credit unions, which CUNA says is out of proportion with the level of risk that credit unions present. She commended positive comments from the chairman and others that the agency is considering changes to risk weights, revisiting its treatment of goodwill in a merger, reviewing the treatment of the 1% National Credit Union Share Insurance Fund deposit in the RBC calculation, how interest rate risk is addressed in the proposal, and revising provisions regarding minimum additional capital.

For instance, to a credit union's expressed concern regarding how auditors will view the 1% NCUSIF deposit in RBC calculations, NCUA Director of Examinations and Insurance Larry Fazio responded that the agency staff continues to study options to deal with the deposit.

Also during yesterday's session, credit unions expressed many concerns about examiner subjectivity and poor communications with them. During her comments at the meeting, Dunn urged the agency to work with the credit union system to address the disconnect between positive positions taken by the NCUA board and what is implemented by examiners.


One credit union official sought an assurance by the agency that examiners will not ask for more capital than required in a new RBC rule, stating he believes examiners currently ask for more capital than necessary. NCUA's Fazio responded that individual examiners will not "make that call."

Another credit union officer—who heads a \$3 million-asset financial cooperative—urged the NCUA to act to reduce regulatory burden and said the examiner "disconnect" just exacerbates the problem: Examiners don't always understand what regulations apply to small credit unions and which ones don't—increasing unnecessary regulatory burden.

The *Credit Union Times* posted a [video](#) on its site today that features credit union executives and league representatives' feelings after the Listening Session, including those of NJCUL Chairman and XCEL FCU President/CEO Linda McFadden.

"The concerns are still there. The regulators gave us their perspective of it but they didn't give us enough concrete information to move forward and make plans, so we're still waiting," McFadden told *CUTimes*.

Other topics that arose during the Listening Session were goodwill



calculations under an RBC rule, the need for credit union access to supplemental capital, and perceived problems with a variety of the risk weights proposed by the NCUA's plan.

Attending the Listening Session from New Jersey were some 17 credit union advocates from more than a dozen New Jersey credit unions and the NJCUL.

Listening Session audio recordings are available [here](#).

CUNA's Risk-based Capital Action Center is available [here](#).

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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## Complete the 2014 InfoSight Survey and Enter for a Chance to Win a \$50 VISA Gift Card!

The New Jersey Credit Union League is pleased to continue providing our member credit unions with access to powerful compliance tools and resources through [League InfoSight](#), an online compliance manual at your fingertips, containing federal and New Jersey state-specific content that is accurate, concise, and detailed on a wide range of topics and issues. Through League InfoSight we also offer access to a wide array of FREE policies through CU PolicyPro. We hope that you visit this site often and find it to be a valuable tool in assisting your credit union with compliance.

Your opinion counts, so we need your help as we continue to look for ways to improve the site and make it more valuable to you. We are conducting our annual survey and ask that you click [here](#) or copy and paste the following Web address into your browser: <https://www.surveymonkey.com/s/Y5BJ2JW>, in order to take a few minutes of your time to help us understand:

- *How you use InfoSight*
- *What you like about it*
- *What you think could be improved*

Past responses have been used to help guide discussions about enhancing InfoSight and we have implemented some of the changes suggested through the survey. *The survey will be available from now through **September 1st**.*

For entry into the drawing\*, responses must be received from NJCUL credit union members, be complete, include contact information and be submitted by **September 1st**.

*Thank you for your support and participation!*

**\*All complete responses from NJCUL credit union members who submit their contact information by the end of the survey will be**

**Submit their contact information by the end of the survey will be entered into a drawing for a chance to win a \$50 VISA gift card.**

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## CDRLF, CDFIF Funding Passes House

WASHINGTON – The U.S. House passed the Financial Services and General Government Appropriations Act (H.R. 5016) for fiscal year 2015 Wednesday, by a 228-195 vote.

The bill includes an increased amount of money for the Community Development Revolving Loan Fund (CDRLF) from previous drafts, up to \$2 million from \$1.071 million. NCUA's CDRLF provides grants and loans to low-income designated credit unions for financial services and to stimulate economic activities in local communities.

CUNA advocated for the increase.

The bill contains \$230 million for the Community Development Financial Institutions (CDFI) Fund, a \$4 million increase from last year. The fund supports CDFIs by supporting business growth, job creation, and low-income community revitalization.

The CDFI Fund breakdown is:

- \$177 million for financial and technical assistance, including up to \$3,102,500 for the cost of direct loans;
- \$15 million for financial assistance, technical assistance, training and outreach programs designed to benefit Native American, Native Hawaiian and Alaskan Native communities;
- \$18 million for the Bank Enterprise Award program, which provides financial incentives to increase lending, investment and service activities within economically distressed communities; and
- Up to \$20 million for administrative expenses, which includes up to \$300,000 for administration expenses of a direct loan program.

According to the U.S. Treasury Department's CDFI report for fiscal year 2013, credit unions represent 177 of 811 CDFIs active at the end of last year.

The bill also passed with an amendment that transfers \$1 million to the IRS Inspector General's office for an economic study of the Foreign Account Tax Compliance Act (FATCA).

FACTA created a tax information and withholding system for certain payments made to financial institutions. CUNA, along with the World Council of Credit Unions (WOCCU), sent a letter in support of the amendment just prior to it passing Monday.

CUNA and WOCCU stated that the study was necessary due to "myriad unintended consequences of the law on U.S. financial institutions and U.S. citizens living abroad," according to the letter, which was signed by CUNA interim President/CEO Bill Hampel and WOCCU President/CEO Brian Branch.

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## Keith Beith Hired as Lending Manager at First Financial FCU

WALL, N.J. – Keith Beith, of Howell, was recently hired as Lending Manager at First Financial Federal Credit Union's Wall Township Corporate Headquarters.



Beith brings a wealth of lending and collections experience to First Financial and has a strong credit union background. Prior to his employment with the credit union, Beith held various lending positions at Proponent Federal Credit Union (Nutley, N.J.). His lending experience includes Loan and Collection Specialist, Lending Manager, and VP of Lending Services.

Beith will be responsible for managing the credit union's lending related services and operations including consumer loans, the mortgage department, and collections.

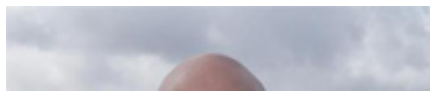
Beith graduated from Freehold High School and earned his BA in Psychology from Seton Hall University. He enjoys undertaking home improvement projects, playing guitar, and following professional baseball, football, and college basketball. He formerly managed and coached girls' softball and basketball leagues. Beith and his wife of 34 years currently reside in Howell with their two daughters.

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## NJCUL's July 29th Webinar with Dr. Michael Hudson will Make Strategy Practical & Help You Discover Your Skills

Strategic planning often feels like a daunting process. From managing the logistics of locations, meals, and room setup to coordinating the schedules of the Board and leadership team, it often feels like a lot of effort that distracts from doing the





...abstracts from being the business of the credit union.

But strategic planning sessions are important and necessary. They push the team to think beyond the day-to-day and map out a vision for the long-term. They facilitate the discussion of possibilities and challenges. They ensure

that everyone is on the same page and committed to making decisions and taking action in pursuit of a shared vision.

During NJCUL's July 29th Webinar "Making Strategy Practical: Discover Your Skills", led by Dr. Michael Hudson, you'll gain practical insights into how you can make the strategic planning process for your credit union run more effective. Using a simple framework for the planning process you'll be able to develop an action plan to make your next planning session a less stressful and more productive endeavor.

Presidents, CEOs, Managers, and Board Members...join us and Dr. Michael Hudson on Tuesday, July 29th from 1:30 p.m. to 3:00 p.m. The cost to attend is just \$49 for CUs above \$50 million in assets and \$29 for CUs under \$50 million in assets. **There Is No charge for 2014 Small Credit Union Conference Attendees.**

To register and pay by check, send an email to Mary Zelinsky at [mzelinsky@njcul.org](mailto:mzelinsky@njcul.org) and your credit union will be invoiced. Please note "SMCU Attendees" if you qualify for no charge. 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.*



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## #100MM Campaign Starts Conversations Between Members, CUs

**Get Your Members to Snap Selfies!**

MADISON, Wis. – As more faces are being added to the [americascreditunions.org](http://americascreditunions.org) gallery of 100 million memberships, credit unions and their members are chatting via social media about their relationships.

The "100 Million Credit Union Memberships" project is inspiring credit union



members to share how long they have been a member of their credit union and what makes their credit union special.

As members post their photos and stories from their respected [states](#), credit unions have a chance to respond via social media and spark dialogue.



The #100MM hashtag is shorthand for the upcoming milestone of 100 million memberships at U.S. credit unions, captured by the [www.americascreditunions.org](http://www.americascreditunions.org) Web site from CUNA and the state credit union leagues. Leagues have been encouraging participation with newsletter articles and dedicated pages on their websites.

Members can share submitted selfies with the hashtag #100MM on Google+, Facebook, Instagram and Twitter.

To upload a video or photo, just visit the 100 million memberships website, complete the form, upload the image or video from your computer (or via social media) and submit.

Check out the #100MM photos our Banking You Can Trust campaign collected last weekend being featured on the Banking You Can Trust [Facebook page](#).

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## Free Webinar from the Federation: Managing Interest Rate Margin to Achieve Profit Objectives

*Registration for this Webinar is free, but space is limited.  
Reserve your seat today.*

**Date: Wednesday, July 23, 2014**

**Time: 2:00 pm - 3:00 pm EDT**

Delve into the profitability challenges facing credit unions and learn proven methods to overcome these challenges, including:

- the importance of a comprehensive forecasting and budgeting process
- the profitability potential behind pricing each class of deposits accurately using empirical methods
- how to assure your loan rates and deposit rates are at their most efficient levels
- answers to your interest rate margin questions



This webinar is part of the *Aligning Mission with Margin* summer series presented by the Federation through our partnership with Thompson Consulting and Training (TCT). The Federation hosts this free series to give credit union managers support in issues relevant to the current financial environment. Dr. Randy Thompson, TCT CEO, will present each of the four sessions in the series.

[Click here to register.](#)

Register for the remaining sessions in the *Aligning Mission With Margin* series today! Descriptions are available on the Federation's website at [cdcu.coop](http://cdcu.coop).

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

July 29 -- [NJCUL Webinar: Making Strategy Practical: Discover Your Skills](#)

August 5 -- [VirtualCorps Webinar: CDCUs: Doing Well by Doing Good: Opportunities for Growth and Relevance](#)

August 5 -- [CFO Roundtable: GAAP Reporting: Recent and Upcoming Changes](#)

August 12 -- [VirtualCorps Webinar: How Can Foreign Exchange \(FX\) be Used to Improve Your Member Service](#)

August 13 -- [NJ DNA Dinner Meeting](#)

### **Industry Events**

July 21 -- [4th Annual Garden Savings Federal Credit Union Golf Outing at Fiddler's Elbow Country Club](#)

July 30 - August 1 -- [NYIB Conference](#)

July 31 -- [Free Home Equity Webinar Hosted by MemberClose and NJCUL](#)

August 6-8 -- [Mid-Atlantic Corporate's Fourth Annual IT and Security Conference](#)

August 20 -- [4th Annual Miracle Night with the Somerset Patriots](#)

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

September 9 -- [NJ/NY Sister Society Meeting of the GWLN](#)

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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