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Conversation: The Daily Exchange -- July 31, 2014

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The Daily Exchange

July 31st, 2014

Today's News:

- › Awards Submission Deadline is Tomorrow! Submit Your Entries Today!
- › Fed Stays Course on Taper, Interest Rates
- › Convention Corner: Culture & Branding and Young Professionals Roundtable with Matt Monge
- › House Passes SAFE Enhancement, Cyber-Protection Measures
- › New NCUA Economic Video Describes Opportunities, Risks in Improving Economy
- › Take Advantage of the 2014 'Baker's Dozen' Webinar Deal
- › Two Reg Relief Bills Approved by House Financial Services Committee
- › Three More Senators Weigh-In on RBC
- › Senators Introduce More Reg Relief for CUs, Small

Awards Submission Deadline is Tomorrow! Submit Your Entries Today!

The League's awards program gives credit union folks from across the state the opportunity to nominate credit unions, CEOs, directors/volunteers, and other outstanding people, services, and programs to be recognized amongst their peers. Send in your entries ASAP!



This year, NJCUL has introduced a "[New Jersey Credit Union Distinguished Service Award](#)" into its 2014 Awards Program.

This award recognizes a New Jersey credit union leader that has provided a substantive influence on the New Jersey credit union community, beyond an individual credit union.

Winners of this award will be nominated for Credit Union House's [Hall of Leaders](#). All submitted documents and correspondence will be used in that nomination as well.

We're continuing our digital format for entries. Not only are we ONLY accepting applications via the Web (e-mail, YouTube video, etc.), we will also hold our judging through an online platform, asking ALL credit unions

Reg Relief for CUs, Small
Banks
› SunCorp and Alloya
Announce Intent to Merge
› 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. 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.

to cast their votes from the comfort of their offices!

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.

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 or 800-792-8861 ext. 110.

Please email all awards submissions to Candice Nigro at cnigro@njcul.org.

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Fed Stays Course on Taper, Interest Rates

WASHINGTON – Citing “sufficient underlying strength in broader economy to support ongoing improvement in labor market conditions”, the Federal Open Market Committee announced Wednesday it will continue the pace of its quantitative easing program.

The announcement came at the conclusion of the FOMC's two-day policy meeting this week.

Beginning in August, the committee will add to its holdings of agency mortgage-backed securities at a pace of \$10 billion per month rather than \$15 billion per month, and will add to its holdings of longer-term Treasury securities at a pace of \$15 billion per month rather than \$20 billion per month.

Previously, the Federal Reserve's monetary policy-making body has been shaving down the amount of bonds and securities it has been buying over the last few months—purchases that have injected much-needed cash into the lending industry and subsequently the economy—by \$10 billion every month.

The committee said growth in economic activity rebounded in the second quarter. While the labor market conditions improved, with the unemployment rate declining further, a range indicators show that some labor resources remain underutilized the committee said.

Household spending appears to be rising moderately and business fixed investment is advancing, while the recovery in the housing sector remains slow. Fiscal policy is restraining economic growth, although the extent of restraint is diminishing. Inflation has moved somewhat closer to the committee's long-term objective. Longer-term inflation expectations have remained stable.

The Fed said it, “judges that the likelihood of inflation running persistently below 2 percent has diminished somewhat.”

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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](#)

Contact Us:

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Connect with Us:

Convention Corner: Culture & Branding and Young Professionals Roundtable with Matt Monge

ATLANTIC CITY, N.J. – Peanut butter and jelly. Jay-Z and Beyonce. Brand and culture just go together, don't they? Brand and culture are two major components of an organization's identity, and if either one is out of whack, it affects the other. Both components have to be strong, or neither of them will be.

Organizations have to cultivate their own unique culture and brand, but building a strong culture and brand isn't just some warm and fuzzy thing—it's one of the few sustainable competitive advantages out there.

During his Sunday afternoon session titled "Culture & Branding: How to Avoid an Organizational Identity Crisis" Matt Monge, Chief Culture & Marketing Officer at Mazuma Credit Union, will break down brand and culture and how to "avoid an organizational identity crisis".

Monge will also be moderating a Young Professionals Roundtable Sunday afternoon. Young credit union rising stars should definitely attend!

Hear from Monge and other industry experts 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 site www.njcuconvention.com.

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House Passes SAFE Enhancement, Cyber-Protection Measures

WASHINGTON – The House this week passed two CUNA-supported bills, the SAFE Confidentiality and Privilege Enhancement Act (H.R. 4626) and the National Cybersecurity and Critical Infrastructure Protection Act of 2014 (H.R. 3696).

H.R. 4626 would amend the SAFE Mortgage Licensing Act of 2008 to give state and federal regulatory officials with financial services authority access to any information provided to the Nationwide Mortgage Licensing System and Registry (NMLSR) without the loss of privilege or confidentiality protections provided by federal and state laws. This includes access to information provided to any system established by the CFPB director.

Currently only those regulatory officials with mortgage oversight authority can access the NMLSR without loss of privilege or confidentiality.





can access the NIMLSR without loss of privilege or confidentiality.

H.R. 3696 would amend the Homeland Security Act of 2002 to require the Secretary of Homeland Security to, among other requirements, strengthen existing mechanisms such as the Financial Services Sector Coordinating Council and the Financial Services Information Sharing and Analysis Center that help the financial services sector identify threats, respond to cyber incidents and coordinate with government partners. The legislation also seeks to improve the provisioning of security clearances for those involved in cybersecurity information sharing.

Both bills will move onto the Senate for consideration.

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New NCUA Economic Video Describes Opportunities, Risks in Improving Economy

ALEXANDRIA, Va. – An improving labor market and falling unemployment rates are boosting performance indicators like loan demand and reducing delinquencies at credit unions, but they may also bring the potential for rising interest rates according to a new economic update released yesterday by NCUA.



The latest video in the agency's Economic Update series, available [here](#), features an in-depth discussion from NCUA's Chief Economist John Worth on the implications of a recovering economy on credit union balance sheets and the interest rate environment.

"The improving economy brings with it lots of positives for credit unions," Worth said, "But, at the same time, a sustained pickup in general economy brings the potential for interest rates to rise."

Federal Reserve policymakers recently projected short-term interest rates will begin rising sometime in 2015 if the economy performs in line with current expectations.

Recent improvements in the economy have produced gains for credit unions. In the first quarter, outstanding new car loans rose 14 percent, while used auto loans amounted to about 20 percent of all loans. Consumer installment credit outstanding at all lenders was up 6.7 percent over the year ending in May, the biggest 12-month increase since late 2002. Consumer credit outstanding at credit unions continued to outpace

ending at other institutions.

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Take Advantage of the 2014 'Baker's Dozen' Webinar Deal!

When your credit union registers for Webinars provided by the Credit Union Webinar Network through the League, we will maintain a “virtual punch card” for you. Each time your credit union registers, you get one punch.

After attending 12 Webinars (and getting “12 punches”) in a calendar year, including archived programs, your credit union will automatically receive a complimentary certificate for a free Webinar!

This loyalty reward will stretch your credit union’s training budget and provide quality Webinars for every member of your staff.

Contact the League Education Department at 800-792-8861 ext. 100 for more information or click [here](#).

Get started on your 2014 Dozen today!

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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Two Reg Relief Bills Approved by House Financial Services Committee

WASHINGTON – The House Financial Services Committee passed two more regulatory relief bills that were held over from Tuesday's hearing for a recorded vote. Both bills are supported by CUNA, with testimony before the committee several weeks ago, and a letter to the committee Monday.

The Community Bank Mortgage Servicing Asset Capital Requirements Study Act (H.R. 4042) passed 44-9. The bill would direct federal banking agencies to conduct a study of appropriate capital requirements for mortgage servicing assets for non-systemic banking institutions. CUNA supported a manager's amendment that would have included NCUA in the study and postponed the agency's risk-based capital (RBC) proposal. The amendment was not offered before the vote.

However, several members of the committee, including Rep. Blaine Luetkemeyer (R-Mo.), the bill's sponsor, Rep. Jeb Hensarling (R-Texas) and Rep. Denny Heck (D-Wash.) pledged to work together to add credit union parity measures before the bill reaches the House floor.

The Access to Affordable Mortgages Act (H.R. 5148) passed 31-23, and

would amend the Truth in Lending Act to exempt certain higher-risk mortgages from property appraisal requirements. CUNA supports the bill since it would provide regulatory relief to mortgage lenders.

"The bill would allow credit unions that offer mortgage loans secured by covered properties to serve their middle to lower income members better," CUNA noted in its letter supporting the bill.

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Three More Senators Weigh-In on RBC

WASHINGTON – The number of Capitol Hill lawmakers questioning NCUA's risk-based capital (RBC) proposal continues to grow with Wyoming Sens. Michael Enzi (R), John Barrasso (R) and Sen. Lisa Murkowski (R-Alaska) adding their misgivings about the proposal.

"Credit unions in Wyoming have expressed their apprehension about this rule and fear it will prompt them to change the way they operate in order to raise capital to maintain their current buffers," reads the letter from Enzi and Barrasso. "In fact, one estimate suggests that credit unions in our home state will face increased capital requirements of approximately \$12 million to preserve their current capital buffers and remain well-capitalized."

All three Senators expressed concerns about whether or not the proposal exceeds the authority granted through the Federal Credit Union Act, and noted that increased requirements could reduce availability or affordability of loan products, thereby restricting credit availability to members.

The three legislators became the 20th, 21st and 22nd Senators to write to the agency with concerns about the proposal. In addition, six Representatives have individually written letters, along with 324 members that signed a letter outlining several issues with the proposal.

Audio recordings of NCUA's 2014 Listening Sessions at which its RBC proposal dominated the discussions are available [here](#).

RBC comments letters from New Jersey credit unions and the League 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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Senators Introduce More Reg Relief for CUs, Small Banks

WASHINGTON – U.S. Sens. Angus King (I-Maine), Deb Fischer (R-Neb.), Mark Warner (D-Va.), and Jon Tester (D-Mont.) unveiled new legislation yesterday intended to provide immediate regulatory relief for credit unions and community banks.

Calling these smaller financial institutions the "backbone of small towns

Calling these smaller financial institutions the "bedrock of small towns across America," King said they--and the services they provide--are being "hammered by a tidal wave of poorly-tailored regulations."

"We owe it to these institutions--and the millions of Americans who depend on them--to provide some measure of relief. America will be the better for it when we do," said the senator from Maine.

Entitled the RELIEVE Act, the legislation would:

- Provide credit unions parity with FDIC-insured institutions when it comes to deposit insurance coverage on Interest on Lawyers Trust Accounts (IOLTAs) and other escrow accounts. An IOLTA bill known as the Credit Union Share Insurance Fund Parity Act (H.R. 3468), which would extend share insurance coverage to all of the underlying owners of funds held by lawyers in trust accounts and realtors in escrow accounts was approved by voice vote in the House last November;
- Improve the definition of "rural" so that more counties will be considered rural under CFPB rules and increase the annual mortgage origination limit for rural creditors from 500 to 1,000 per year. The rural county designations determined by regulators can impact the types of products credit unions may offer their members in those areas.; and,
- Require the Federal Reserve to revise the Small Bank Holding Company Policy Statement so that the policy applies to bank holding companies and savings and loans holding companies with pro forma assets of less than \$1 billion, an increase from the current threshold of \$500 million.

Noting that regulatory relief for credit unions is one of its top advocacy priorities, CUNA commended the senators for their clear grasp of the need to ease the burden of rules that hamper credit unions' ability to serve their members.

CUNA said it looks forward to working with each of the senators, as well as other members of the Senate, to see this bill move forward to enactment.

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SunCorp and Alloya Announce Intent to Merge

WESTMINSTER, Colo. and WARRENVILLE, Ill. – System United Corporate Federal Credit Union (SunCorp) announced its intent to merge with Alloya Corporate Federal Credit Union yesterday.

SunCorp President/CEO Tom Graham reported that this announcement comes after "an extensive process of strategic planning and due diligence by the SunCorp Board, aimed at finding the best means to deliver excellent cooperative financial services to SunCorp members. The board and management clearly saw Alloya as the best partner to help our members grow and succeed in today's competitive marketplace."

While the announcement places the corporates' intent to merge in the public spotlight, the members and NCUA must first approve the merger.

public spotlight, the members and NCUA must first approve the merger before it can proceed. Graham expects that the member vote could occur in the February 2015 timeframe, shortly after regulatory approval could be received. Prior to voting and the approval process, SunCorp plans to host multiple town hall meetings throughout the Rocky Mountain region.

Alloya's President/CEO, Todd Adams, welcomed the new partnership, saying "This merger with SunCorp clearly enhances the value that all of our members will receive. Combining both organizations strengthens Alloya and helps us to assure a continued, long-term cooperative value to all credit union members from coast to coast. Retaining many key staff of SunCorp also enhances our leadership and service delivery strengths, including member contact staff in all four U.S. continental time zones."

Amy Sink, Alloya's Chairman of the Board added, "We are honored to be chosen by SunCorp to serve their members. SunCorp has a distinguished history and many strengths that will add to Alloya's membership."

As part of the merger agreement, Alloya has committed to retaining SunCorp's office and presence in Denver. They have also made commitments to retain member-facing staff to further grow relationships with SunCorp's members in Colorado, Utah, Wyoming, Nebraska, and California. Both boards have agreed to governance provisions for the combination that include two board seats, and committee representation from former SunCorp board members.

The next step after the completion of due diligence would be the execution of a definitive merger agreement by both corporates and submission of an application for merger to the NCUA.

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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

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 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 2 -- [11th Annual McGraw-Hill FCU Golf Classic](#)

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

September 9 -- [Southern Chapter Meeting: Risk Management](#)

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 20 -- [Affinity Federal Credit Union Foundation's Run for Scholars Twilight 5K & Kids' Fun Run](#)

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

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

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