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Conversation: The Daily Exchange -- September 9, 2014

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September 9th, 2014

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Avalanche of Bi-Partisan RBC Letters from Capitol Hill Sends 'Powerful Message'

WASHINGTON – Federal lawmakers on both sides of the aisle have joined their voices with the unprecedented 2,056 comments from people and organizations expressing concerns with NCUA's risk-based capital (RBC) proposal. Since the rule was proposed earlier this year, 361 senators and representatives have weighed in.

"The interest in this issue on Capitol Hill is extraordinary. More than 75% of the House has weighed in with the agency already, and they've been joined by a healthy amount of the Senate, including the chair and ranking member of the Senate Banking Committee," said Ryan Donovan, CUNA's senior vice president for legislative affairs. He made his comments in a recent legislative update for CUNA members.

"The strength of the concern and the bipartisan distribution of the concern has sent a powerful message to the NCUA, which we hope will result in significant changes to the rule when is finalized."

The efforts began with a letter signed by 324 Representatives sent May 15. That letter included six New Jersey delegation members. Over the next three months, 27 senators (nine Democrats and 18 Republicans) and an additional 10 representatives, including several who also signed the May 15 letter, weighed in with their concerns.

334 representatives (152 Democrats and 182 Republicans), including 54 out of the 61 members of the House Financial Services Committee, have written or signed letters so far.

Most of the lawmakers have weighed in on some, if not all, of the following issues in their letters:

- The cost of proposal to credit unions, which CUNA believes will be more than what NCUA has forecast:

Resistant to Identity Theft
Fundraiser
› Hearings on Cybersecurity,
Credit Scoring this Week
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Advocacy Report Available
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Calendars

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

Mark your calendars! The final ELS session of 2014 will take place Tuesday, November 4th at the League office.

Hear from John Best on "Financing Innovation". This session will help participants identify emerging financial technology such as mobile payments, wearable technology, emerging mobile cross channel opportunities, and the future of the credit union branch.

Click [here](#) for more information and to register.

Upcoming Events:

September 18, 2014
Webinar: ACH Specialist

will be more than what NCUA has forecast,

- Why the proposal includes risk weights, which in certain areas are more stringent than similar standards for community banks; and
- The 18-month implementation period.

NCUA Chair Debbie Matz and board member Rick Metsger have indicated there will be adjustments to the above areas when the rule is rewritten in response to feedback.

However, most of the letters also expressed concerns about whether or not the NCUA has the authority to enact its RBC proposal, a concern that hasn't yet been publicly addressed by the agency as stated in Section 1790d of the Federal Credit Union Act.

Former Sen. Alphonse D'Amato, a past chair of Senate Banking Committee, wrote in his comment letter that the law was designed to instruct the NCUA to construct only a risk-based net worth floor, for situations when the 6% requirement to be considered adequately capitalized was not sufficient.

"If we had intended there should also be a separate risk-based requirement to be well capitalized, in addition to the 7% net worth ratio, we would have said so," D'Amato wrote.

CUNA met with Matz, Metsger and NCUA senior staff last week, continuing proactive efforts to request changes in the proposal.

"Our discussions have been an opportunity for us to continue the discussion regarding the need for sweeping changes to this proposal," said Mary Dunn, CUNA's deputy general counsel/senior vice president for regulatory affairs.

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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Pinnacle FCU's Board of Directors Announces New President & CEO

EDISON, N.J. – The Board of Directors of Pinnacle Federal Credit Union announced the promotion of Stephen J. Lardiere as the new President and Chief Executive Officer. Steve has been an essential part of the Pinnacle team since 2008, where he held the position of Chief Operating Officer.

"On behalf of the Board of Directors, we are pleased to promote Steve to this new position. With his extensive industry knowledge, operational experience, and strategic vision we are sure that he will

Webinar: ACH Specialist Series: Conducting the 2014 ACH Audit
3:00 pm to 4:30 pm
[More Information Click Here](#)

September 23, 2014
Webinar: NACHA Rules vs. Reg E Rules: Which Takes Legal Priority in Which Situation?
3:00 pm to 4:30 pm
[More Information Click Here](#)

September 24, 2014
Webinar: Director Series: The Role of the Board in the Examination Process
3:00 pm to 4:30 pm
[More Information Click Here](#)

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continue to exceed our expectations," says Paul Camella, Board Chairman.

"I would like to thank the board of directors for this wonderful opportunity. To our membership, I would like you to know it will be my mission to continue to bring convenient and efficient financial products and services that will assist you in your daily life. I am also pleased to announce the launch of our Simple Choice Auto Loan Program. We have recently revamped our auto loans to be able to offer a larger variety of auto loan options to our members and potential members. This program will serve new borrowers, experienced borrowers, and those that may need help getting back on their feet. We are also excited to feature an environment-friendly approach by offering a completely paperless loan process; from applying online to signing the loan documents electronically. Remember, we are here for you. We are people helping people. Be sure to stop by our Edison branch or call us today for any of your financial needs. Banking is always rewarding at Pinnacle. Come see why."

Steve began his credit union career in 1976 at Picatinny Federal Credit Union where he held the position of CEO from 1996 to 2007 before joining the Pinnacle team.

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Free Admission to Agility Recovery Webinars During National Preparedness Month

September is National Preparedness Month. In honor of this year's theme, "Take Action To Prepare", Agility Recovery created a site that provides tips on how to put your business continuity plan into action.

Visit the site for [Free Admission to Agility Webinars](#). Each week throughout the month of September, Agility will host a 30-minute Webinar on the different aspects of business continuity and disaster preparedness. Don't miss the action, register today! The Webinar dates, topics, and times are listed below.

- How to Plan for a Power Interruption...and Recover Fast – Wed., Sept. 10th from 2 – 2:30PM EDT
- The Top 5 Steps for Preparedness This Year – Wed., Sept. 17th from 2 – 2:30PM EDT
- If You Do Nothing Else This Year... – Wed., Sept. 24th from 2 – 2:30PM EDT



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Convention Corner: Get a Handle on Marketing & Social Media Compliance and

Marketing & Social Media Compliance and Fair Lending with Gaye DeCesare

ATLANTIC CITY, N.J. – COMPASS 4 CUs' Gaye DeCesare will take on compliance hot topics during two breakout sessions at this year's Convention.



Your credit union's website and social media sites are all one big advertisement. DeCesare's Monday afternoon "Marketing & Social Media Compliance" session covers what regulations apply and how to ensure what you put on your website, Facebook page, Twitter feed, YouTube uploads, and other social media isn't unfair or deceptive and complies with various advertising rules.

During her "Focus on Fair Lending" session on Tuesday, DeCesare will cover the laws that deal with fair lending—Equal Credit Opportunity Act, Home Mortgage Disclosure Act, and the Fair Housing Act—as well as "best practices" highlighted in the Fair Lending Guide that accompanied the recent letter. She will also discuss what a credit union can expect if faced with a Fair Lending examination and how credit unions can prepare.

Hear from DeCesare 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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CUNA Becomes Benefactor for Cooperative Trust

MADISON, Wis. – CUNA has announced that it will support The Cooperative Trust, Filene Research Institute's young professional initiative, as a chairman's roundtable benefactor with a commitment of \$250,000 over three years.

"In order to successfully position credit unions as forward-thinking, we need to invest in our up-and-coming industry leaders," said Bill Hampel, interim CUNA President/CEO. "We see our best results from people fully engaged with the credit union philosophy. CUNA wants to drive those opportunities for young professionals."

The move is part of CUNA's already-strong commitment to raise awareness with and involvement by young professionals in credit unions. CUNA and its CUNA Councils have provided "crash" opportunities at the CUNA Governmental Affairs Conference and individual council conferences.

CUNA Councils will be highly involved in CUNA's role as benefactor.

"This support is part of a bigger strategy, which includes the launch of an official CUNA Young Professionals Committee, demonstrating our commitment to developing and retaining the next generation of leaders to grow, promote and sustain the credit union movement," said Jill Tomalin, CUNA executive vice president/chief operating officer.

"We are excited to build on our work with CUNA Councils and Filene and provide leadership support to the Cooperative Trust," she added.

"Our relationship with CUNA really demonstrates our shared commitment to shape and build the future of credit unions," said James Marshall, The Cooperative Trust manager. "These are indeed exciting times for young professionals who are passionate about credit unions and cooperatives."

Click here for information on [The Cooperative Trust](#) and [CUNA Crash the GAC](#).

CRASH THE GAC



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Share Your Strengths and Best Practices for Business Development and Bring Some Ideas back to the CU!

Join the Discussion at the October 22nd Business Development Roundtable on Strategies that Work

HIGHTSTOWN, N.J. – Join your peers for an honest discussion of how you manage your business development goals at the October 22nd Roundtable “Business Development That Works”.

Do you market to the community and if so how? Are you a SEG based credit union and market to target employer groups?



We are all challenged to grow our business and this brainstorming session will allow attendees to share their own ideas as well as play off of others. Do you have a knack for networking? Do you have a business development success story to share?

Come network and be prepared to bring ideas back to your credit union!

Join facilitator Barbara Agin, Director of Education and Training for the League, and your marketing/business development peers either "live" at the League office or via video conferencing at Atlantic FCU in Kenilworth or Members 1st of NJ FCU in Vineland. Be a part of the discussion without driving all the way to Hightstown!

This session will take place in the morning from 10 a.m. to 12:30 p.m. The cost to attend is \$25 per person, which includes lunch.

To register, send an email to Mary Zelinsky at mzelinsky@njcul.org or register online [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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Raising G-Fees Could Hinder Housing Reform Efforts

WASHINGTON – CUNA has answered with a "resounding no" in responding to the Federal Housing Finance Agency's (FHFA) request for comment regarding higher guarantee fees, a.k.a. "g-fees." In a comment letter filed Monday, CUNA states that g-fees should not be increased, particularly to achieve policy objectives.

The FHFA asked for comment on whether g-fees should be increased in order to shrink the footprints of by Fannie Mae and Freddie Mac.

"G-fees are a critical risk management tool used by Fannie Mae and Freddie Mac to protect against losses from faulty loans, and should be used only to manage the companies' credit risk in order to sustain the operations of the Enterprises until Congress properly addresses housing finance reform," reads the letter.

Increasing g-fees for other purposes, such as to reduce the Enterprises' footprint before comprehensive housing finance reform can be passed, effectively taxes potential homebuyers and consumers wishing to refinance their mortgages.

CUNA believes that g-fee increases unrelated to housing could also hinder the necessary housing reforms required by the housing finance system, due to the billions in dollars generated by the fees that go to the U.S. Treasury.

"As FHFA studies g-fees, the only question the agency should be

asking is "What is the optimum level that accurately prices risk for the enterprises, protects taxpayers from downside risk, and does not unnecessarily overcharge borrowers?" the letter reads. "We believe the current level of g-fees meets these criteria."

Fannie Mae Chief Economist Doug Duncan lowered his existing home sales forecast for 2015 by 2% and his mortgage origination forecast by 4% last week, an indicator that recent housing market gains might be short-lived.

CUNA is concerned that raising g-fees in this environment could cause a contraction in overall lending.

"Raising g-fees in the name of policy will force the member-owners of credit unions to pay higher rates for their mortgages than the actual risk that they pose," the letter reads. "The result will be a policy that intentionally overcharges borrowers, which makes little sense at a time when the housing recovery is still in a nascent stage."

CUNA supported the 2013 decision to suspend increases in g-fees and continues to advocate to ensure regulation of the secondary market ensure credit unions have access to an equitable secondary market.

According to CUNA, this means terms, rates or conditions for selling loans in the secondary market "must be affordable and fair to all lenders, regardless of their size, or charter type. In particular, guarantee fees or other fees/premiums should never have a relationship to lender volume."

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First Financial Foundation Hosting Food Truck and Restaurant Birthday Bash Fundraiser

TOMS RIVER, N.J. – The First Financial Federal Credit Union Foundation is hosting a Birthday Bash Fundraiser for its mascot Penny Smart, at their Toms River Branch on Saturday, September 20, 2014 from 1 p.m. to 5 p.m. (rain or shine). 100% of the money raised at this event will go directly to the First Financial Foundation, which provides classroom grants and scholarships to Monmouth and Ocean County students. This day will be full of good food with local vendors, games, entertainment, prizes, and more!





The credit union's Toms River Branch is located at 1360 Route 9 South (At the corner of Routes 9 & 571) in Toms River. Parking signs will be visible the day of the event.

For more information, contact the First Financial Foundation at 866.750.0100 or foundation@firstffcu.com.

Entry donations are \$5 for each adult and kids 12 and under are free. There will be no refunds. Advance tickets can be purchased at any First Financial branch or online using [this link](#) to pay via Credit/Debit/PayPal. Credit/Debit payments will only be accepted during online registration.

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Hearings on Cybersecurity, Credit Scoring this Week

WASHINGTON – Today the House Homeland Security Committee's subcommittee on cybersecurity, infrastructure protection, and security technologies will host a hearing titled "Strategy and Mission of the DHS Science and Technology Directorate."

Rep. Patrick Meehan (R-Pa.), chair of the subcommittee, and Rep. Larry Bucshon (R-Ind.), chair of the Committee on Science, Space and Technology's research and technology subcommittee, will present opening remarks. Reginald Brothers, undersecretary for science and technology, U.S. Department of Homeland Security, and David C. Maurer, director of homeland security and justice at the Government Accountability Office (GAO), are scheduled to testify.

On Wednesday, the House subcommittee on financial institutions and consumer credit will hold a hearing titled "An Overview of the Credit Reporting System." The purpose of the hearing is to provide a better understanding of the roles and responsibilities of the consumer reporting agencies, as well as the users and furnishers of consumer credit data.

A panel of witnesses representing the Consumer Data Industry Association, the American Bankers Association, and the National Consumer Law Center as well as a professor from George Washington University will provide testimony.

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Latest CUNA Regulatory Advocacy Report Available

This week's Regulatory Advocacy Report will bring you up to speed on the following issues CUNA is working for on your behalf:

- RBC Improvements Tops CUNA's Regulatory Advocacy Efforts
- FHLB Proposal Troubles CUNA
- CFPB Warns Credit Card Companies Against Deceptively Marketing Promotional Offers
- Mobile Payments Regulatory Landscape: Boston Fed Paper, NCUA Upcoming Guidance
- Federal Reserve Announces Completion of Its "Payment System Improvement" Research

Read the full [Regulatory Advocacy Report](#).

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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

September 10 -- [Free CuGreen Loan Program Information Session](#)

September 16 -- [VirtualCorps Webinar: Leveraging the CDFI Certification to Increase Community Impact and Relevance](#)

October 7 -- [VirtualCorps Webinar: The Well-Access to Unlimited Business Communication Problem-Solving Insights](#)

October 14 -- [VirtualCorps Webinar: Big, Balanced and Sustainable Loan Growth](#)

October 21 -- [Teller Training for Frontline Staff](#)

November 5 -- [Lending Roundtable: Lending Best Practices](#)

November 5 -- [Collections Roundtable \(Afternoon Session\): Collections Best Practices](#)

Industry Events

September 10 -- [Miracle Jeans Day](#)

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 17 -- [North Jersey FCU's 4th Annual Passaic County Small Business Growth Summit](#)

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 20 -- [First Financial Foundation Food Truck and Restaurant Birthday Bash Fundraiser](#)

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

October 16 -- [International Credit Union Day](#)

October 16 -- [Shop for Miracles](#)

2015

April 13-15 -- [CU Reality Check at the Golden Nugget Hotel & Casino in Atlantic City](#)

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