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To: staff@njcul.org
Conversation: The Daily Exchange -- October 16, 2014

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October 16th, 2014

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Happy International Credit Union Day!



Doing good is something credit unions take seriously, locally, and globally...and today is the day to celebrate and promote what we do!

How is your credit union celebrating ICU Day? Let us know! Tag us in photos on [Facebook](#), tweet us [@NJCUL](#), or email your photos and caption to news@njcul.org! And don't forget to use the hashtag #ICUDay on social media so your messages join the thousands more across the globe today!

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NJ CUs Represented at Norcross for Congress Fundraiser, CU Messages Shared with House Minority Leader Pelosi

TAVISTOCK, N.J. – New Jersey credit unions were represented yesterday at a Donald Norcross for Congress fundraiser at the Tavistock Country Club. The event provided the opportunity for the Credit Union Legislative Action Council (CULAC) to support the election to Congress of Donald Norcross (D), a credit union supporter currently serving in the NJ State Senate.

7/10/2014: Credit Union
Directors are the System's
'First Line of Defense'
) Credit Unions, Mark Your
Calendars

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

Next ELS Session "Financing Innovation" on November 4th

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:



State Senator and 1st District Congressional candidate Donald Norcross (D) looks on as U.S. House Minority Leader and former Speaker Nancy Pelosi (D-CA) addresses his supporters of at fundraiser yesterday.

NJCUL President/CEO Greg Michlig and Vice President of Corporate & Governmental Affairs Chris Abeel attended the event, which afforded them the opportunity to share credit union messages with the Democrat leader of the U.S. House, Nancy Pelosi (D-CA).

CULAC is a federal political action committee (PAC) through which eligible credit union supporters can voluntarily pool personal contributions to help elect candidates for federal office who understand and share credit union values.

Additional information on CULAC is available from Chris Abeel at the League.

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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Next Northern Chapter Meeting Set for November 5th

**Hear from a Representative from the National Federation of
Community Development Credit Unions**

HARRISON, N.J. – Join the Northern Chapter of credit unions on Wednesday, November 5th for a meeting at the Spanish Pavillion in Harris, N.J. Dinner will take place at 6:30 p.m. with sangria, wine, and beer included. The cost to attend is

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UPCOMING EVENTS.

October 21, 2014
Teller Training for Frontline Staff
Location: NJCUL and via Video Conference
10:00 am to 3:00 pm
[More Information Click Here](#)

October 22, 2014
Business Development Roundtable: Business Development that Works
Location: NJCUL and via Video Conference
10:00 am to 12:30 pm
[More Information Click Here](#)

October 29, 2014
Webinar: Social Media Update: Facebook, LinkedIn, Twitter & YouTube
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

Connect with Us:



included. The cost to attend is \$35 per person.

At the meeting, hear from a representative from the National Federation of Community Development Credit Unions.



Click [here](#) for more information and the [registration form](#). The registration deadline is Thursday, October 30th.

Chapter meetings are not limited to credit unions in that chapter only. All meetings are open to any NJCUL member credit union, regardless of their chapter affiliation. Please feel free to attend any chapter meeting to mix and mingle!

More Chapter information as well as the dates of all upcoming Chapter meetings is available on the League Web site at www.njcul.org/chapters.aspx.

Please note: Only New Jersey Credit Union League preferred vendors are able to attend New Jersey Credit Union League Chapter events and meetings.

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RBC Plan Changes Need at Least 60 Days for Comments, CUNA Tells NCUA

WASHINGTON – Due to the extent of changes being considered for NCUA’s risk-based capital (RBC) proposal, CUNA is seeking a comment period of at least 60 days.

NCUA Chair Debbie Matz said last month that "significant structural changes" are being considered.

"A reasonable comment period would not only facilitate credit unions' understanding of the agency's changes and how they affect their operations, but also would help ensure comments provided to NCUA reflect thorough impact analysis that takes time to produce, especially when credit unions are already so busy serving their members and meeting regulatory requirements," wrote CUNA President/CEO Jim Nussle in a letter to Matz.

Separate letters were also sent to Vice Chair Rick Metsger and board member J. Mark McWatters.

Nussle called the risk-based capital proposal "the most significant rulemaking credit unions have faced for some time."

More than 2,000 comments were received from credit unions, members of Congress, and other stakeholders during the proposal's original comment period. The topic also dominated the three Listening Sessions hosted by Matz over the summer.

Matz said in July that the implementation period for the rule is likely to



be extended and lower risk weights on investments, mortgages, member business loans, credit union service organizations and corporate credit unions are likely to be lowered as well.

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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NCUA Will Join Fair Lending Webinar Hosted by the Federal Reserve Board

Credit Unions Can Obtain Valuable Information on a Range of Fair Lending Issues

ALEXANDRIA, Va. – Credit unions will be able to get valuable information on compliance with fair lending laws from a Federal Reserve Board Webinar, "Fair Lending Hot Topics," scheduled for Wednesday, Oct. 22, 2014, beginning at 2 p.m. Eastern.

Jamie Goodson, Director of Consumer Compliance Policy and Outreach in the NCUA's Office of Consumer Protection, will join regulators from the Federal Reserve Board, the CFPB, the FDIC, the Comptroller of the Currency, the Justice Department, and the Department of Housing and Urban Affairs to discuss topics related to fair lending that will include:

- Expectations for compliance management systems,
- Fair lending risk assessments,
- Real estate-owned properties,
- Mortgage pricing risks,
- Auto lending enforcement, and
- Maternity leave discrimination.

Online registration for this free 90-minute Webinar is now open [here](#). Participants will be able to ask questions during the Webinar, or they can send questions in advance by [email](#).

The Webinar is part of an ongoing series of consumer compliance events that is an initiative of the Federal Reserve System, produced in conjunction with the quarterly newsletter [Consumer Compliance Outlook](#).

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Don't Miss Next Wednesday's Business Development Roundtable on Strategies that Work!

Do you Market to the Community? Have a Knack for Networking? Join the Discussion!

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.



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Compliance Concerns, Costs Skyrocketing, Reports Confirm

WASHINGTON – New regulations are raising compliance costs and concerns, according to several surveys of financial institutions released Wednesday.

Mortgage lenders have reported compliance costs are up nearly 30% over the past year, and compliance concerns at U.S. financial institutions are also up nearly 30% from January 2013.

The Office of the Comptroller of the Currency, CFPB, and FDIC have all issued rules and regulations affecting the mortgage industry in the last year.

Fannie Mae's Mortgage Lender Sentiment Survey polled senior mortgage executives in August and found:

- Seventy-two percent of the lenders surveyed say the new regulations have had "significant" impact on their business. Mid-sized lenders (84%) are more likely than smaller lenders (62%) to report significant impact, with 73% of larger lenders reporting significant impact;
- Seventy-two percent of lenders reported spending more on compliance in 2014 than in 2013. Across all lenders surveyed, institutions reported a median increase of nearly 30% in compliance spending. Mid-sized lenders reported the largest increase of 50%, on average;
- Post-closing quality control review and servicing are the business functions most commonly reported as being outsourced as a result of increased regulations and associated costs. In addition, mid-sized lenders are more likely than smaller lenders to outsource compliance and legal functions; and
- Compliance risk is reported as the top area of focus by most lenders. In addition, larger lenders are more concerned with operational risk while smaller lenders are more concerned with credit risk and interest-rate risk.

Wolters Kluwer Financial Services also conducted its Regulatory and Risk Management Indicator, which began with a baseline score of 100 in January 2013, when it surveyed nearly 400 credit unions and banks. Since then, it has risen to 128 following the latest survey of more than 300 financial institutions in August.

Other results of the indicator include:

- Overall concern about ability to manage risk has grown, and 44% cite regulatory pressures as the main obstacle;
- Ongoing challenges with compliance for changing regulations concerned 72% of respondents;
- Concern over the CFPB's new Home Mortgage Disclosure Act reporting requirements have risen to 63% from 45%; and
- One in 3 respondents indicated they have hired staff or transferred staff from revenue generating roles to help

transferred staff from revenue-generating roles to help manage increased risk and compliance requirements in the past 12 months.

The Fannie Mae's Mortgage Lender Sentiment Survey is available [here](#).

The Wolters Kluwer Financial Services Regulatory and Risk Management Indicator is available [here](#).

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CUNJ Foundation Hosting Family Bowling Event October 25

EWING, N.J. – Credit Union of New Jersey Foundation will be holding a Family Bowling Event in support of the Foundation. The Family Bowling event will be held on October 25th from 3:30 p.m. to 5:30 p.m. at Hamilton Lanes located on 1200 Kuser Rd, Trenton, N.J., 08619. All proceeds from the event will go to CUNJ Foundation to help various organizations and financial education efforts within the community.



Credit Union of New Jersey Foundation's Family Bowling Event is going to be a family fun event that the whole family will enjoy—all while helping a good cause! There will be a prize for the best Halloween costume so attendees are encouraged to come dressed up! There will also be a 50/50 raffle and multiple gift basket raffles! For pricing and registration please go to CUNJFoundation.org!

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Metsger: Credit Union Directors are the System's 'First Line of Defense'

Board Vice Chairman Discusses Fraud, Regulatory Relief and Risk-Based Capital

ALEXANDRIA, Va. – Credit union board members who are informed and engaged help protect their credit unions, members and the credit union system, NCUA Board Vice Chairman Rick Metsger said this week.

Metsger, who served on the board of directors of the Portland, Oregon, Teachers Credit Union from 1993 to 2001, spoke to the National Directors Roundtable Conference in San Diego.

Covering subjects ranging from NCUA's efforts to provide regulatory relief and the agency's proposed risk-based capital rule to credit

unions' advantages for consumers, Metsger stressed one area in particular: internal fraud.

"You are the first line of defense," Metsger said. "Your job is to know what's going on, to be engaged and to ask questions. That's how you lead your credit union, that's how you protect it, protect your members, protect the system and protect the Share Insurance Fund."

While Share Insurance Fund losses overall have been declining, Metsger said, internal fraud is a continuing problem, particularly at smaller credit unions.

"Internal fraud is a major contributor in more than half of the losses to the Share Insurance Fund," Metsger said, "and it poses a significant reputation risk for credit unions. However, it can be difficult to find, often because credit union boards and supervisory committees are not as strong and active as they should be. In one recent case in Hawaii, three credit union employees, none of them aware of what the others were doing, bilked a credit union out of \$500,000. Now, that's a lack of internal controls."

Metsger said that in 2009 and 2013, estimated losses actually exceeded the assets of the credit unions driven into liquidation by internal fraud. He added that when fraud is detected, it is nearly always the result of work by an examiner, auditor or outside party. In the last 12 years, he said, not one case of internal fraud leading to the failure of a credit union has ever been detected by a single board member or supervisory committee member. With more supervisory focus on larger credit unions, it's more important for directors of small institutions, which are more likely to be targets of fraud, to be vigilant.

Metsger pointed to several "red flags" that should alert directors to possible internal fraud, including:

- Missing records and signature cards, which has occurred in every case of fraud uncovered since 2002,
- Recordkeeping problems and items off the balance sheet,
- A manager has outside business interests,
- Management delays in providing information,
- Backdated transactions, and
- Large deposits flowing through an account.

"Credit unions offer great value to their members and are important to offering an affordable, non-profit alternative in financial services," Metsger said. "It's also important that we keep the public's faith in their safety and soundness."

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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

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

October 22 -- [Business Development Roundtable: Business Development that Works](#)

October 28 -- [CFO Roundtable: Managing Effectively through the Budget Process](#)

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

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

November 12 -- [NJ DNA Meeting at the League Office](#)

Industry Events

October 25 -- [Credit Union of New Jersey Foundation Family Bowling Event](#)

October 29 -- [Southern Chapter Meeting: Indirect Lending](#)

November 5 -- [Northern Chapter Meeting](#)

November 7-9 -- [DCUL's 2014 Volunteer Leadership Conference](#)

November 10 -- [Reality Fair at Ocean County College Southern Education \(SEC\)](#)

December 9 -- South-Central Chapter Meeting -- More Information Coming Soon

2015

March 8-12 -- [CUNA's 2015 GAC](#)

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

April 28 -- NJCUL's 27th Annual Golf Tournament

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New Jersey Credit Union League | news@njcul.org | New Jersey Credit Union League | 299 Ward

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