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The Daily Exchange

January 15th, 2015

Today's News:

- › Revised RBC Plan to Be Unveiled at Today's NCUA Meeting
- › Reminder: NCUA Grant Round Opens Feb. 2
- › South-Central Chapter Hears First-Hand DE Experience from Barbara Agin
- › 2015 Reg. Relief Priorities Outlined in Matz's NCUA Report
- › Rep. Garrett Renamed to Financial Services Sub-Committee Chairmanship
- › First Reality Fair of the New Year Held at Jackson Liberty High School
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- › CO-OP Surpasses 3 Billion Mark for First Time in Annual Member Payment Transactions
- › 'Kill-Switch' Prohibition Reported from Assembly

Revised RBC Plan to Be Unveiled at Today's NCUA Meeting

Just Released RBC Docs Available on [League Site](#)

WASHINGTON – Today, the credit union community will get its first glimpse NCUA's much-anticipated revised risk-based capital (RBC) proposal at the agency's board meeting. During its year-long advocacy on the proposal, CUNA and the state leagues have urged the agency to make six specific changes.

These are:

- Eliminating or lowering the risk-based capital requirement for a credit union to be well-capitalized;
- Revising the risk-weightings, particularly in the areas of member business loans, mortgages, long-term investments, mortgage servicing assets, and credit union service organization investments;
- Allowing goodwill and the 1% National Credit Union Share Insurance Fund deposit to be included in the calculation of risk-based capital;
- Clarifying the provision that would authorize the NCUA to impose additional minimum capital beyond what the rule requires;
- Providing a more complete definition of "complex" credit unions so that fewer credit unions will be covered by the rule; and

REPORTED FROM ASSEMBLY
Committee

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Student Account
Scorecard

› CUNA Mutual Group
Offers TILA/RESPA
Integrated Disclosure Rule
Webinar

› Credit Unions, Mark Your
Calendars

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

First ELS Session of the New Year Set for March 3rd

New innovations in
technology, shifting
customer expectations,
cyber security threats,
and economic pressures
have dramatically
changed financial
institutions.

Join us for the first
Executive Leadership
Series (ELS) [session](#)
of the New Year on March
3rd at the League office
where you'll hear from
Joel Abramson on how to
reduce costs while
investing in innovation to
better serve the modern

- Providing ample time for credit unions to comply with a final rule beyond the 18 months initially proposed.

"CUNA is eager to see how NCUA has addressed the significant problems that existed in the original risk-based capital plan," said Mary Dunn, CUNA's deputy general counsel. "The agency received significant feedback from the credit union community and a number of lawmakers, so we're anticipating positive results."

The NCUA released a number of documents concerning its revised RBC proposal, including a FAQs sheet, RBC estimator, and more. The League has made available these documents on its Web site on its RBC page: www.nicul.org/RBCtools.aspx.

We will continue to update our member credit unions on the progress of this revised rule as information becomes available.

CUNA's [Risk-Based Capital blog](#) will be posting updates throughout the day.

CUNA will post video of the meeting on Friday.

The revised RBC proposed rule is expected to be the last item on the agenda today. The other items to be discussed are: the NCUA's 2015-16 annual performance plan, a proposed rule on capital planning and stress test schedules and a community charter request.

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Reminder: NCUA Grant Round Open Feb. 2 Low-Income Credit Unions Eligible for Student Internship, Staff Training Grants

ALEXANDRIA, Va. – Low-income credit unions interested in grant assistance from the NCUA for internships and training can submit applications beginning Feb. 2.

Credit unions may apply online [here](#) between Feb. 2 and March 3. Information about the grant round and application guidelines can be found online [here](#).

NCUA will provide approximately \$360,000 to support staff or volunteer training and provide students with hands-on experience in the credit union industry. Eligible credit unions may apply for both initiatives. The two grant categories in the first round of 2015 will be:

- Staff or volunteer training: \$3,000 will be available for selected credit unions to pay for in-person or web-based training including, but not limited to, lending and collections, compliance and business operations.
- Student internships: up to \$4,000 will be available to each credit union to hire students enrolled in high school or college.

Smaller credit unions and new applicants will receive priority. After evaluating all applications, NCUA will award grant funds until they are

member. Register [here](#).

Upcoming Events:

January 20, 2015
VirtualCorps Webinar: How to Avoid Department of Labor/ERISA Audit Fines
3:00 pm to 4:00 pm
[More Information Click Here](#)

January 21, 2015
Webinar: Advanced Endorsements: POAs, Businesses, Trusts & More
3:00 pm to 4:30 pm
[More Information Click Here](#)

January 22, 2015
Webinar: Director Series: Credit Union Bylaws: Understanding & Assessing Your Governance Documents
3:00 pm to 4:30 pm
[More Information Click Here](#)

Contact Us:

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exhausted. Credit unions that apply will receive a communication from NCUA in March.

Funding for NCUA's grant initiatives is provided by the Community Development Revolving Loan Fund.

In addition to administering the fund, NCUA's Office of Small Credit Union Initiatives fosters credit union development and the effective delivery of financial services for small credit unions, new credit unions and credit unions with a low-income designation. For additional information on NCUA's grants for low-income credit unions visit the Office of Small Credit Union Initiatives' [Web page](#) or subscribe to [FOCUS](#), the office's monthly e-newsletter.

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South-Central Chapter Hears First-Hand DE Experience from Barbara Agin

MT. LAUREL, N.J. – At the South-Central Chapter Meeting held at Carlucci's Waterfront in Mount Laurel, N.J. on Tuesday, Barbara Agin, NJCUL VP Member Experience & Education, shared her personal Development Education (DE) experience having attended the National Foundation's Credit Union Development Educator Training in April of 2014.



The South-Central Chapter sitting down at their roundtable for the meeting.

She shared her insights while preserving the inherent secrecy of the program stating that development educators (DEs) were never asked not to share information about the event but did so to allow future attendees to enjoy the full experience.

“Jokes were made about ‘drinking the Kool-Aid’ and while I joked that my drink was Kool-Aid light,” Agin said, “I have to admit the experience affected me. I left Wisconsin wanting to make a difference. I wanted to help.”

She highly recommended this training for all levels of staff as well as volunteers.

For more information on upcoming DE Sessions, click [here](#). Registration is open for Spring 2015 DE Training is taking place April 29-May 6, 2015 in Madison, Wis.

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2015 Reg. Relief Priorities Outlined in Matz's NCUA Report

WASHINGTON – NCUA Chair Debbie Matz says she has an "ambitious agenda for relief" in 2015, according to her column in this month's [NCUA Report](#). Most items were a review of NCUA proposed rules in the comment stage, while she gave more specifics about other items.

Matz said her initial list of regulatory relief proposals are:

- Modernize member business lending (MBL) by essentially removing all limits on MBLs except those imposed by statute. This includes eliminating waivers, removing the personal guarantee requirement and ending restrictions on construction and development loans;
- Finalize regulatory relief on fixed assets by eliminating the 5% cap and the need for waivers;
- Fine-tune the agency's proposed rule on asset securitization, with the intent of allowing qualified federal credit unions to securitize their own assets as a tool to manage interest rate and liquidity risks;
- Add more automatic approvals for associational common bonds. A proposed rule from the agency cited seven categories the NCUA could automatically approve for federal credit union fields of membership, and Matz says comments on the proposal have yielded suggestions for several more; and
- Exempt more credit unions from risk-based capital, interest rate risk and liquidity rules. This includes a review of the definition of "small" credit unions under the Regulatory Flexibility Act.

The January 2015 issue of *The NCUA Report* also includes:

- A list of the agency's 2015 supervisory priorities;
- Columns by Vice Chair Rick Metsger and board member J. Mark McWatters;
- Information on the NCUA's newly formed working groups on field of membership and secondary capital issues; and
- A step-by-step guide to succession planning;

The issue also mentions call report filing deadlines for 2015, which are: Jan. 23, April 24, July 24 and Oct. 23.

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Rep. Garrett Renamed to Financial Services Sub-Committee Chairmanship

WASHINGTON – Congressman Scott Garrett (R-5) will continue his

FRANCIS CONGRESSMAN BOB GARRETT (R-O) WILL CONTINUE THE chairmanship of the House Financial Services Subcommittee on Capital Markets & Government Sponsored Enterprises (GSEs). There was some question whether he might lose this leadership position because he was among a group of House members to vote against Rep John Boehner's (R-H) bid for another term as speaker. Garrett apparently escaped potential retaliation because he informed Speaker Boehner ahead of the vote.

In addition to his subcommittee chairmanship, Garrett will serve on the Housing & Insurance Subcommittee as well as a member of the full House Financial Services Committee.

The Subcommittee on Capital Markets & Government Sponsored Enterprises (GSEs) has jurisdiction over housing finance reform. The League has been working with Rep. Garrett to ensure that credit unions' and other small lenders' continued access to a viable secondary mortgage market is included in any reform package.

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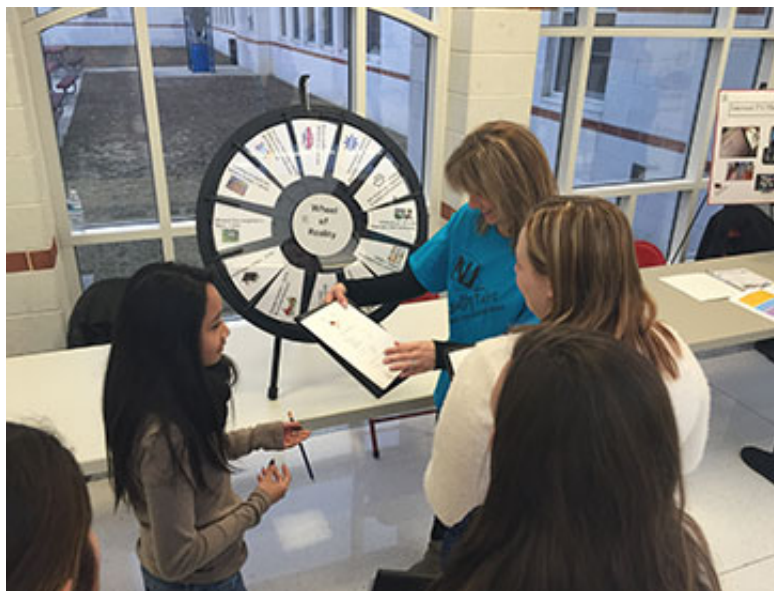
First Reality Fair of the New Year Held at Jackson Liberty High School

JACKSON, N.J. – Teachers that visited last year's Reality Fair at Jackson Memorial High School to observe loved the idea and requested a Fair for their own students. The New Jersey credit union Reality Fair program answered the call, bringing the hands-on financial literacy experience to 230 students on Wednesday.



First Financial FCU's Matt Brazinski explains the auto loan process to students as they make hypothetical car purchases.

Students of all grade levels received a brief orientation in a large lecture hall before venturing out into the “real world” with their budget worksheets to make hypothetical (and sometimes extravagant) purchases. They all sat down with financial counselors at the end to review their worksheets and to learn from the experience.



Students take a spin on the Wheel of Reality with a little help from NJCUL's Barbara Agin.

Volunteers from sponsoring credit union First Financial FCU, as well as Garden Savings FCU, Credit Union of New Jersey, NJCUL, and Symbionce volunteered their time to man the lifestyle booths and work with the students.

The program is always in need of more volunteers. If you're interested in volunteering and would like to be added to our email list to find out about upcoming Reality Fairs, please contact Marissa Anema at manema@njcul.org.

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Avoid Department of Labor/ERISA Audit Fines

VirtualCorps.com™

**VirtualCorps Webinar:
How to Avoid Department of Labor/ERISA Audit Fines
Tuesday, January 20, 2015
3 p.m. to 4 p.m.**

The Affordable Care Act, ERISA and HIPPA are just a few of the areas under close regulatory and compliance scrutiny. The Department of Labor will be ramping up its audit activities in all industries over the upcoming years. Banks and Credit Unions have no

industries over the upcoming years. Banks and Credit Unions have no immunity from these requirements.

Are you confident your human resources practices will ace an audit?

The January 20th VirtualCorps Webinar titled “How to Avoid Department of Labor/ERISA Audit Fines” will highlight key requirements and discuss methods for meeting them. It will also provide concepts that are foundational to human resources practices.

This Webinar is informative for Human Resources Directors, CEOs, CFOs, and Board members.

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

Cost:

Live Webinar Only: \$99

Recorded Version Only: \$99

Live Webinar & Recorded Version: \$125

Registration

To register and pay by check, email Mary Zelinsky at 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.



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CO-OP Surpasses 3 Billion Mark for First Time in Annual Member Payment Transactions

Company Sets New Record in 2014 for Transactions Processed

RANCHO CUCAMONGA, Calif. – CO-OP Financial Services established a new annual record in 2014, processing more than 3 billion electronic funds transfer (EFT) and shared branch transactions by credit union members, an increase of 8 percent compared to 2013.

“CO-OP is dedicated to helping credit unions become the primary financial institution of its members by maximizing secure and convenient access to accounts,” said Stan Hollen, President/CEO of CO-OP. “In 2013,



we set a record with 2.8 billion transactions. The new transaction processing record set by CO-OP in 2014 demonstrates again that credit unions can compete with anyone in terms of debit, credit, ATM and branch services.”

The record set in 2014 indicates that CO-OP is hitting new milestones at an accelerating pace. In 2004, the company reached 1 billion in annual transactions and in 2010 CO-OP Financial Services first topped 2 billion transactions. Now just four years later, CO-OP has reached the 3 billion mark.

At more than 3 billion transactions for the year, there were also some remarkable numbers achieved at shorter intervals – and none more remarkable than those recorded on Wednesday, December 24, 2014. Here are the second, minute, hour and day transactions, all new records in their categories:

- Peak Volume Per Second: 10:38:19 a.m. Eastern Time – 276 transactions per second.
- Peak Volume Per Minute: 10:38 a.m. Eastern Time – 14,138 transactions per minute.
- Peak Volume Per Hour: 2 p.m. Eastern Time – 760,522 transactions per hour.
- Peak Volume Per Day: Again, Wed., Dec. 24, 2014 – 10,327,641 transactions per day.

CO-OP Financial Services is the credit union industry’s largest processor of electronic payments. The company operates CO-OP Shared Branch, a network of 5,200 branches (and 2,000 standalone locations), and CO-OP ATM, a network of 30,000 ATMs, including 9,000 deposit-taking. CO-OP has 3,500 credit union clients, which includes 30 million credit union debit and credit cardholders.

For more information, visit www.co-opfs.org.

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'Kill-Switch' Prohibition Reported from Assembly Committee

TRENTON, N.J. – A bill that would ban “kill-switch” remote shut-down devices used by auto lenders and dealers to enforce payments was released by the Assembly Consumer Affairs Committee on Monday.

Sponsored by Assemblymen Paul Moriarty (D-4) and Angel Fuentes (D-5), the legislation targets “payment assurance devices” that give lenders the ability to locate the car and disable its starter after missed payments, a practice the sponsors they called “predatory” and “incredibly unsafe.”

The legislation (A4033) was introduced in the Assembly on Dec. 18. A companion bill (S2705) has been proposed for introduction in the Senate.

“No one should have their car disabled because they missed a payment by a day or two,” said Moriarty in a statement. “These

payment by a day or two," said Morarty in a statement. "These devices are akin to having a predatory debt collector riding in the car with the borrower, ready to strike at the slightest mistake. It's incredibly unsafe and unnecessary. We need this bill to protect the safety and privacy of consumers."

"Use of the devices is generally unregulated and allows predatory lenders to track and store data without any safeguards for privacy, causing potential consumer and public safety issues and other serious consequences," said Fuentes in a release.

The League is assessing the potential impact to credit unions and is reaching out to the sponsors to propose acceptable standards as an alternative to an out-right ban.

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CFPB Releases Safe Student Account Scorecard

Bureau Seeks Comment on Scorecard to Help Schools Avoid Promoting Products with Tricks and Traps

WASHINGTON — The Consumer Financial Protection Bureau (CFPB) is seeking input on a "[Safe Student Account Scorecard](#)" that would help colleges to avoid partnering with financial institutions that offer checking and prepaid accounts with tricks and traps. The scorecard would help colleges access upfront information about fees, features, and sales tactics before agreeing to a sponsorship. The scorecard would help create a level playing field for all financial institutions that offer affordable products, regardless of their ability to pay bonuses to schools.

"An important issue for young people is how best to manage their money while they are still in school," said CFPB Director Richard Cordray. "Because of the influence schools may have on the financial products students choose, we are working to arm them with the information they need to negotiate safe and affordable products for students."

The Request for Information (RFI) about the Safe Student Account Scorecard can be found [here](#).

Many colleges make deals with financial institutions, where the college helps with or allows the promotion of credit, debit, or prepaid cards, sometimes endorsed with a college logo or linked to a student identification card. Colleges, either directly or indirectly, typically get a share of the revenue generated from the cards, and financial institutions have access to a new group of consumers. The CFPB has identified agreements where financial institutions offer royalty payments for use of college trademarks or bonuses based on the number of student account sign-ups. Financial institutions may also offer discounted, or even completely free services, in exchange for marketing access on campus.

The Credit CARD Act of 2009 (CARD Act) restricted financial institutions from using certain types of credit card marketing practices on college campuses and requires that agreements between credit

on college campuses and requires that agreements between credit card issuers and colleges be publicly available. But marketing partnerships between colleges and banks have shifted over the past five years. Agreements to market student debit and prepaid cards have surpassed the number of agreements to market student credit cards. Forty percent of college students attend schools with agreements to provide debit or prepaid cards. A [CFPB analysis](#) of one university system revealed that the school-endorsed financial product received the highest adoption by students receiving financial aid.

The scorecard will level the playing field for financial institutions that offer safe and affordable products, regardless of marketing budgets. Schools could adapt the scorecard to meet their unique needs. The scorecard is designed to solicit information helpful to a school's selection process and not to establish minimum standards.

The Bureau will be accepting input on the draft scorecard until March 16, 2015.

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CUNA Mutual Group Offers TILA/RESPA Integrated Disclosure Rule Webinar

MADISON, Wis. – CUNA Mutual Group is offering a [free Webinar](#) Tuesday on the Consumer Financial Protection Bureau's TILA/RESPA Integrated Disclosure Rule.

"The TILA/RESPA Integrated Disclosure rule will completely overhaul the way credit unions go about mortgage lending and will likely impact the types of mortgage lending credit unions engage in," said Maureen Clark, assistant regulatory compliance manager for CUNA Mutual Group, who will host the Webinar. "Generally speaking, the rule redefines disclosures for first mortgages and closed-end home equity loans, but credit unions shouldn't underestimate the changes that are required to comply with this rule."

In addition to the Loan Estimate and Closing Disclosure, TILA/RESPA requires two new documents: the Escrow Cancellation Notice and the Settlement Service Providers List, which will both be discussed in detail for scope and purpose during the Webinar.

"Not only are the TILA/RESPA disclosures new, it is crucial to have a plan in place for the crossover period from the current disclosures to the new TILA/RESPA Integrated Disclosures," Clark said. "Once the rule comes into effect on Aug. 1, NCUA examiners will be focused on compliance with the new requirements."

The NCUA's recent letter to credit unions (15-CU-01) stressed that compliance with TILA/RESPA will be an exam priority after the effective date.

The Webinar is offered at multiple times throughout the day Jan. 20, is free for all credit unions and concludes with a live Q-and-A session.

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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

January 20 -- [VirtualCorps Webinar: How to Avoid Department of Labor/ERISA Audit Fines](#)

February 3 -- [VirtualCorps Webinar: Why a Payday Alternative Loan May Be Helpful to Many of Your Members](#)

February 10 -- [CFO Roundtable: Managing Operating Costs and More!](#)

February 10 -- [VirtualCorps Webinar: Understanding, Locating and Evaluating Auto Loan Participations](#)

February 11 -- [NJ DNA Dinner Meeting](#)

February 17 -- [VirtualCorps Webinar: How to Develop a Simple Investment Strategy for Your Excess Liquidity](#)

March 3 -- [Executive Leadership Series Session: Six Essentials for Keeping Your Financial Institution Relevant](#)

Industry Events

January 21 -- [NCUA Webinar on Revised RBC Proposal](#)

January 26 -- [CUNA's Update on NCUA's Risk Based Capital Proposal Webinar](#)

January 28 -- [Southern Chapter Meeting: Elections to Be Held](#)

February 2 -- [Applications Open for NCUA Low-Income Credit Union Grant Round](#)

February 10 -- [NCUA Chairman's Town Hall Meeting with CFPB Director Cordray](#)

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

April 13-15 -- [2015 CU Reality Check at the Golden Nugget Atlantic City](#)

April 28 -- [NJCUL's 27th Annual Golf Tournament](#)

June 1 -- North Jersey Federal Credit Union Foundation's Annual Golf Outing

June 5 -- [Reality Fair at Thomas Wallace School](#)

June 10 -- [Reality Fair at Ewing High School](#)

July 20 -- Garden Savings FCU's 5th Annual Golf Outing at Fiddler's Elbow Country Club

September 28 -- Picatinny Federal Credit Union 17th Annual
Golf Outing

October 4-6 -- NJCUL's 81st Annual Meeting & Convention

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