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March 3rd, 2015

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NCUA 4Q Numbers Show CU Loan Growth at Nine-Year High

ALEXANDRIA, Va. – Loan growth at federally insured credit unions climbed last year to the highest level since 2005, according to fourth quarter 2014 data released by the NCUA Monday.

“2014 was a very productive year for America’s credit unions,” NCUA Board Chairman Debbie Matz said. “As economic growth stimulated loan demand, credit union loans met the needs of millions of members, strengthened their communities and created jobs that will further boost the economy. Loan growth also helped credit unions reduce reliance on long-term investments to generate income. However, credit unions must remain prepared when interest rates rise.”

Membership, assets, deposits and net worth saw continued positive growth in the fourth quarter of 2014.

Net interest margins held steady from the previous quarter and were slightly higher than at the end of 2013.

Outstanding loan balances grew 10.4% between the end of 2013 and the end of 2014, and total loans reached \$712.3 billion.

This includes:

- Total first mortgage loans outstanding were up 2% to \$292.2 billion from the previous quarter and up 8.8% from the fourth quarter of 2013;
- Second mortgage loans were up 0.7% to \$72 billion from the previous quarter and up 2.3% from the end of 2013;
- New auto loans were up 4.8% to \$86.3 billion from the previous

- Financial Ed Grants
- › Upcoming CUNA Training Opportunities
- › 'Patent Troll' Hearing Furthers Conversation on Combating Abusive Demands
- › Credit Unions, Mark Your Calendars



Register Today for NJCUL's 27th Annual Tournament on April 28!

Reserve your spot on the greens at our upcoming Golf Tournament! Join us on both of Forsgate Country Club's beautiful courses for a day of golf, lunch, and an awards banquet.

Click [here](#) for more information and the registration form.



- quarter and up nearly 21% from the fourth quarter of 2013;
- Net member business loan balances were up 2.8% to \$51.7 billion from the previous quarter and up 12.4% from the fourth quarter of 2013; and
- Payday alternative loans outstanding were up 16% to \$37 million from the previous quarter and up 36.2% from the fourth quarter of 2013.

NCUA Chair Debbie Matz said the loan growth helped credit unions reduce reliance on long-term investments to generate income. Investments declined in all categories except those with maturities of one to three years, which rose by 11.8% from 2013, for a total of \$99.7 billion.

Investments with maturities greater than 10 years dropped 21.6% from the end of 2013, to \$5.6 billion.

NCUA released the new figures based on Call Report data submitted to and compiled by the agency for the quarter ending Dec. 31, 2014.

The NCUA has posted [details](#) of fourth-quarter call reports, as well as a [summary](#) of fourth-quarter performance and financial trends [data](#) for federally insured credit unions.

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CUNA-Backed MBL Bill Reintroduced, Would Raise Cap to 27.5%

WASHINGTON – CUNA welcomed the reintroduction Monday of a bill that would raise the cap on credit union member business lending (MBL) to 27.5% of assets. Introduced by Reps. Ed Royce (R-Calif.) and Gregory Meeks (D-N.Y.), the Credit Union Small Business Jobs Creation Act (H.R. 1188) is identical to a bill introduced by Royce in the last Congress.

To qualify for the higher MBL threshold, credit unions must be well capitalized, have a history of MBL experience, be operating at no less than 80% of the cap for the previous year and receive approval from the NCUA.

CUNA estimates that raising the cap from the current 12.25% of assets would create 140,000 new jobs and allow credit unions to lend an additional \$13 billion to small businesses, with no cost to taxpayers.

"Current regulations arbitrarily cap the ability of our nation's credit unions to lend to small businesses. Main Street businesses looking to expand and hire more workers have suffered as a result," said Royce in a statement. "The Credit Union Small Business Jobs Creation Act removes this obstacle to lending and ensures that qualified credit unions are better able to support Americans who need loans to start, sustain, or grow their businesses."

Raising the MBL cap is a major legislative priority for CUNA, due to the regulatory relief it would achieve. CUNA will send a letter of support for the legislation.

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Upcoming Events:

March 11, 2015
Webinar: Effective
Management of Credit
Report Disputes:
Completing ACDVs, AUDs &
More
3:00 pm to 4:30 pm
[More Information Click Here](#)

March 12, 2015
Webinar: Enterprise Risk
Management: The Roles of
the Board & Supervisory
Committee
3:00 pm to 4:30 pm
[More Information Click Here](#)

March 17, 2015
VirtualCorps Webinar: How
Your CU Can Earn Fee
Income: Longterm Care
Coverage & Asset
Preservation
3:00 pm to 4:00 pm
[More Information Click Here](#)

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Connect with Us:



The nationwide [Stop the Data Breaches](#) grassroots campaign continues. CUNA and the NJCUL are encouraging all credit union professionals, volunteers and members to [email](#) their lawmakers in Congress.

McGraw-Hill FCU Opens Nation's First Financial Wellness Center in Manhattan

Center Strengthening Member Personal Finances Through Dramatic Departure from Traditional Approaches to Bank Branch Services

NEW YORK – McGraw-Hill Federal Credit Union, one of the nation's top credit unions and leader in financial wellness advocacy, has ushered in a new era in banking and financial services with the opening of the nation's first Financial Wellness Center at 55 Water Street in Lower Manhattan. A drastic departure from the typical big bank "branch," the Center offers credit union members and their families a comprehensive and personalized experience focused on strengthening their financial wellbeing.



McGraw-Hill FCU President/CEO Shawn Gilfedder demonstrates how to navigate through one of the Wellness Center's state-of-the-art kiosks.

"Our Financial Wellness Center was created to serve members' financial needs and goals with skilled advisors and technology specifically designed to improve their financial lives," said Shawn Gilfedder, McGraw-Hill FCU President and CEO. "We are a not-for-profit, member-based credit union that is fiercely committed to providing exceptional service within a low fee environment that will help them reach their financial goals. The Financial



Wellness Center is the physical realization of our industry-changing approach. There is no location like this in New York or anywhere else in the nation; it is truly a new paradigm in providing members with financial wellness.”



McGraw-Hill FCU President/CEO Shawn Gilfedder and the Financial Wellness Center team at the week-long grand opening celebration.

The Financial Wellness Center brings all the benefits of credit union membership and financial wellness support to a new level. New approaches and services offered at the Center include:

- **Financial-wellness and counseling services:** The Center provides a broad range of goal-focused savings, spending, and financial planning services that empower members to take charge of their financial lives in ways that banks and many other financial institutions do not.
- **Financial Services Consultants:** Every member is provided with a financial services consultant – not a bank teller – who will stand side-by-side with them to understand and explore their personal financial position and goals. Using McGraw-Hill FCU’s exclusive “financial wellness road map” application, members set goals to secure their financial futures and ensure peace of mind.
- **Relationship-focused:** All consultants are armed with tablet devices to help introduce members to possible plans and ideas, showing them how to effectively use credit, secure better rates, implement savings strategies and learn how to leverage different kinds of debt.
- **A technology-focused, paperless environment:** Members experience unmatched convenience and access to the credit union’s online and 24/7 remote/mobile banking technology and

suite of financial services.

- **Financial Wellness University:** Through specially created online financial education programs that span a range of day-to-day member financial issues and challenges, members gain the knowledge needed to make smarter financial decisions through access to the credit union's extensive and critically acclaimed educational tools, resources and videos.

The Financial Wellness Center's open floor plan incorporates state-of-the-art technology including, large touch screen kiosks designed by McGraw-Hill FCU. The personal process embraced at the Center was created to build stronger and deeper relationships between credit union members and their individual Personal Financial Consultants, who are not salespeople focused on selling or pushing high fee products.

The credit union also provides resources to employers, allowing them to educate employees on how to take greater control of their finances, resulting in fewer financial worries, less stress, better health and increased job productivity. The Center will be used to showcase these programs and services for corporations and other organizations.

McGraw-Hill FCU is hosting a week-long grand opening celebration for the Financial Wellness Center from March 2 to March 6. Open to the public, all are welcome to join the celebration or share on social media using the hashtag #BackAt55.

Additional photos of the Financial Wellness Center can be found [here](#).

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Reality Check: Expanding Loan Portfolios & Improving Loan Profitability with Dr. Randy Thompson

ATLANTIC CITY, N.J. – Credit scores are central to the extension of credit. Interest rate, LTV, term, and loan amount are all affected by a person's



credit score. However, once the loan is made, not all credit scores stay the same. Many scores will decrease over time and drop to dangerously low levels. Some members' credit scores may rise significantly over the life of the loan while other scores remain static. Members with rising credit scores provide a fertile target for marketing loans and other products.

Dr. Randy Thompson's "Expanding Loan Portfolios & Improving Loan Profitability Using Credit Migration Modeling" presentation will discuss the identification of members with rising credit scores and how to effectively market services to them.

Hear from Thompson as well as other top-notch speakers at the 2015 CU Reality Check Conference April 13-15, 2015 at the Golden Nugget Atlantic

City.

Check out the Web site at www.CURealityCheck.com for more information and to register.

Thank you to our sponsors who make Reality Check possible: Alloya Corporate FCU, CO-OP Financial Services, *Credit Union Journal*, CUinsight, CUNA Mutual Group, Federal Home Loan Bank of New York, Financial Services, Inc. (FSI), LendKey, and UBS.



April 13-15, 2015

Register Today!

www.CURealityCheck.com

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Bill to Codify CU Advisory Council, Create Small Biz Panel Introduced

WASHINGTON – A House bill was reintroduced Monday that would both establish a Small Business Advisory Board to the Consumer Financial Protection Bureau (CFPB) as well as codify the bureau's existing credit union and community bank advisory councils.

Last Friday, CUNA President/CEO Jim Nussle sent a letter to recommend credit union candidates for the CFPB's Credit Union Advisory Council and Consumer Advisory Board. He noted that membership on CFPB's advisory boards is key to ensuring the unique perspective of credit unions is not only heard, but also taken into consideration as a part of any and all rulemakings affecting credit unions.

The new Small Business Advisory Board, if the bill is enacted, would be charged with providing information on emerging practices of small business concerns that provide eligible financial products or services, including regional trends, concerns, and other relevant information.

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Upcoming Webinar Offers Important SAR Procedure Updates

Important SAR Procedure Updates from the Revised BSA/AML Examination Manual: Ensuring

Compliance & Avoiding Violations

The interagency anti-money laundering updates were finalized in December 2014, and there have been billions of dollars in fines and several notable sanctions and enforcement actions since the 2010 manual was issued. The long-awaited update contains 440 pages with 320 pages of examiner expectations and another 120 pages of reference material. There are five key components for suspicious activity monitoring and reporting systems in the revised manual (versus only four in the 2010 manual.) Because the components are interdependent, an effective suspicious activity and reporting process should include “successful implementation of each component.” What policy/procedure changes should be made to prove compliance with this process?

Another significant focus area the 2014 manual highlights is the importance of the timely filing of SARs. There is also emphasis on the quality of the investigation and the information provided in the SAR narrative.

NJCUL’s must-attend Webinar “Important SAR Procedure Updates from the Revised BSA/AML Examination Manual: Ensuring Compliance & Avoiding Violations” being held on April 27th will ensure compliance with SAR rule changes.

This informative session is designed for BSA officers and staff, compliance officers, auditors, branch managers, new account representatives, deposit and loan operations personnel, security officers, and risk managers.

Time: 3 p.m. to 4:30 p.m. ET

Presenter: [Susan Costonis, CRCM](#), Compliance Consulting and Training for Financial Institutions

Cost:

- \$200.00 Live Webinar
- \$200.00 Archived Webinar + Free CD ROM
- \$250.00 BOTH Live Webinar and Archived Webinar + Free CD ROM
- \$169.00 Archived Webinar ONLY (for CUs < \$20M in Assets)

[Register 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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NCUA Offers Online Resources to Help Consumers Protect Themselves

National Consumer Protection Week Aims to Raise Awareness

ALEXANDRIA, Va. – During National Consumer Protection Week, the NCUA reminds credit union members about resources available on the agency's website to help them understand their rights as consumers.

"Protecting consumers is an important part of our mission as a financial regulator," NCUA Board Chairman Debbie Matz said. "While this is a continuous effort, National Consumer Protection Week is a time to highlight ways in which consumers can keep their finances safe."

On MyCreditUnion.gov, NCUA offers a wealth of information on a wide range of subjects including consumers' privacy rights, how to avoid being victimized by fraud, understanding credit scores and preventing identity theft. MyCreditUnion.gov also has links to other consumer information resources, such as the "Frauds, Scams and Cyberthreats" [videos](#), and the agency's [Share Insurance Estimator](#).

Credit unions and consumers can also find consumer protection and personal finance information and resources in Spanish on espanol.MyCreditUnion.gov. NCUA's consumer Twitter feed, [@MyCUgov](https://twitter.com/MyCUgov), will feature tips on how to become a smarter consumer during the week.

[National Consumer Protection Week](#), which runs through March 7, is a coordinated campaign that encourages consumers nationwide to take full advantage of their consumer rights and make better-informed decisions. NCUA is part of a group of federal and state regulators, the U.S. Department of Justice, state attorneys general and consumer advocacy organizations supporting the event.



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Deadline Approaching for Foundation's Biz Kid\$ Financial Ed Grants

\$100,000 in Funding Available to Extend Reach of Award-winning Financial Literacy Series

MADISON, Wis. – Credit union organizations have until the end of the month to apply for a Biz Kid\$ Financial Education Grant from the National Credit Union Foundation (the Foundation). The Foundation is looking to distribute \$100,000 in grant funds to credit union organizations as part of this effort.



The application [can be found here](#) or by visiting [ncuf.com>How We Help>Biz](#)

visiting [ncucf.coop](#) How We Help Biz Kid\$>Apply for a Biz Kid\$ Financial Education Grant.

What the Grants Fund

Biz Kid\$ Financial Education Grants may be used to fund innovative programs that improve the financial education of youth through the use of the Biz Kid\$ program. Projects may engage teachers, students, education leaders, local PBS stations, or community stakeholders through events, activities, and/or curriculum distribution. Each project should create innovative and engaging activities incorporating Biz Kid\$ materials. Funds may not be used as a cash donation to a third party.

Grants Aligned with Biz Kid\$

Biz Kid\$ is a financial literacy initiative launched nationally in January 2008 that teaches kids about money and business. The initiative includes an award-winning TV series, free classroom curriculum, outreach activities, and a website (bizkids.com) targeting children 9 – 16 years old. The Foundation is responsible for the fundraising and outreach of the program, and a coalition of over 300 credit unions and affiliates from across the country have helped exclusively fund Biz Kid\$. The number one goal of the Biz Kid\$ financial literacy initiative is to teach kids from upper elementary through high school to understand and incorporate the skills they need to successfully manage their financial lives. One goal of the Foundation's Biz Kid\$ Financial Education Grants is to extend the reach of the series beyond broadcast into the community.

Eligibility Requirements

Eligible applicants include credit unions, CUSOs, state credit union associations, state credit union foundations, and any other organizations owned or controlled by credit unions.

Questions about Biz Kid\$ or the grant process can be directed to Danielle Brown at (608) 556-2406 or via email at dbrown@ncuf.coop.

For more information about *Biz Kid\$*, [click here](#).

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Upcoming CUNA Training Opportunities

March

- 04 - [Collection Compliance Do's and Don'ts for the Frontline](#)
- 11 - [Recognizing Financial Elder Abuse for the Frontline](#)
- 23 - [The Director's Guide to Effectively Working with the Supervisory Committee](#)
- 25 - [Bankruptcy Best Practices for Credit Unions](#)
- 25 - [Measure Your Way to Success. Select Best Metrics and Goals for Your Credit Union](#)
- 31 - [Protecting Members Under Reg E Series](#)

April

- 01 - [New Accounts for the Frontline – Compliance Issues to Watch](#)

[For](#)

01 - [IRA Basics](#)

07 - [Regulation E for ACH Error Resolution - Which 60 Day Rule Will You Follow](#)

09 - [Sharpening Your Skip Tracing Skills](#)

21 - [CUNA IRA Essentials eSchool](#)

21 - [Establishing and Amending IRAs](#)

23 - [The Redaction Trap - NPI Disclosure Penalties to Avoid](#)

28 - [IRA Contributions](#)

View a full list of [upcoming](#) and [recorded](#) training.

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'Patent Troll' Hearing Furthers Conversation on Combating Abusive Demands

WASHINGTON – The U.S. House Energy and Commerce Committee explored the best ways to limit deceptive patent demand letters in a hearing last Thursday. CUNA appreciates the continued conversation on abusive patent demand letters, and combating those types of letters remains a critical piece of CUNA's advocacy efforts.

CUNA submitted a [letter](#) for the hearing record, was encouraged by a patent reform bill introduced earlier this month, and wrote in support of another bill that was introduced last year.

As spelled out in the letter sent to the committee, as well as a letter sent earlier this year to members of Congress, CUNA supports patent reform legislation that:

- Improves the litigation process to make the cost and burdens equitable and more efficient;
- Requires patent demand letters provide details about the patent and who is claiming to assert it; and
- Improves the post-grant review of patents such as making the Covered Business Method (patents that claim a method or operation used in practice, administration or management of a financial product or service) permanent and more useable for smaller entities.

Witness Vince Malta, liaison for law and policy for the National Association of Realtors, said he supported the notion of increased transparency, saying such letters should be required to contain specifics on the relevant patent claim, details on how the patent was infringed upon, a description on the investigation of the infringement, and disclosure of the parties behind the patent claim.

Vera Ranieri, a staff attorney from the Electronic Frontier Foundation, a

For example, a state attorney from the Electronic Frontier Foundation, a nonprofit that works to protect innovation and consumer interests, said any legislation submitted by Congress should not limit the ability of small businesses to turn to their state's attorney general, often the first place they turn after receiving a demand letter.

CUNA believes that state attorneys general have an important role to play for businesses combating abusive patent letters.

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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

March 4 -- [Free MemberClose User Group Forum](#)

March 17 -- [VirtualCorps Webinar: How Your CU Can Earn Fee Income: Longterm Care Coverage & Asset Preservation](#)

March 18 -- [Full-Day: Improving the Results of the Collection Department](#)

March 24 -- [VirtualCorps Webinar: Understanding Financial Statements and Ratios: Part 1](#)

March 31 -- [Brett Christensen's Lending School](#)

April 1 -- [Brett Christensen's Lending School](#)

Industry Events

March 4 -- [NCUA/SBA 'Balancing Member Business Loan Portfolios with SBA Guarantees' Webinar](#)

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

March 25 -- [Southern Chapter Meeting: Compliance Update & Elections to Be Held](#)

April 1 -- [Financial Fitness Day](#)

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

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

May 15 -- [Realty Fair at Barringer High School Academy of the Arts and Humanities](#)

May 18 -- Greater Alliance FCU Golf Outing at Apple Ridge Country Club in Mahwah, NJ

May 20-21 -- [CU Direct's Automotive Lending & Marketing Conference](#)

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

November 6-8 -- [DCUL's 2015 Volunteer Leadership Conference](#)

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