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The Exchange

January 2016 | Volume 4 | Issue 1

A Look Ahead at the League

CU's Urged to Support Major Improvements of NCUA's Recently Released Changes to its Field of Membership Rules

Comment Deadline is February 8th

HIGHTSTOWN, N.J. – The National Credit Union Administration (NCUA) recently released changes to the current field of membership rules. This proposed rule would amend the Chartering and Field of Membership Manual making revisions to the agency's FOM rules. Because credit unions are only open to certain segments of the population, as required by the Federal Credit Union Act (FCUA), the NCUA is tasked with promulgating regulations that determine who credit unions can have as members. The overarching tenant of the FCUA is that credit unions only serve consumers that share a "common bond," whether through employment, shared community or other associations. The proposed amendments do not allow credit unions to serve more consumers, they only allow credit unions more flexibility to serve those that share a common bond.

The major proposed changes are:

- Core Area Service Requirement
- Population Limit as Applied to a Well-Defined Portion of a CBSA
- Use of Combined Statistical Area
- Addition of an Area Adjacent to a CBSA
- Congressional District
- Rural District Population Limits
- Exclusion of Non-Depository Institutions and Non-Community Credit Unions when Calculating the Concentration of Facilities Ratio
- Reasonable Proximity through Members' Online Access to Services
- Inclusion of Select Employee Group Contractors in a Multiple Common Inclusion of Office or

Industrial Park Tenants in Multiple Common Bond

- Streamlined Determination of Stand-Alone Feasibility of Groups Greater than 3,000
- Other Persons Eligible for Credit Union Membership

NCUA's proposed FOM rule was [published in the Federal Register](#). Although the proposed rule was approved at NCUA's November board meeting, the Federal Register document serves as official notice and starts the 60-day comment period. Comments are due to NCUA by February 8.

The New Jersey Credit Union League urges you to send letters to NCUA supporting the proposed field of membership rule before the February 8th deadline.

CUNA has made it easier than ever to submit comments and the League encourages credit unions and their supporters to use the [Voter Voice system](#) to submit pre-written comment letters. This is the fastest way to send a comment to the NCUA.

Banks and their grassroots teams are utilizing similar systems to comment against the FOM proposal. Therefore, it is imperative you take action. As always, there is an option to edit or add additional comments to the pre-written letters.

Click [here](#) to learn more about the changes and to submit your comments to the agency, as well as to access CUNA's resources that include a Summary of the rule and a Comment Letter Writing Guide.

If you have any questions, please contact Nicola Foggie, VP Compliance & Regulatory Affairs at nfoggie@njcul.org or call 1.800.792.861, ext. 112.

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Connecting to Colleagues, Marketing to the Masses

League Opens Lines of Communication and Collaboration, Banking You Can Trust Campaign Revs Up its Reach for 2016

It's not often that you hear directly from the Marketing Department here at the League. But it may be safe to say that you've heard—or seen—their efforts. To fill you in on some of the happenings in and around the creative corner of the NJCUL office that is the small but mighty Marketing Department, here is a look at what's up ahead this year...

On the Home Front

A big part of our department is communication, thus why that term appears in our titles. We communicate what CUNA is doing on the national scale and what the League is doing right here at home. It is our job to keep you informed. Whether it's bringing you pertinent information on news, topics, tools, and resources specific to you and your field; inviting you to education sessions and events based on their educational and networking value; sending you the latest and greatest from our Business Partners... we try to pare it all down and send you only the most important so we're not clogging your inbox.

If you haven't done so already (or haven't done so in a while), take our brief [Communications Survey](#) to let us know what information is important to you. You can also sign-up for newsletters and other reports on our Web site at www.njcul.org/news.aspx.

As for young professionals in the industry, check out our newly-formed young professionals [Facebook Group](#) to connect with your peers and share! We'll be tapping into this group to plan meet 'n greets and other YP events so drop us a line!

Another new way to connect with the League this year will be our redesigned Web site, coming soon. Streamlined and easy to navigate, the design is focused on the user end of the process...how you, our members, use our site, what you'd be looking for, and how you'd go about looking for it. It will also include forums for you to better connect with us and each other for networking, problem-solving, and collaborative purposes.

To the Masses

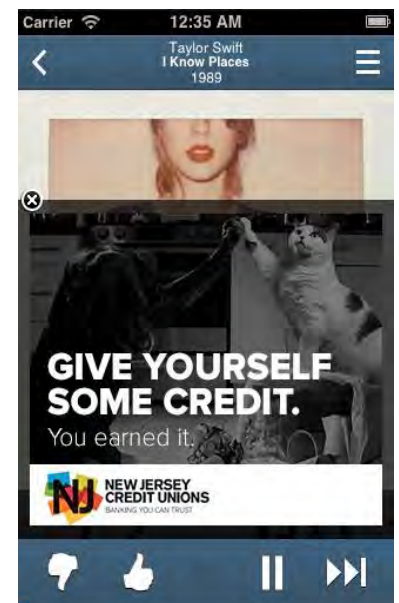
The other side of the house of marketing is our communication of the credit union difference to the masses here in New Jersey. Like everywhere else in the world, credit unions are a very well-kept secret 'round these parts. And the League's Banking You Can Trust consumer awareness campaign is working to change that.

Last year, we refocused much of our consumer-facing marketing to a younger audience through more digital, mobile, and social media channels. This year, we're taking that even further. We explored even more diverse channels to deliver the Banking You Can Trust message to as many folks in the Garden State as possible on as many platforms as possible. Brand awareness is the key. And all of this advertising features the statewide credit union "Banking You Can Trust" messaging and leads the public to the BankingYouCanTrust.com Web site where they can search for a credit union that's right for them.

We must give a shout out to our Business Partner Target Media who we worked closely with last year on overhauling the campaign, signed on a Business Partner mid-year, and continue to work with to deliver impressions, views, clicks, likes...all those fun returns on investment that marketers hold near and dear!

This month, Target Media helped our member credit unions with their 2016 marketing plans by facilitating a marketing roundtable that kicked off the New Year with a focus on generational differences when it comes to technology and how credit unions can leverage these habits to reach specific audiences and their needs, which is exactly what they help us do on your behalf with the Banking You Can Trust campaign.

Stop on by the [Facebook](#), [Twitter](#), [Instagram](#), and [Pinterest](#) pages that have become a source of information and engagement for our followers. Listen in to 101.5 FM for our positive credit union messages, including testimonials from radio host and credit union



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member Bill Spadea. While you're at it, download the NJ 101.5 FM [app](#) to see our "takeover" ad (starting in February). Look for our television ads all over cable and pre-roll ads both on cable and YouTube, as well as our traditional ads at NJ Transit and PATCO stations across the state. Keep an eye out for in-app ads on your phone and Google Sponsored Posts in your inbox...let's see, have we gotten them all? Oh, wait, no...and be sure to tune into your favorite station on Pandora to see and hear Banking You Can Trust messaging.



Phew! It'll be hard to miss the credit union messaging we'll have placed throughout the state on various channels. As New Jerseyans tune in, listen in, check in... they'll find information on credit unions and how to find one.

All of this exposure is thanks in large part to those of you who contribute to the League's advertising co-op.

Through this initiative, we pool together resources to benefit all...that's the credit union way. The more participation we have, the more exposure credit unions get across this great state. The more exposure you get, the more potential members you reach.

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For more information on the League's communication and marketing efforts and/or to contribute to the advertising co-op, please contact Marketing & Communications Manager Marissa Anema at manema@njcul.org or 800-792-8861 ext. 117.

6th Annual NJ CU Foundation

Casino Night

NJ Credit Union
FOUNDATION
Giving • Caring • Educating

REGISTER NOW

When: Thursday, March 3, 2016

6 p.m. to 10 p.m.

Where: Renaissance Woodbridge Hotel

The Credit Union Advisory Group at UBS

The global resources and local perspective credit unions need



With over 28 years of experience working with credit unions, the Credit Union Advisory Group understands the issues you face because we are dedicated financial professionals who focus specifically on serving your industry.

We're backed by the global resources of UBS. Our robust open architecture allows us to provide unbiased recommendations from a wide array of non-proprietary and UBS solutions.

Asset management and advice with no hidden fees

Our experienced team offers asset management, strategic advice and world class insights without any hidden fees.

The open architecture of UBS

With access to the firm's substantial inventory as well as the full range of products beyond UBS, we are free to find better insights and make recommendations based solely on your best interests.

Liquidity solutions

A detailed liquidity policy and contingency funding plan is an NCUA requirement. With a UBS Credit Line, you can pledge eligible securities as collateral for a loan instead of liquidating securities to meet your needs.

Your regulatory obligations

As a cooperative, not-for-profit financial institution, you require a partner who fully understands the regulatory compliance responsibilities you face, while also providing an efficient and cost-effective approach to anticipating and managing risk.

Safekeeping

In today's uncertain financial markets, risk-conscious credit unions require a stable provider of settlement and safekeeping services for their securities.

Borrowing with securities as collateral involves special risks. Market conditions can magnify any potential for loss, as well as for gain. A margin call may result from a decrease in the value of the pledged securities, and you may be required to deposit cash in the account or risk liquidation of securities at an unfavorable price. As a firm providing wealth management services to clients, we offer both investment advisory and brokerage services. These services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. For more information on the distinctions between our brokerage and investment advisory services, please speak with your Financial Advisor or visit our website at ubs.com/workingwithus. ©UBS 2015. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. 7.00_Inv_7.25x10.25_TM0212_TanG IS1500546 Exp. 2/12/16

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**Contact us today to learn
more about our team and start
the conversation.**

Member Experience and Education Full Steam Ahead

With the New Year in full swing, League education is in full force. January kicked off with Marketing and Collections Roundtables; each well attended with good interaction. At the Marketing RT Joanna Drexel-Blevins, Senior Vice President of Digital and Strategy, as well as Tiffany Ellis, Director of Client Services, and Brooke Morgan, Account Service Manager for Target Media, a new League Business Partner led an informative discussion on MultiGenerational Strategies. The information shared was top-notch and we invited them back to present at our Marketing & Business Development Conference scheduled for May 13, 2016.



Attorney Peter Liska will facilitate the February 18th Compliance Roundtable.

On the Collections side, credit Union attorney Michael DuPont shared current class action lawsuits and reviewed the proper completion and compliance with post-repossession documents. Discussions on cross collateralization, writ of replevin and other methods for recovery of hidden vehicles followed. In true collaboration style, the League is collecting information on collection and/or repossession agencies used by attendees to share with the group. This is the true value of roundtable participation – or any in-person meeting. It is always about connecting and follow up!

The Lending Roundtable, which will have occurred as you read this, is also sure to be a successful gathering with Nancy Culp from First Financial sharing her expertise.

So, what is being planned for 2016? There is plenty to talk about – but I will try to be brief...


We will continue to hold roundtable sessions throughout the year for our regular professional groups: Lending, Collections, Marketing, Business Development, CFO, Compliance and Operations. Our next Compliance Roundtable will feature attorney Peter Liska and he will discuss IOLTA Accounts. We will also create special roundtables as needed and always appreciate input from you.

We are holding a Consumer Loan Underwriting Class “live” and at our

virtual locations on February 9th. This is a first for this topic area and attendance is looking good. We also have our first NJ DNA Dinner meeting being held at the League Office on February 16th hosted by Lakehurst Naval FCU. If you are a board member and have not yet participated in a DNA event, it's time to give it a try. If you can't make this one, check out the future meeting dates/locations: May 11th at Credit Union of NJ, August 10th at XCEL FCU and November 9th back at the League Office.

Our premier boutique conference Credit Union Reality Check, is right around the corner. We have an awesome line up this year and hope to see you at the beautiful Golden Nugget in Atlantic City.

Executive Leadership Series

Brought to you by the New Jersey Credit Union League 

The Executive Leadership Series continues in 2016 with a spring meeting scheduled for April 5th at an offsite location TBD. Save the date as our speaker, Dennis McIntee will discuss Creating Drama Free Teams That Get Results.

In May, as mentioned above, we will hold our Marketing and Business Development Conference. This event is “live” only at the League Office in Hightstown. Later that month on May 24th, we will be holding a full day Collections session with Eric North. This will be live in Hightstown and offered virtually at our video conferencing locations: Atlantic FCU in Kenilworth and Members 1st of NJ FCU in Vineland. On Saturday, June 4th, will be our annual Small Credit Union Conference

held at the League Office. While there will be other education between June and October...and I said I would try and be brief!

Remember all that you do with education will be rewarded with our Patronage Rebate Program. But better than that, just consider all the networking potential here – together we are stronger!



Save the Date!

Credit Union Reality Check

2016

We're back at the Golden Nugget in 2016 with hard-hitting, can't-miss topics and speakers.

Plan to join us for the hot topics, high caliber speakers, top-notch networking, and audience interaction that you can't find anywhere else.

Registration information coming soon!



March 14-16, 2016

www.CURealityCheck.com

Regulatory Outlook for the New Year

What to Look Out for on the Regulatory Front in 2016

Hope everyone had a great holiday. I wanted to start the New Year with an update from the compliance world to let you know what CUNA and the leagues are working on. From CUNA's deputy chief advocacy officer and senior counsel Elizabeth Eurgubian, I hear that we can expect 2016 to be a very busy year on the regulatory side of things. One of CUNA's top issues right now is the NCUA's Field of Membership (FOM) proposed rule, which has a comment period that ends on February 8th (see cover story). CUNA is working on its comment letter and we will share it once its completed.

NCUA is also expected to propose a separate rule as an ancillary to the recent final Risk-Based Capital (RBC) rule that will allow the acceptance of Supplemental Capital that could be included in the numerator of the risk-based capital ratio. We will keep all updated on any developments with this issue as well.

In addition, as President Obama heads into his last year in office, it is expected the issuance of proposed and final rules from other agencies to become a major priority for the Administration. Many of the regulatory issues that CUNA has been following, and weighing-in with agencies about, are expected to move forward this year. Eurgubian stated, "Accordingly, we will continue our strong focus on urging federal agencies to remove regulatory burdens impacting the ability of credit unions to serve their members."

Last, but not least, below are some of the issues the Administration has indicated are on the priority list and that we may see action on before the end of the year:

Consumer Financial Protection Bureau

Payday and Small-Dollar Lending

We are expecting a proposed rule on payday and small-dollar lending in early 2016. CUNA has been continually expressing to the Consumer Financial Protection Bureau (CFPB) that it is important to credit unions that members and others in their communities have access to credit on the best possible terms. Accordingly, we have cautioned the CFPB that adding more requirements to NCUA's PAL program and other similar programs at state chartered or other credit unions could have the effect of causing credit unions to reevaluate their participation in this market – and hinder other credit unions from entering it. We have urged the CFPB to concentrate its rule on predatory lenders and to exempt credit unions.

Overdraft Protection

The CFPB is still researching this issue so we do not expect a proposed rule for overdraft services for a few months. We believe some of our efforts have been effective in forcing the CFPB to spend more time studying this issue. It originally projected a pre rule action in the fall of 2015, but this has been pushed to 2016. The latest rulemaking agenda indicates that the CFPB plans to release additional research in January 2016. We expect that the CFPB will hold a SBREFA panel in 2016 and CUNA plans to participate.

Debt Collection

The CFPB published an ANPR for this rule in fall of 2013, but has not moved forward on a proposed

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Federal Home Loan Bank
NEW YORK

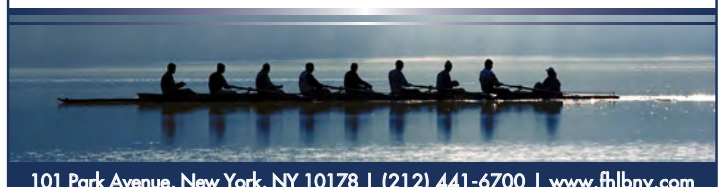
FHLBNY Credit Union Members Doubled Since the Start of the Financial Crisis.

At a period of unprecedented stress in the capital markets, when our members needed liquidity, we were able to step up and meet the demand. With new regulatory and interest rate risk concerns, having access to reliable wholesale liquidity is essential.

Like you, we are privately owned by our members and accountable to them, so we fully understand the cooperative business structure. We strive to offer quality credit products at flexible terms, mortgage finance products, and correspondent services to meet the financial needs of local community lenders like you.

More credit unions are realizing the power of membership in the FHLBNY.

Contact us to see how our partnership can help you better serve your members.



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rulemaking – likely because of the complexity and massive undertaking this will be. In the ANPR, the CFPB asked whether the scope of any rulemaking that would apply to third-party debt collectors should also apply to first-party creditors. CUNA filed comments opposing this. We expect a SBREFA panel for the proposed rule to be held in the first half of 2016 and CUNA plans to participate.

Arbitration

In October, the CFPB released proposals under consideration for the arbitration SBREFA panel. A CUNA member testified at the field hearing announcing the proposals under consideration. We have also met with the CFPB to discuss the credit union perspective on arbitration, and sent a letter in response to the proposals under consideration. We expect a proposed rule on arbitration in 2016.

Prepaid Cards

A final rule for prepaid cards is expected in the first half of 2016. CUNA has met with the CFPB to discuss the proposed rule, and filed formal comments in response to it. The part of this rule that we are most concerned about and advocating against is the CFPB's consideration of amending Regulation Z to indicate that charging an overdraft is actually a form of credit.

U.S. Department of Labor

Overtime Pay

The Department of Labor (DOL) rulemaking agenda has indicated that a final rule for overtime pay could be released in July 2016. CUNA filed comments with the DOL concerning this proposed rule, which would raise the salary threshold to be eligible for overtime pay from \$23,660 to \$50,440 a year – nearly doubling what was put out in 2004 and encompassing five million more employees. In comments, CUNA argued that the proposed salary threshold for overtime is not appropriate for credit union employees in general, but may be particularly inappropriate for small credit unions and those in rural and underserved areas because a disproportional number of them will fall under this threshold.

Fiduciary Rule

CUNA also believes the DOL will publish the final rule concerning the proposed regulation defining who is a “fiduciary” of an employee benefit plan under the Employee Retirement Income Security Act of 1974 (ERISA) which includes adding brokers and advisers providing advice to individual retirement accounts. CUNA filed comments with the DOL during the comment period, and filed additional comments in response to subsequent hearings the DOL held about the proposed rule. CUNA’s comments stated agreement with the DOL that credit union members, and all consumers, deserve the best possible service when seeking information about retirement plans or Individual Retirement Account (IRA) distributions. However, it is important to have rules that encourage and promote retirement savings – rather than potentially chill the ability of credit unions, or other financial institutions, to provide these products and services.

FASB

Credit Impairment (CECL)

The Financial Accounting Standards Board (FASB) is in the final stages of reviewing a proposed standard that would drastically change the accounting method for assessing credit impairment. The proposal would require a forward-looking “current expected credit loss”—or CECL—model instead of the current “incurred loss” approach. We expect FASB to publish the final standard in the first quarter of this year. CUNA has been extremely active in advocating improvements to this proposal.

For more information visit CUNA’s Removing Barriers Blog at <http://www.cuna.org/removingbarriersblog/>. Or, visit <http://www.njcul.org/compliance.aspx> for the most current compliance/regulatory advocacy support and information.

Please contact myself, Nicola Foggie, Vice President of Compliance and Regulatory Affairs, at nfoggie@njcul.org or 800-792-8861 ext. 112 with any questions or concerns.

Compliance Roundtable :
NCUA Guidance on Enhanced Share Insurance Coverage
February 18, 2016

Hear attorney Peter Liska share information about the NCUA’s new Guidance on Enhanced Share Insurance Coverage with a focus on the IOLTA rule that went in effect Jan. 27, 2016.



[REGISTER HERE](#)

Compact 2016 Legislative Calendar in Washington, New Session Begins in Trenton

2016 brings with it a short legislative calendar and a busy regulatory year, both with opportunities to improve the operating environment for credit unions, the Credit Union National Association (CUNA) believes.

"2016 promises to be an interesting and important year from an electoral perspective, and a short year from a legislative perspective," said CUNA Chief Advocacy Officer Ryan Donovan. "We're looking at a legislative period that will begin this month and extend to about Memorial Day, and then there will be an opportunity after the election in the inevitable lame duck session to get legislation pushed through."

During the last week of January, both chambers convened to listen to President Barack Obama's final state of the union address, and then left Washington for party retreats.

Both chambers will take a seven-week recess this summer in connection with the national party nominating conventions. The House will be out session all of October and the first two weeks of November, while the Senate will be in session the first week of October and out the rest of the month and the first two weeks of November.

CUNA will be working to:

- Ensure the NCUA's field-of-membership and member business lending modernization proposals cross the finish line;
- Push the NCUA for less frequent, more efficient and fairer exams;
- Intensify advocacy efforts when the CFPB proposes new regulations on payday lending and overdraft protection;
- Maintain efforts to share the credit union viewpoint with the Department of Labor as it tries to finalize its fiduciary rule and overtime rule;
- Push back against the Federal Communications Commission's (FCC) Telephone Consumer Protection Act order in the courts and Congress;
- Continue urging Congress to enact the Data Security Act of 2015, and emphasize that as long as merchants are held to lower data security standards than credit unions, the threat of major data breaches remains high; and
- Continue to counter state-by-state bank attacks on the credit union tax status.

While much of a credit union's activities fall under the Federal Credit Union Act, the regulatory purview of NCUA and other federal statutes addressing some aspects of lending, savings, real estate settlement, mortgage disclosure and electronic funds transfer, credit unions are also subject to state laws and regulations covering these and a host of other areas.

As employers, credit unions are subject to payroll taxation, mandated employee benefits and workplace legislation. As property owners they are subject to property taxation, building codes, zoning and land use law. And, as financial service providers they're subject to laws and regulations concerning facets of lending, deposits, collections, foreclosures, plastic card/other payment instrument fees and requirements, disclosure and privacy/data security, not to mention ATM security, abandon property, advertising and more.

Any area not pre-empted by federal statute is generally fair game for the state legislature.

In Trenton, a new legislative session (2016-17) began January 12th during which the League will continue to work on unfinished business from the 216th Legislature.

The NJCUL will be working to:

- Secure motor vehicle electronic lien & titling (ELT) administratively or through legislative mandate;
- Ensure any automotive remote disabling "kill switch" device legislation establishes reasonable regulatory parameters and does not contain an interest rate cap;
- Enact a modernized state charter act;
- Enact a state data-security law that would limit the amount of cardholder information a retailer may retain, enable card issuers to identify the party responsible for a breach, and hold the breaching entity financially liable for card replacement costs and fraud losses;
- Oppose bills that would require ATMs be equipped with 911 call service and/or video cameras;
- Oppose foreclosure-related bills that would establish onerous maintenance requirements, increase costs or extend the time it takes to secure a foreclosure judgment.

Governor Christie Signs NJCUL-Requested Prize-Linked Accounts Enabling Legislation

NJCUL-requested legislation that will authorize New Jersey credit unions and banks to offer savings promotions, also known as “prize-linked savings accounts,” was signed into law on January 19th by Governor Chris Christie.

The legislation was sponsored by Senators Richard Codey (D-27) and Ronald Rice (D-28), and by Assemblymen Herb Conaway (D-7), Troy Singleton (D-7), Tim Eustace (D-38) and Craig Coughlin (D-19).

Intended to provide incentives for depositors to open and maintain savings accounts, the legislation (S-2495/A-3868) authorizes New Jersey credit unions, banks, and savings banks to conduct promotions in which a minimum deposit in an amount predetermined by the institution qualifies for a chance to win prizes.

The idea has been put into practice in a number of states by nonprofits and credit unions, and has been successfully implemented internationally.

Legislation to allow federally chartered financial institutions to offer prize-linked accounts was signed into law by President Obama in December 2014.

The NJ bill enables state chartered institutions to offer the accounts, and also clarifies that such savings promotion programs conducted by either state or federally chartered institution do not constitute unlawful gambling under New Jersey law, and are not subject to any laws concerning legalized games of chance presently in statute.

2016 Financial Literacy Events

January:

- Earned Income Tax Credit Awareness Day
- Paying Off Debt
- Tax Identity Theft Awareness Week

February:

- America Saves Week
- Military Saves Week

March:

- National Consumer Protection Week

April:

- National Financial Literacy Month
- Tax Day
- Earth Day



View the full calendar [here](#).