

Together

Volume 30, Number 3

February 15, 2010

HEADLINE NEWS

Mid-Atlantic Corporate Town Meeting Recap

Mid-Atlantic Corporate FCU CEO Jay Murray outlined the corporate's plan to reach higher capital levels and its future strategy at the town meeting held at the League office on February 3.



Murray began the session by reviewing the history of corporate credit unions and their place within the system, along with the ramifications of the conservatorship of U.S. Central and WesCorp and the fallout from these events.

Despite the fact that the National Credit Union Administration (NCUA) has not finalized its proposed Part 704 corporate regulations, Murray stated that Mid-Atlantic is confident of its future and its ability to serve credit unions through liquidity, investment services, and payment services.

Senior Vice Presidents Rodney May and Bruce Six then detailed the new membership materials which were previously mailed out to all Mid-Atlantic Corporate members. Credit unions will have to determine whether to convert their membership capital accounts (MCA) or correspondent membership accounts (CMA) to perpetual contributed capital (PCC) or nonperpetual contributed accounts (NCA). Credit unions will need to select a membership level by **June 30, 2010**.

Murray underscored that Mid-Atlantic Corporate currently has \$151 million in membership capital and is not seeking new money from credit unions to meet the proposed 4% Tier One capital requirement, if members agree to the conversion. He concluded by saying that the power of the cooperative movement and economies of scale will allow credit unions and corporates to preserve and restore capital in the future.

For those Mid-Atlantic members who were unable to attend, a webcast of one of the town meetings will be archived on the corporate's website: www.midatlanticcorp.org. The webcast and the following information are available on **Zephyr®** – the secure part of Mid-Atlantic's website.

1. **Frequently Asked Questions/** During Mid-Atlantic's Town Hall Meetings, they have received many questions regarding the future of Mid-Atlantic Corporate. This document answers the questions the corporate heard from their members. We encourage you to view this document, as it may answer some of the questions that you have pertaining to Mid-Atlantic's new membership plans and capital conversion.
2. **Value Statement.** This document reiterates the many features, benefits and back office services you receive as a Mid-Atlantic Corporate member. This is a great resource to share with your board of directors.
3. **Unaudited Year-End 2009 Financials.** Mid-Atlantic's unaudited year-end 2009 financials are now available.

All three of these documents are available on the Documents page of Zephyr®. The Frequently Asked Questions and the Value Statement can be found under the “Membership Plans and Capital Conversion” header, while the Unaudited Year-End 2009 Financials is available under the “Monthly Unaudited Financials” header.

CUs Encouraged to Comment on NCUA’s Corporate Proposal

Jay Murray also encouraged credit unions to provide comments to NCUA regarding the proposed changes to corporate rules by **March 9**.

- CUNA’s regulatory comment call for NCUA’s proposed changes to its Corporate Credit Union rule, 12 C.F.R. Part 704, can be found online at: http://www.cuna.org/download/rcc_120509a.pdf.
- A chart prepared by CUNA Attorneys Michael Edwards and Luke Martone to help facilitate comparisons between the proposal and NCUA’s current regulation can be found at http://www.cuna.org/download/rcc_120509.pdf.
- Mid-Atlantic’s comments to the NCUA’s proposal are posted at: <http://www.midatlanticcorp.org/assets/documents/Mid-Atlantic%20Comments%20Reg%20704.pdf> .

CUs Survive 2010 Blizzard

Two recent snowstorms created chaos across Delaware, where the snow fall broke all existing records. During the first storm, Kent and Sussex Counties were hardest hit, forcing some credit unions to close last Monday, with Delaware State Police and Seaford having issues with their systems and the Internet. Pam Slater of Milford Memorial reported that she opened for business in the hospital at 8:30 a.m., instead of the normal 11 a.m., and had done a day’s work by 11.

The second storm on February 10 shut down the whole state, with Delaware Governor Jack Markell declaring a state of emergency on Wednesday and Thursday. Most credit unions had dug out by Friday morning, although snow piles in the parking lots reflected the remnants of the storm.

These historic snowstorms with blizzard conditions also brought the federal government to a standstill, along with the Credit Union National Association (CUNA) and the National Credit Union Administration (NCUA).

[COMPLIANCE RECAP](#)

Compliance: 'Hot Topics' Vetted in CUNA Call

Pressing credit union compliance issues, including Truth in Lending (Regulation Z) changes, new overdraft rules, and revamped model privacy notices, were vetted for 90 minutes during CUNA’s February 11th “hot topics” audio conference. Mike McLain, CUNA’s assistant general counsel, addressed numerous issues regarding the credit card rules that go into effect on February 22, including if under-aged consumers could be given shared-secured credit cards without going through a separate creditworthy analysis and how allocations of payments must be handled.

McLain also reviewed four provisions in the new Regulation Z rules that become effective February 22 that apply to all open-end loans, including the new requirement for a 45-day change-in-terms notice, rather than the current 15 days. McLain indicated he is preparing a lengthy compilation of “Frequently Asked Questions” to address the tremendous number of inquiries CUNA has received about the new Regulation Z rules.

The topic that produced the most questions from the audience involved the Federal Reserve Board’s overdraft restrictions that become effective July 1. Valerie Moss, CUNA’s director of compliance information, reviewed the Fed’s restrictions on charging any fees connected with honoring or declining

overdrafts triggered by ATM withdrawals or one-time debits without first obtaining the member's consent.

Moss discussed how and when credit unions could send out consent forms for existing accounts, although participants questioned how many members would actually provide consent and worried about the impact on credit union revenue.

McLain, on a third topic, reviewed the impact that the Fed's decision to consolidate its checking processing operations has on complying with Regulation CC, the expedited funds availability rule.

With the elimination of "nonlocal" checks, credit unions need to review their new account disclosures and determine whether they need to send a notice by March 29 advising members that check holds at the credit union have been reduced. McLain also discussed why a five-day hold is still permitted for checks deposited in nonproprietary ATMs.

Nichole Seabron, CUNA's federal compliance counsel, discussed the federal agencies' new "model" privacy forms. Although use of the new format isn't mandatory, Seabron pointed out that the existing sample privacy notice clauses will be removed from the privacy regulation on January 1, 2011, and therefore credit unions will lose the "safe harbor" of using their current privacy notices.

She noted that while the National Credit Union Administration has not said how it will instruct its examiners about usage of the privacy form, credit unions should expect consumer groups to press for use of the new forms by all types of financial institutions to allow consumers to compare privacy policies across-the-board.

The CUNA lawyers also provided quick reviews of two new rules implementing provisions of the Fair and Accurate Credit Transactions Act (FACTA) that go into effect later this year, and updates on what is happening with the Internet gambling regulation and the mortgage registration rules. The archived version of the winter 2010 "Pressing Compliance Issues" program is available on CUNA's website at: http://training.cuna.org/audio/TA21110_fct.html.

Reg Z Guidance for Credit Unions With Card Rate Floors

The Federal Reserve Board surprised everyone when it included in the official staff commentary accompanying its final Regulation Z rules a new prohibition that will not allow a credit union to offer a variable rate card account with a floor that prevents the rate from decreasing consistent with reductions in the independent index.

In a memo to credit unions, CUNA discusses two options that credit unions have to consider. The first option is when the credit union decides to convert its current variable rate to a fixed rate, which will apply to existing balances, and to establish a new variable rate, with a higher margin but without a floor, for new purchases. The memo explains when a change-in-terms notice is necessary and when a required notice needs to be sent.

The second option is when the credit union decides to keep its current variable rate card but to eliminate the existing floor.

CUNA's memo can be found at http://cuna.org/compliance/member/eguide/eguide_regz_memo.html.

CU SYSTEM NEWS

Federal Reserve's New CD-ROM on Restructuring of Reg CC Holds

The Federal Reserve has announced final restructuring plans for its check processing regions with plans to eliminate the use of the non-local check timeframes and holds on February 26. Due to the importance and upcoming date, a new CD-ROM from the Federal Reserve has been finalized

covering Regulation CC operational practices from one of the industry's leading experts on regulatory requirements.

"Fed Restructuring Impacts Reg CC Holds: Effective Feb. 26, 2010" is a comprehensive CD-ROM presentation from Deborah Crawford, president of the financial institution education providing firm, *gettechnical, inc.* Crawford's insights into regulation maintenance and years of experience have allowed her to make this CD-ROM an informative, cost-effective educational method of preparing for the upcoming changes soon to take effect. Subjects addressed throughout the presentation include:

- How check restructuring affects risk;
- How to work with your new disclosures;
- How to prepare your frontline staff;
- Why case-by-case holds will not be as useful;
- Which members do we notify of holds? What are the time frames?;
- Using Reg CC holds in the restructured check world;
- Implementing cash rules – does it make sense now?;
- One-time hold notices – a new tool?; and
- Other key components of Reg CC (i.e. large item return timeframes).

Contact Bernadette Hines if you are interested in purchasing this CD-rom through the League's distance learning program.

New STAR Staff Training Module



CUNA has introduced S1311, "Managing Member Accounts" – its newest module in the Staff Training and Recognition (STAR) program. "People helping people" is the philosophy of the credit union movement. These engaging lessons will help staff members gain an understanding of the basic tools necessary for providing exceptional service to your members. This course includes information on membership applications, savings and share draft accounts, loans, credit cards, ATMs, and other member offerings. Additionally, staff members will learn to improve member service and stay connected with your members. The cost of each module, which includes a book and one test, is \$50, plus \$8.50 for shipping and handling. To order, call Bernadette Hines at the League or email Bernadette@dcu.org.

Urge Members to Fill Out Census Questionnaires

The U.S. Census Bureau wants credit unions to know that data collected from the census and the American Community Survey will affect them because the census helps determine the distribution of federal funds. The bureau is encouraging credit unions to urge their members fill out the questionnaires.

The Census 2010 questionnaires – which have 10 questions – will be mailed to households in March. A small percentage of questionnaires will be given at a different time to households in rural or remote areas.

Some households also will receive the American Community Survey, which has replaced what had been known as the "long form." Since 2005, the American Community Survey is the sample survey that has been sent out to roughly 1% of households.

The American Community Survey asks for information about commuting patterns and occupations. The data can "define market areas for describing lending practices and effects of bank mergers," said the U.S. Census Bureau. There are several ways census data are used that pertain to credit unions:

making business decisions, understanding consumer needs, decision-making at all levels of government; and publishing economic and statistical reports about the U.S. and its people.

Resource Links

[2010 Census partner materials](#)
[2010 Census partner toolkit](#)
[2010 Census](#)
[Consolidated Federal Funds Report for Fiscal Year 2008](#)
[Questions Planned for the 2010 Census and American Community Survey](#)
[Federal Aid to States for Fiscal Year 2008](#)
[50 Ways Census Data are Used](#)
[Census 2010 and CUs](#)

DELAWARE NOTES

LOUVIERS FCU has been approved for participation in the Delaware Economic Development Authority Small Business LIFT Program. The LIFT Program (Limited Investment for Financial Traction) was developed by DEDO in partnership with several Delaware commercial banks. Louviers FCU contacted DEDO and requested to be included in the program to allow this funding to be made available to their small business members. LIFT is a loan program to help fledgling small businesses improve their cash flow. The small businesses must employ between 3 and 50 employees and be in business at least 3 years. The business must already have an existing line of credit with and be sponsored by their financial institution. Total funding per business is a maximum of \$25,000 for a seven-year term loan. There are no payments for the first two years and the business makes principal-only payments over the next five years. DEDO makes the interest payments directly to the financial institution on behalf of the borrower. The full program requirements are available on the DEDO website, www.dedo.delaware.gov. Contact Bob Walls at Louviers FCU if you would like to know more about how the credit union pursued this opportunity.

DEL-ONE (Delaware FCU) has recognized two teachers with the Del-One Financial Education Award of Excellence. Calmetta Brinkley of Capital School District's William Henry Middle School and Heidi Patten of Caesar Rodney's Star Hill Elementary are the recipients of the award. Del-One has partnered with Mrs. Brinkley and Mrs. Patten to present financial education topics in a fun and interactive format that has generated excitement for more than 500 students.

Pictured from left to right: Star Hill elementary teacher Heidi Patten accepts award from Del-One business development representative Brandy Shane Buzzuto.



On January 29 and February 1, student teller Kameron Catron-Mitchell, with the assistance of Faith Simperts and Bob Walls, gave several in-class presentations to students at Newark High School regarding the importance of saving and the convenience of doing so at **LOUVIERS FCU'S** in-school branch. Kameron created a PowerPoint presentation and distributed these handouts: CUNA's *Guide to Money*, *There's Nothing Like a Credit Union*, and *Create a College Budget*. Following the presentation, students visited the in-school branch.

EDUCATIONAL OPPORTUNITIES

February/March QuickBites Teleconferences

One-hour sessions run from 11 a.m.-noon:

- 2/18 Regulation Z
- 2/23 Fair Lending
- 3/02 Improve Your Memory
- 3/10 Call Center Lending Opportunities
- 3/17 UBIT Issues
- 3/25 Achieving Sales Results With Your Team
- 3/30 Minor Accounts

This two-hour session runs from 11 a.m.-1 p.m.

- 3/4 IRA – Get Technical

The fee for the one-hour sessions is \$99; the two-hour session fee is \$169. The deadline to register with Bernadette Hines: one week before the session.

February Webcasts

- 2/23 FACT Act
- 2/24 New Member Account Review: Due Diligence and CIP
- 3/03 Directors and the ALLL (reserves)
- 3/10 Members and Trust Accounts
- 3/17 Financial Privacy & GLBA Update
- 3/24 Regulations D & E for Frontline Staff
- 3/31 Reading & Understanding Personal Tax Returns: E & F
- **Reg CC Check Holds Webinar – CD only** (available February 5- August 31)

The webcasts are 90 minutes (3-4:30 p.m.). The \$189 registration fee is for EITHER the “live” webcast or the recorded CD-ROM of the complete session. When registering, you must indicate your preference. The \$219 registration fee covers both the “live session” and the CD-ROM recording.

February/March Live Training/Meetings

[Unless so noted, the trainings will be held at the League office.]

- 2/24 Delaware CUs Hike the Hill – Contact Alice Smith for times and transportation.
- 3/04 Human Resource Council: Employment Records Retention, 10 a.m.-noon*
- 3/10 Lending Workshop: Strong Loan Underwriting, 9 a.m.-4 p.m. \$195 per person. Deadline: 3/3
- 3/16 CU PolicyPro Training, DEXSTA FCU – Foulk Road, 1:30-3:30 p.m. \$25 fee.
- 3/16 CU PolicyPro Training, DEXSTA FCU – Foulk Road, 4:30-6:30 p.m. \$25 fee.
- 3/17 CU PolicyPro Training, Del Tech, Dover, 10 a.m.- noon. \$25 fee.

* Council members free: \$100 non-members.

At Your Service
At Your Service

League Activities in January 2010

DCUL NOTICES

➤ **The Notice of Election of League Directors.** There are three 3-year terms to be filled in 2010. Each credit union board of directors may nominate one (1) eligible person as a candidate for the League Board of Directors. Nominations must be made in writing and be accompanied by a brief written biography. These documents must be received in the League office by 4:30 p.m., March 1, 2010. There will be no nominations from the floor during the annual business meeting on May 1, 2010.

➤ **2010 DCUL Annual Meeting Information Is Coming.** Credit union CEOs/managers will be receiving their official Delaware League Annual Meeting “Call to Meeting” packet within the next couple of weeks. The packet will include a convention description, registration materials and other pertinent convention information. The league contact for the annual meeting is Jane Bailey, jane@dcul.org, 302-322-9341, or 800-292-7875.

➤ **100% Membership Affiliation.** The Delaware League is pleased to announce that all 28 Delaware credit unions have re-affiliated with the League. In addition, Eagle One FCU and Mid-Atlantic Corporate FCU are associate members.

COMMUNICATIONS/PUBLIC RELATIONS

Staff Travel. League president Pat Mahaney and executive vice president Jane Bailey attended Wilmington Postal Federal Credit Union’s 75th annual meeting on January 27. Wilmington Postal is the oldest credit union in Delaware. The credit union recognized members with 50 or more years of membership, including 60-year member Harry Gillem. Pat also attended DPL Federal Credit Union’s annual meeting on January 29.

Delaware League News and Risk Alerts. In January, the League emailed 23 news updates. The majority dealt with corporate issues, compliance matters, and positive press for credit unions. Most recently, there has been news about the crisis in Haiti. Seven risk alerts were distributed in January, which covered the following topics: credit card fraud, counterfeit checks affecting Provident FCU, wire transfer and credit score scams, and the top ten information security risks.

GOVERNMENTAL AFFAIRS

Preparation for CUNA’s Governmental Affairs Conference. Nine credit union advocates will be attending CUNA’s Governmental Affairs Conference in Washington, D.C., on February 21-25. In addition, individual credit union members are invited to Hike the Hill on Wednesday, February 24. DEXSTA and Dover Federal Credit Unions will be taking staff and volunteers down for the day, and the League’s GAC committee is sponsoring a van for others interested in meeting with one of our members in Congress and/or their staff. The van will make two stops – at the League office and the park-and-ride on Route 1 and 299. The van generally leaves about 8:30 a.m. There will be a group luncheon at the Capital City Brewery next to Union Station at 11:30 a.m., followed by the Hill visits. A brief position paper will be distributed to all hikers prior to the event. Contact Alice Smith at the League if you are interested in taking the van.

Political Advocacy Efforts. The League has organized a letter/email writing campaign to President Obama, the Treasury, and our members in Congress urging them to lift the member business lending

cap in order to increase lending. League staff Patrick Mahaney, Alice Smith, and Jane Bailey sent comments on behalf of Delaware credit unions. Duke Strosser (Del-One), Betsy Cole (Delaware Alliance), David Clendaniel (Dover), George Fitzgerald (DPL), Bob Walls (Louviers), John Watson (Seaford), and Allen Riley (Sussex County) have also notified the League of their participation in the effort. League president Pat Mahaney has also written a comment letter for proposed changes to NCUA's Corporate Credit Union Regulation 704.

Other CU Grassroots Efforts. CUNA has provided the League with the following information about the lobbying efforts of Delaware credit unions in December on the issues of interchange fees, member business lending, and overdraft protection. Six individuals visited all three Congressional offices during the December Hike the Hill. In addition, there were five phone calls and 546 letters and emails sent to our members in Congress on the overdraft fee issue (only 17 states had a larger response). Finally, a total of 2791 contacts were made regarding interchange fees. This included 291 emails/letters/calls, plus 2500 postcards that were distributed by the League for credit union use.

COMPLIANCE

InfoSight/CU Policy Pro Compliance Roll Out. League staff members Alice Smith, Jane Bailey, and Pat Mahaney have received training on these new programs. Technical support will be provided by Elaine Royer of the Pennsylvania Credit Union Association. Alice Smith has contacted each credit union to provide passwords to InfoSight, your credit union's online compliance resource, and a link has been established on the DCUL website.

CU PolicyPro was introduced to credit unions the second week in February. Each credit union must assign an administrator to register for CU Policy Pro. The League encourages all credit unions to send their administrators to a two-hour training session to be held on the following dates:

1. Tuesday, March 16, at DEXSTA FCU on Foulk Road in Wilmington from 1:30-3:30 p.m.
2. Tuesday, March 16, at DEXSTA FCU on Foulk Road in Wilmington from 4:30-6:30 p.m.
3. Wednesday, March 17, at Del Tech's Corporate/Community Training Building in Dover from 10 a.m.-noon.

Each credit union may send two people to the training, but only one will have access to a computer. Participants will be given hands-on instruction, with Elaine Royer guiding each person through the website and providing practice on entering or changing policies. A brief introduction to InfoSight will also be provided. Seating will be on a first registered, first accommodated basis. Contact Alice Smith at the League office to sign up for the classes.

EDUCATION

Recap of Education Sessions in 2009. A copy of all training sessions offered by the League in 2009 has been mailed to each credit union CEO/manager. The report included the number of participants and credit unions that attended each session. The chart detailed the education sessions and councils organized by the Delaware League, as well as QuickBites teleconferences, training offered by surrounding leagues, Mid-Atlantic Corporate, NCUA, CUNA and CUNA Mutual. A brief summary is listed below:

Total # of individual training sessions in 2009	101
Total # of staff members and volunteers trained	991

Scholarships. Education scholarships certificates are now available for 2010. A total of 16 credit unions with assets of less than \$20 million received two \$50 vouchers at the end of January.

January Education Sessions

Date	Title		# Individuals	# CUs
	Distance Learning			
01/06/10	POA	CU Training Webinar	2	1
01/07/10	Interpreting Credit Reports for Sales Opportunities	QB Teleconference	16	4
01/12/10	Reg CC Telecourse	QB Teleconference	2	2
01/14/10	SARs	CU Training Webinar	4	2
01/20/10	Mortgage Lending	CU Training Webinar	4	2
01/27/10	New ACH Rules	CU Training Webinar	12	6

TOGETHER is published on the 15th and 30th of each month by the Delaware Credit Union League, 4 Quigley Boulevard, New Castle, DE 19720. Information to be published should be sent or phoned into the League no later than the Monday of the week preceding the publication date. Telephone: (302) 322-9341 or (800) 292-7875. This newsletter can also be found on the League website: www.dcul.org. Hard copies of the newsletter will be mailed to each credit union CEO/manager for distribution to those without computer access. Readers can receive a reminder when the newest edition is posted to the Web by emailing Editor Alice Smith (alice@dcul.org).