

Together

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HEADLINE NEWS

InfoSight Compliance Program Launched; CU PolicyPro Next



The first of the Delaware Credit Union League's new services for our members was launched on January 21. Alice Smith, League communications director, sent out passwords to the InfoSight compliance website, which can be accessed from the main page of the League website – www.dcul.org. Each affiliated credit union manager/CEO received a password, and credit unions are encouraged to provide access to other staff members and volunteers.

InfoSight is a completely web-based service that will give Delaware credit unions a place to go to learn more about complying with the numerous state and federal laws and regulations that affect a credit union's business affairs. The system gives credit unions immediate and easy access to the most important compliance topics and the ability to access regulatory and compliance information from other states. A short introductory video can be seen viewed at the bottom of the following webpage: http://www.leagueinfosight.com/Online_Compliance_System_17335.html.

"We are happy that the League can offer this new compliance package. We're always looking for ways to better serve our members, and we feel this service is another key addition," said League president Patrick Mahaney.

CU PolicyPro Coming Next Week. Alice Smith has announced that she will be distributing information next week to manager/CEOs regarding how to sign up for CU PolicyPro. Since this is a secure website, each credit union will have one person designated as administrator and therefore able to make changes to the credit union's own policies. This interactive web-based service will give member credit unions access to more than 200 sample policies and procedures, according to Smith.



Because this program is more complex in nature, the League will be offering hands-on computer classes led by Elaine Royer, who is the system administrator for the Pennsylvania Credit Union Association.

CU PolicyPro is provided free of charge to Delaware Credit Union League members. The program is revised twice a year to reflect relevant developments that impact credit union policies.

PolicyPro Training Schedule. The League encourages all credit unions to send their administrators to a two-hour training session to be held on the following dates. The sessions are scheduled for:

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 and 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. A nominal fee of \$25 per credit union will be charged to cover the cost of the training.

NCUA NOTES

New NCUA Examiner Guidance: "Look Beyond Financial Ratios"

Guidance to federal examiners to "look beyond financial ratios" to determine a credit union's financial condition – and particularly when examining a low-income (LICU) or community development credit union (CDCU) – was recently issued by the National Credit Union Administration (NCUA).

In a Letter to Credit Unions #10-CU-1, NCUA Chairman Debbie Matz noted that the contents of the guidance apply to all federal credit unions but the primary focus is "to discuss the characteristics, benefits, and unique challenges of low-income credit unions and community development credit unions."

The NCUA letter offers 11 pages of guidance to examiners. It clearly defines some operational differences allowed LICUs, which could also apply to many CDCUs, including additional sources of funding and resources from both the NCUA and outside parties. The guidance, in part, tells examiners to consider how these different types of available funding could affect balance sheets. For instance, the letter said:

- Funding sources such as nonmember deposits, secondary capital, and loans from the Community Development Revolving Loan Fund will affect the financial ratios of these usually small credit unions.
- In addition to the effects of the additional funding, examiners must also consider the unique characteristics of members in LICUs and CDCUs.
- Moreover, examiners should recognize that LICUs and CDCUs systematically show higher operating costs than other credit unions because of the nature of the field of membership they serve.
- Similarly, delinquency rates at LICUs and CDCUs, while often higher than other credit unions, do not automatically translate proportionally into charge-offs.

The letter can be found on NCUA's website: <http://www.ncua.gov/news/express/xfiles/10-CU-01.pdf>.

Operating Fee Schedule for 2010

In March 2010, NCUA will send invoices to credit unions for the 2010 operating fee and, if required, the amount needed to adjust the credit union's National Credit Union Share Insurance Fund (NCUSIF) capitalization deposit to one percent of insured shares.

The operating fee and the capitalization deposit adjustment will be based upon the assets and the insured shares, respectively, that were reported as of December 31, 2009. The combined payment will be due no later than **Thursday, April 15, 2010**.

For natural person federal credit unions, there are changes with the operating fee scale. The 2010 assessment rate has decreased by 1.58% from the 2009 rate. This change is primarily due to the growth of credit union assets. In addition, the asset level dividing points (rate bracket categories) will be increased by 8.50%. These amounts are adjusted each year by the same percentage as the projected federal credit union asset growth in order to preserve the relationship of the scale to the asset base.

Assets on the books of natural person federal credit unions created by investments made under the Credit Union System Investment Program and Credit Union Homeowners Affordability Relief Program are excluded from determining the assessment.

The information can be found herein: <http://www.ncua.gov/news/express/xfiles/10-FCU-01.pdf>.

BSA 101: NCUA Issues Reminder

NCUA recently reminded credit unions that the Financial Crimes Enforcement Network's (FinCEN) Bank Secrecy Act requires financial institutions to file a currency transaction report (CTR) on any transaction in currency of more than \$10,000. In a regulatory alert, the NCUA added that a FinCEN rule that was effective in early 2009 eliminated the designation and annual review requirement for most credit unions, decreased the definition of "frequent reportable transactions" from eight to five transactions, and eliminated the CTR exemption biennial renewal requirement. The rule also reduced the waiting time for CTR exemption eligibility from twelve months to two months, according to NCUA. The alert is found on: <http://www.ncua.gov/Resources/RegulatoryAlerts/Files/2009/09-RA-16.pdf>.

CU SYSTEM NEWS

CUNA Mutual Provides HUD Booklet

LOANLINER Document Solutions has updated the settlement cost booklet, RM0091, entitled, *Shopping for your Loan, HUD's Settlement Cost Booklet*. The Real Estate Settlement Procedures Act (RESPA) requires lenders and mortgage brokers to give potential borrowers this booklet within three days of applying for a mortgage loan. RESPA is a federal law that helps protect consumers from unfair practices by settlement service providers during the home buying and loan process. This booklet is only given on a loan where the loan is being made to give member money to purchase a home (a "purchase money" transaction). A refinance is not a purchase money loan. Call 800-356-5012 for information on how to order.

Compliance: When Negative Balances Can Be Charged

Changes to many financial institution business practices, including overdraft fees, have been all the rage in Congress lately, and the recent Credit Union National Association (CUNA) *Compliance Challenge* addresses overdraft fees, asking if the newly proposed Regulation E overdraft rule allows credit unions to charge a negative balance fee when the member's ATM/debit card overdraft leads to a negative balance for a long period of time.

The Federal Reserve Board recently changed Reg E to require institutions to inform and to acquire the consent of account holders before they can charge overdraft fees for ATM and one-time debit card transactions. Consumers may revoke this consent at any time, and financial institutions must provide the same types of accounts to all members or customers, whether they choose to opt in or not.

According to CUNA, the new Reg E rule does not change, whether you call the fee an "overdraft fee" or a "negative balance fee." Any fee that results from an ATM/one-time debit card overdraft is covered by the regulation.

Thus, credit unions will only be allowed to charge these types of fees for ATM and one-time debit card overdrafts, beginning on July 1st (or on August 15th for existing members) if the credit union member has been notified in writing of the overdraft service and fully opts-in to the service. The notification must disclose all overdraft fees, including per item fees, daily overdraft fees, and sustained overdraft fees, CUNA added.

New Regs Impact Variable Rate Credit Cards

The recently issued Regulation Z final rule includes new clarifying provisions regarding variable rate indices. These rules may impact pricing of variable rate credit card accounts.

Effective February 22, 2010, the annual percentage rate on an existing credit card balance may not be increased except in certain situations, such as the expiration of an introductory rate or when the rate varies based on an index. The variable rate exception, however, will only apply if the index is one that is not under the card issuer's control.

Credit unions with variable rate credit card programs should direct immediate attention to these new provisions and determine any impact on their card programs. These new rules may affect not only

disclosures, but general pricing strategies and card processing parameters. Credit unions that choose to increase variable rate margins are reminded of the requirement to provide a 45-day change-in-terms notice before such change may take effect.

Fourth Delaware CU Signs onto Shared Branching

Sussex County FCU becomes the fourth Delaware credit union to sign onto the PaCUSC shared branching network. The credit union, with branches in Seaford, Lewes, Milford, and Millsboro, joins American Spirit (Newark), Chestnut Run (Wilmington and Glasgow) Delaware State Police (Georgetown, New Castle, and Cheswold) in offering their members expanded credit union access in these Delaware locations as well as 3900 credit union outlets nationwide. With so many convenient locations, members will be able to access their accounts whenever they travel or relocate.

Depending on the location, the following services are available:

- Check and Cash Deposits
- Withdrawals (Some restrictions may apply, depending on a location's cash availability.)
- Loan Payments
- Account Transfers
- Money Orders
- Travelers Checks
- Official Checks

"We're very excited to have a shared branch outlet so near the Delaware shore district," states League executive vice president Jane Bailey. "With outlets up and down the state now, I think more Delaware credit unions will find the value in shared branching. It's certainly less expensive than building a branch and is excellent for disaster recovery in the event of a branch closing."

For more information on shared branching, contact Jane at 302-322-9341 or jane@dcul.org.

League Offers Two Specialized Training Sessions in February and March

The League is gearing up its training schedule and keeping our fingers crossed that snow does not hinder these presentations.

▪ **February 16 – Generally Accepted Accounting Principles (GAAP) for Credit Unions.** This session is designed for staff new to CU accounting, volunteers, and those looking for a refresher on dealing with the General Ledger. The session will be held from 2-7:30 p.m. at the League office. Fee: \$125, with second and succeeding registrants at \$95. The registration deadline is February 9.

▪ **March 10 – Lending Workshop: How to Use the Critical Difference of Strong Loan Underwriting in Today's Economy.** National speaker Rory Rowland will lead this session, which will help loan officers find ways to make loans, not turn them down. Case studies and group exercises are integrated into the program. Topics: analyzing the loan application, credit scoring, evaluating collateral, documentation, and Regulation B and Regulation Z compliance. 9 a.m.-4 p.m. Registration deadline is March 3.

[DELAWARE NOTES](#)

SEAFORD FCU and **SUSSEX COUNTY FCU** have agreed to share ATMs so that their members will incur no surcharges for ATMs located in Millsboro (on Route 113 and downtown), Milford, Lewes or Seaford. This is another prime example of the cooperative spirit of credit unions – another difference between credit unions and banks.

Kim Quillen of Millsboro was elated to be selected as the winner of a three-hour limousine ride with a destination of her choice in the Racing Limo of Dover's Pontiac Grand Prix limousine, courtesy of **DEL-ONE (Delaware FCU)**. In celebration of each of the credit union's seven branch anniversaries, Del-One gave back to members and guests with one-day only loan and deposit specials. Each celebration provided opportunities to "grab for cash" and safely shred personal documents courtesy of Lifestyle Document Management. Entertainment and refreshments were also provided to include an on-site display of the Racing Limo with the opportunity to win a limo ride.

DEXSTA FCU has closed operations at its Wilmington Market Street branch as of January 1. Members can still receive service at the credit union's Foulk Road, Prices Corner, and Middletown branch locations.

Position Postings

More complete information on these job positions is found on the League website – www.dcul.org.

Chief Operating Officer. Please send resume and salary requirements to: Sussex County FCU, Attn: Ashley Tyre, P.O. Box 1800, Seaford, DE 19973; or e-mail to atyre@sussexfcu.com.

Vice President of Finance/CFO. Please send resume with cover letter and salary requirements to HR Manager, American Spirit Federal Credit Union, 1110 Elkton Road, Newark, DE 19711; or email to mdawkins@americanspirit.org.

EDUCATIONAL OPPORTUNITIES

February QuickBites Teleconferences

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

- 2/02 Sexual Harassment
- 2/18 Regulation Z
- 2/23 Fair Lending

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

- 2/04 Teller Regulations

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

- 2/02 Auditing for RESPA
- 2/10 Notary Essentials
- 2/16 Regulation E Alert
- 2/17 Personal Tax Returns
- 2/23 FACT Act
- 2/24 New Member Account Review: Due Diligence and CIP
- **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/meetings will be held at the League office.]

- 2/03 Mid-Atlantic Corporate Town Meeting, 9 a.m.-noon
- 2/16 Generally Accepted Accounting Principles for Credit Unions, 2 - 7:30 p.m. \$125 first person; \$95 each additional person. Registration deadline: 2/9
- 2/17 Lending Council: Target Marketing, 10 a.m. -12:30 p.m.*
- 2/18 Marketing Council: Member Surveys, 10 a.m. - noon*
- 2/24 Delaware CUs Hike the Hill to Washington, DC – Contact Alice Smith to register to ride the van that will be provided.
- 3/04 Human Resource Council: Employment Records Retention, 10 a.m.-noon*
- 3/10 Lending Workshop: How to Use the Critical Difference of Strong Loan Underwriting in Today's Economy, 9 a.m.-4 p.m. \$195 per person. Registration deadline: 3/3
- 3/16 CU PolicyPro Training, DEXSTA FCU – Foulk Road, 1:30-3:30 p.m. Fee: \$25
- 3/16 CU PolicyPro Training, DEXSTA FCU – Foulk Road, 4:30-6:30 p.m. Fee: \$25
- 3/17 CU PolicyPro Training, Del Tech's Corporate Training Center, Dover, 10 a.m. – noon. Fee: \$25

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

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