

Together

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HEADLINE NEWS

NCUA Corporate Assessment Announced: Must Be Booked by June 30

The National Credit Union Administration (NCUA) announced in a letter to credit unions that its Corporate Credit Union Stabilization assessment must be booked by June 30. The assessment, which is for 13.4 basis points of credit unions' insured shares and deposits as of March 31, 2010, should be recorded on the June 2010 call report. The assessment will be billed in mid-July and is due in mid-August.

NCUA's Letter to Credit Union 10-CU-02 [<http://www.ncua.gov/letters/2010/CU/10-CU-09.docx>] also details the agency's effort to make the assessment process more transparent by making the Corporate Stabilization assessment separate from an assessment it will consider later this year for the National Credit Union Share Insurance Fund, which covers losses at natural-person credit unions (as opposed to corporates). The amount has been projected by NCUA in the range of 10-to-25 basis points.

Prepare Now for Escheat Reporting

Credit unions should begin preparing for the annual **November 10** escheat report deadline by carrying out the following tasks:

1. Compile a list of abandoned accounts, which refers to various types of credit union accounts abandoned for five years or more: share and share draft accounts, uncashed share drafts, dividends, etc.
2. Try to contact these members so the accounts can be deemed active (see the special escheat mailing for more details).
3. Advertise the existence of these abandoned accounts according to state rules by **September 1**.

Every Delaware CU, regardless of whether it holds unclaimed property, must file a copy of Form AP-1 (Report of Unclaimed or Abandoned Property) and Form AP-2 (Report of Unclaimed or Abandoned Property Detail Sheet), which provide a summary of the credit union's report and which must be signed and verified by a credit union officer. These reports and remittance of monies in any such accounts are due by **November 10, 2010**.

Unclaimed property forms and a booklet describing the process for submitting unclaimed property is available at www.state.de.us/revenue (click on "unclaimed property"). The League will soon send out a full packet of escheat information, including those materials, to each CU manager/CEO.

Other Requirements for the Filing.

- A credit union must file electronically if the unclaimed property owner count is greater than 10.
- Where the expense of a newspaper advertisement exceeds 50% of the reported value, a publication waiver may be requested by submitting a waiver request form. This form will be part of the escheat packet sent out by the League. Or go to: <http://revenue.delaware.gov/information/waiver.pdf>.

Remember, amounts in excess of \$25 must be reported to the state of the member's last known address. You will need to contact each applicable state to obtain the correct filing forms, deadlines and dormancy periods (which vary from state to state). For example, in Maryland and most recently in New York, the dormancy period has dropped to three years before abandoned property must be turned over to those states.

The League's July escheat mailing will include contact information for other states, report requirements, and sample letters for members prior to your September 1st publication deadline. Call or email Alice Smith (alice@dcu.org) if you have further questions.

COMPLIANCE RECAP

FOM Proposal Approved By NCUA, With Modifications

On June 17, 2010, the National Credit Union Administration (NCUA) approved a final version of previously proposed chartering and field of membership (FOM) policy changes, setting objective and quantifiable criteria to determine the existence of a well-defined local community for areas that encompass multiple political jurisdictions.

Under the final rule, single political jurisdictions, such as a county, may continue to be the basis for a new or expanded community charter without having to meet further statistical standards.

One such change is an alteration that would allow districts with populations of 200,000 or less to be classified as "rural" for credit union community charter purposes. The upper population limit for this classification was 100,000 under the previous proposal.

The NCUA during the meeting also voted to authorize regional directors and the director of the Office of Small Credit Union Initiatives "to process a broad range of chartering transactions" to help expedite the overall chartering process.

Fed Benefits Go Electronic

All federal benefits that are filed on or after March 1, 2011 will be paid electronically, the Treasury said last week.

Those payments will be made via either direct deposit or the Direct Express Debit MasterCard card, the Treasury added. Individuals that are currently receiving their benefit payments via paper check will be asked to accept their benefits electronically by March of 2013. The change will save over \$125 million annually, according to the Treasury.

"Electronic payments are widely acknowledged as providing a safer, more convenient and cost-effective way for people to get their payments," and the Treasury's electronic initiative "will provide significant, measurable benefits to the American people, in terms of saving taxpayer dollars, decreasing the impact on the environment and reducing the administrative burden on government," the Treasury added.

The Treasury said that the proposal would have "no immediate impact" on its Go Direct campaign.

Investment Monitoring and Reporting

Parts 703.10 and 703.12 of the NCUA Rules and Regulations contain requirements for each FCU to prepare specific monthly and quarterly written reports. These requirements:

- Ensure that credit unions establish and maintain an ongoing monitoring and reporting system for credit union investments.
- Provide the credit union board of directors with accurate and specific information that can impact the credit union's capital and financial position.
- Provide the board of directors with important tools to assess and if needed, modify the credit union's investment policy and procedures.

The credit union's management must prepare, distribute, and maintain specific monthly and quarterly reports. For details about what each report must include, visit the "Monitoring and Reporting Requirements" topic on the "Investment" channel of InfoSight, found on the League's website.

Final Rule to Protect Card Users

The Federal Reserve Board has begun implementation of the third stage of the *CARD Act of 2009* by officially approving a final rule that will protect card users from "unreasonable late payment and other penalty fees." The final rule that amends Regulation Z (Truth in Lending):

- Prohibits credit card issuers from charging a penalty fee of more than \$25 for paying late or otherwise violating the account's terms unless the consumer has engaged in repeated violations or the issuer can show that a higher fee represents a reasonable proportion of the costs its incurs as a result of violations.
- Prohibits credit card issuers from charging penalty fees that exceed the dollar amount associated with the consumer's violation. For example, card issuers will no longer be permitted to charge a \$39 fee when a consumer is late making a \$20 minimum payment. Instead, the fee cannot exceed \$20.
- Bans "inactivity" fees, such as fees based on the consumer's failure to use the account to make new purchases.
- Prevents issuers from charging multiple penalty fees based on a single late payment or other violation of the account terms.
- Requires issuers that have increased rates since January 1, 2009, to evaluate whether the reasons for the increase have changed and, if appropriate, to reduce the rate.

These rules will come into effect on **August 22, 2010**.

CU SYSTEM NEWS

Mid-Atlantic Corporate FCU Holds Annual Meeting

The Mid-Atlantic Corporate FCU held its annual meeting on Friday, June 18, at the Sheraton Harrisburg/Hershey Hotel. There were 100 leaders from 37 credit unions in attendance. Jay Murray, president/CEO, addressed the group, speaking on both the need for change and for optimism about the future of Mid-Atlantic Corporate FCU.

Chairman Rick Burtnett announced election results. The three incumbents were re-elected to the board: Brian Vittek; Virginia Williams; and David Whitehead.

At Mid-Atlantic Corporate's board reorganization meeting, the following table officers were elected: Chair Richard C. Burtnett, Pennsylvania Grange Federal Credit Union, Camp Hill, Pennsylvania; Vice Chair Michael P. Pastirik, United Community Federal Credit Union, West Mifflin, Pennsylvania; Treasurer Joan M. Moran, Department of Labor Federal Credit Union, Washington, DC; and Secretary Brian J. Vittek, Destinations Credit Union, Baltimore, Maryland.

The supervisory committee consists of Dennis Flickinger, First Capital Federal Credit Union, York, Pennsylvania; **Jerry King, DEXSTA Federal Credit Union, Wilmington, Delaware**; and James F. McCaw, Viriva Community Credit Union, Warminster, Pennsylvania.

Counterfeit Checks

Eagle One FCU recently had two checks returned as fraud from Mid-Atlantic Corporate FCU. One of the checks included a forged signature of the credit union's accounting manager. In addition, the check sequence was out of order and the credit union name and address information was printed in a block format rather than centered.

The second item was a cashier's check, which Eagle One does not use. The check also included a street address for the credit union. However the credit union uses its post office box number. The name on the check does not match any credit union member.

Thanks to the diligence of Mid-Atlantic Corporate staff, the fraudulent checks were caught before causing a loss to the credit union.

The Delaware League faxed out more detailed information about this fraudulent activity last week.

Delaware Credit Unions Get an Inside Look at an Auto Auction

Individuals from six Delaware credit unions, the Delaware League, and several Maryland credit unions participated in a field trip to BSC America/Bel Air Auto Auction in Bel Air, Maryland, on June 22.

The group was hosted by Nick Calvaresi, Auction Manager, who reviewed the complete array of services offered by BSC America. After the presentation, they were shuttled across the street to get an up front look at a live auction.

According to League executive vice president Jane Bailey, "This company really has the entire process down to a well-coordinated, well-executed routine. We were amazed at the fast pace of the auction proceedings. The vehicles were in great shape and the bids flew fast and furiously! BSC America is motivated to get the best price for their clients. Dealers were also bidding from all over the world via Internet simulcast. That's a lot of exposure for these vehicles."

For more information on selling your repossessed vehicles at the BSC America/Bel Air Auto Auction, go to www.bscamerica.com or contact Nick Calvaresi at 410.803.4109 or Jane Bailey at 800.292.7875.

Support the Following Activities

- The 3rd Annual Fall Business Mixer for Education Golf Outing is set for Friday, October 1, 2010, beginning at 8 a.m., at the beautiful Deerfield Golf Club in Newark, Delaware. This event is sponsored by Louviers FCU and the Delaware Credit Union League and benefits their scholarship funds. Look for a lot of entertainment and a few surprises too. So mark your calendar!
- Summertime...and fundraising is easy! Join credit unions in New Castle and Kent Counties in the Credit Unions for Kids' Miracle Balloon Campaign from July 15th through September 15th. Simply sign up to receive a fundraising kit and offer the Children's Miracle Network paper balloons to your members for a minimum donation of \$1! Since 2008, Delaware credit unions have raised nearly \$11,000 for The Children's Hospital of Philadelphia. These fundraising kits are free, and it only requires a little of your effort to make a big difference in the lives of these kids. Contact Jane Bailey to order a kit.



DELAWARE NOTES



DEXSTA FCU participated in the Relay for Life of Middletown held on June 4-5. Each team was asked to have a representative on the track at all times during the event because "cancer never sleeps." With 16 participants including DEXSTA staff, friends and family members, *Team DEXSTA* raised a total of \$3,506. This was \$2,706 more than their initial goal of \$800. Some of the funds were raised with a DEXSTA Jeans Day for staff who made a minimum \$10 donation to support the team. All proceeds go to the American Cancer Society.

EAGLE ONE FCU is mourning the death of longtime employee, director and volunteer, Reuben H. (Harry) Miller. Mr. Miller served the credit union in many capacities over the past 27 years.

Long-time **NEW CASTLE COUNTY SCHOOL EFCU** volunteer Michael Simmons recently passed away. He began as a member of the Supervisory Committee in 1959. He became a board member in 1960 and resigned from the board in March 2007 with over 40 years of service to the credit union.

DOVER FCU provided secure, onsite shredding of personal documents to the local community during the 2nd Annual Shred Event, held on June 5. More than 100 participants took advantage of the opportunity to watch as their documents were shredded by Data Guard, Inc., during the four-hour event. The event was held in conjunction with the Dover Federal's annual Enterprise Car Sale.

On June 19, **DELAWARE STATE POLICE FCU** celebrated its fiftieth anniversary with a fair at the Delaware State Troopers Association building in Cheswold. Approximately 300 members participated in an afternoon of food, music, and fun. Chairman Jeffrey Weaver provided some opening remarks followed by Colonel Robert Coupe who read a tribute from the State House of Representatives sponsored by Rep. Peter Schwartzkopf and Rep. Clifford "Biff" Lee, both members of the credit union. Allen Riley spoke about credit union's history, and Joan Hitchens made a special tribute to Wally Townsend, the credit union's first manager. It was a great day to be fifty and fabulous!



Delaware State Police FCU has had only three CEOs in its 50 year history: Wally Townsend, Allen Riley (pictured here on left), and present CEO Steve Cimo.



Long-time staff members Kay Mumford (left – 37 years) and Joan Hitchens (40+ years) greet Jerry Reynolds who has served on the board for 33 years!

Position Sought

Individual with experience in customer service seeks an entry-level credit union position. Call the League office and ask for resume #6-16-10.

EDUCATIONAL OPPORTUNITIES

July/August QuickBites Teleconferences

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

- 7/27 How to Attract Young Adult Members
- 8/05 Growth Strategies: Retention Is the New Acquisition
- 8/18 Lending to the Self-Employed – How to Say YES!
- 8/24 How to Out-sell What Your Competitors Can't

Two 1½ hour sessions are from 11a.m.-12:30 p.m.:

- 7/08 The Hispanic Opportunity
- 7/21 Safe Deposit Security, Liability, & Self Service Boxes

The two-hour sessions run from 11 a.m.-1 p.m.:

- 7/14 Collections: Taking It to the Next Level!
- 8/11 How to Increase Loan Approvals

The fee for the one-hour sessions is \$99; the 1½ hour session is \$129; and the two-hour session is \$169. The deadline to register with Bernadette Hines: one week before the session.

July/August Webcasts

- 7/07 When Do We Have a Legal Loan Application Under Revised Reg Z & RESPA Rules?
- 7/13 Processing Federal Government ACH Payments: Getting It Right
- 7/14 Frontline Compliance 101
- 7/21 Early Warning Signs of Problem Loans
- 7/28 Vendor & Third Party Due Diligence
- 8/04 Your Credit Union's Responsibilities & Liability When Check Fraud Occurs
- 8/11 UCC Issues: What Every Lender Should Know
- 8/18 Opening Deposit Accounts Online
- 8/19 Head Teller Development: You're the New Head Teller. Now What?
- 8/25 Credit Reports & Scores: Using Them Legally & Effectively
- **Reg CC Check Holds Webinar – CD only** (available until 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.

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