

Together

Volume 20, Number 18

September 30, 2010

HEADLINE NEWS

NCUA Announces New Corporate Credit Union Rule

The National Credit Union Association (NCUA) Board has revealed its long-awaited final corporate credit union rule that will dramatically reshape the corporate credit union system. The rule is more than 250 pages and addresses key safety and soundness issues including capital, prompt corrective action, investments, asset-liability management, corporate governance and transparency, and CUSO activities.

In addition, NCUA laid out a plan for dealing with the legacy assets held by some of the corporate credit unions. The primary focus of the plan is the securitization of these assets, which will be backed by the full faith and credit of the United States Government.

In an earlier closed meeting, and as part of its plan to deal with the legacy assets, the NCUA Board placed Members United, Southwest, and Constitution Corporate Credit Unions into conservatorship.

For a summary of actions for the corporate system resolution, go to NCUA's website, www.ncua.gov. The League has also sent each Delaware credit union various resources to help explain this issue to members, volunteers, staff and even the media.

The League website, www.dcul.org, also contains information. Go to the following page: http://www.dcul.org/creditunions/safety_soundness/CorpCUs/CCU_Info_Ctr.htm.

Mid-Atlantic Corporate FCU CEO Comments on NCUA Actions

In response to NCUA's corporate regulations announced on Friday, Jay Murray, President/CEO of Mid-Atlantic Corporate FCU, released this statement: "While in some places the regulation may be more restrictive than beneficial, overall, we believe it creates a framework within which Mid-Atlantic Corporate can continue to successfully serve our member credit unions.

"While some corporate credit unions are still suffering the lingering effects of the economic crisis, Mid-Atlantic Corporate is stable and fiscally sound. Thanks to our member credit unions' capital commitments and a great deal of planning, we are well-positioned for the future."

Murray said staff will thoroughly review the new corporate rules this week and the resulting impact on corporates and credit unions, and will share its analysis with members as soon as possible.

NCUA's DVD Details Legacy Asset Resolution

NCUA has released its fourth and final corporate presentation explaining the plan developed to resolve the legacy assets held by some of the nation's largest corporate credit unions.

Track 4 is available on NCUA's website. Click on the following link to access the DVD: <http://www.ncua.gov/Resources/CorporateCU/CSR/Presentations>.

Tracks 1 through 4 were produced to provide credit unions a thorough understanding of the background and prevailing situation concerning the nation's corporate credit union system. The online videos detail the steps taken to help stabilize the corporate credit union system.



October is Co-Op Month

The National Cooperative Business Association (NCBA) and cooperatives – including credit unions – across the nation will celebrate the cooperative difference and business model during October, which is Co-op Month. The theme for Co-op Month 2010 is "Local. Trusted. Serving You." The theme, also being used for Credit Union Week, highlights that cooperatives are trusted and focused on their local communities.

Here are some national facts and figures about the cooperative sector:

- There are 29,000 cooperative businesses in the U.S., owned by 130 million people – one quarter of the population – and sustaining more than 2M jobs.
- The sector has combined revenue of almost \$653B – this works out at \$12.5 billion per week.
- In 2008, the 300 largest cooperatives in world had revenue of \$1.1 trillion – nearly the size of the Spanish economy!

[NCUA NOTES](#)

NCUA to Assess 12.42 Basis Points for NCUSIF

In an open meeting of its board on September 24, NCUA board members voted to send federally insured credit unions another bill equal to 12.42 basis points of insured deposits to bolster the National Credit Union Share Insurance Fund.

Chairman Debbie Matz said that "...the decision to charge this premium is not taken lightly. We understand that 2010 has been a challenging year. Many credit unions are struggling to contain costs." She went on to say that assessment is absolutely necessary to replenish the NCUSIF to a level that will protect America's 90 million federally insured credit union members.

The assessment will be calculated on federally insured shares as of June 30th for credit unions over \$50 million, and as of December 31, 2009, for those at \$50 million and below.

The NCUA assessment is approximately twice as much as what some experts had predicted. Those predictions were based on federal provisions requiring NCUA to propose a plan to Congress on how it would restore the fund to 1.2% equity within an eight-year period. That, combined with the financial hardship credit unions have already undergone lead some to believe the assessment would be in the 6% range.

But, NCUA claims that even though the 12.42 basis point assessment will raise the NCUSIF's equity ratio to 1.3% from its present 1.17%, the equity ratio will decline again based on forecasts of further credit union losses. NCUA analysts believe the 1.3% equity will decline to 1.2% by midyear 2011, and then down again to 1.17% by year-end 2011. Insured credit unions were sent NCUA Letter to Credit Unions 10-CU-17 immediately following the board meeting, explaining how they can plan and account for the new assessment.

See [NCUA's statement on the NCUSIF assessment](#) and [NCUA's Letter to Credit Unions](#).

NCUA Letter to Credit Unions — Open-end Credit

The Federal Reserve Board recently issued changes that significantly alter the way financial institutions must support open-end credit. Many credit unions offer open-end credit through multi-featured open-end loan (MFOEL) plans which are single accounts with separate sub-accounts for different loan products. Effective **July 1, 2010**, credit unions using MFOEL must review policies and procedures to ensure they are in compliance with the changes to Regulation Z. Under these changes, credit unions offering MFOEL may “occasionally or routinely” verify credit information, but verification of credit information must not be done “as a condition” of granting a new advance under the plan. In other words: the underwriting of individual advances is no longer allowed for an extension treated as open-end credit under a MFOEL plan. Here is the link for NCUA Letter 10-FCU-02:

<http://www.ncua.gov/letters/2010/FCU/10-FCU-02.pdf>.

New Privacy Disclosure Forms

CUNA Mutual reminds credit unions that, due to the final rule amending the Privacy Disclosures under Gramm-Leach Bliley (GLBA), it is necessary to revise your Privacy Disclosures. Because of the extensive changes to the Privacy Disclosure, additional information about your sharing practices will need to be collected in order to provide you with your new personalized Privacy Disclosure.

Even if you have ordered Privacy Disclosure documents from CUNA Mutual in the past, it is imperative that you complete the revised [Privacy Order Request and Questionnaire](#) in order for them to create your new disclosures that meet the **January 1, 2011** requirements. New customers should also complete this questionnaire.

Reg CC – Funds Availability Change Coming in 2011

The new financial reform law, comprised of more than 2,000 pages of text, will impact credit unions sometime next year. One change affects the *Expedited Funds Availability Act*, raising the next day availability dollar amount from \$100 to \$200. This will require new consumer disclosures, data processing changes, and staff training. This change will take place sometime in 2011, after the new Consumer Financial Protection Bureau is established.

COMPLIANCE RECAP

Final Act: Gift Cards Now Require CARD Act Compliance

As of August 22, 2010, the last of the *CARD Act of 2009* requirements are now effective, including new rules for gift card expiration and fee disclosure (under Reg E):

Expiration date – a gift card balance cannot expire for at least five years after the date the funds were last loaded or the date of last activity. If the card itself expires, but the funds haven't, members can request a replacement card at no charge.

Dormancy, inactivity or service fees – gift card issuers cannot impose a dormancy, inactivity or service fee unless there is no activity for one year, and only one such fee can be assessed within a calendar month. A service fee is considered a periodic fee assessed in connection with the card, such as monthly maintenance, transaction or balance inquiry fees. This rule does not apply to one-time fees.

On the card disclosures – expiration periods and certain fees are required to be clearly listed on the card itself.

- Expiration date, toll-free number and web address (if available) to obtain a replacement card if funds are still available, and a statement that the card expires but funds do not and a free replacement card is available.
- Frequency and amount of any of the above listed fees that may be charged, and that a fee may be assessed for inactivity.

CUNA e-Guide Covers ADA Guidelines for ATMs

The ATM machines provided by credit unions and other financial institutions will be required to be usable by individuals that are blind or have low vision under changes to the U.S. Department of Justice's (DOJ) Americans with Disabilities Act (ADA) regulations, the Credit Union National Association (CUNA) reports.

ATMs must also have modifications that allow them to serve the needs of deaf or hard of hearing members, as well as members that are wheelchair bound, according to the DOJ.

Specifically, at least one ATM at a given financial institution must be provided to ensure compliance with Section 707 of the ADA. The adapted ATMs must also be able to provide a member with all the functionality of a conventional ATM.

ATMs that are installed on the outside and inside of a given credit union would be considered separate locations, according to CUNA.

More information can be found on CUNA's website (password required to access information): http://www.cuna.org/compliance/member/eguide/eguide_ada_latest.html.

Compliance: Have 'Whistleblower' Policy in Place

Does your credit union have a whistleblower policy? This is the opening question in *Credit Union Magazine's* September compliance article, "Consider Whistleblower Policy Protections."

The article explains how a whistleblower policy can protect a credit union, its employees, and volunteers when there are concerns about possible wrongdoings in the credit union. Chris Pippett, an attorney who advises credit unions in Delaware and Pennsylvania, explains the growing interest in these policies.

In his article, Pippett discusses what a good whistleblower policy should address and suggests an outline of a possible policy for credit unions, which should state:

- The purpose of the whistleblower policy.
- The expectation that employees and volunteers will report concerns.
- The reporting process.
- The fact that no retaliation for reporting will occur, as long as the person is acting in good faith.
- The fact that reports will be handled confidentially.
- What the credit union will do in general terms to investigate any reported concern.
- How the credit union will inform employees and volunteers of the whistleblower policy.

Registration Open for 11/3 Online Discovery Conference

CUNA Mutual Group's first-ever, daylong Online Discovery Conference scheduled for Wednesday, Nov. 3, will offer growth opportunities for credit unions – and it's free.

The online event is designed for CEOs and senior leadership teams of credit unions, but all credit union and league employees will benefit from its future-focused content that will help credit unions solve problems, address opportunities and face challenges.

Online Discovery is the Web-based equivalent of a face-to-face conference without the associated expenses or time away from the office.

A \$5,000 Discovery grant will be awarded to one credit union whose attendee fully participates in the conference's many amenities, including chat rooms, Webinars, exhibit hall booth visits and documents viewed, to name a few. The winner will be announced November 4.

In addition to providing innovative ideas, the online event will offer great networking opportunities that will include chat rooms, an exhibit hall and prizes. Estimated to be a \$250 value, Virtual Discovery Conference is free in celebration of CUNA Mutual's 75th anniversary.

Register at www.cunamutual.com/discoveryonline/article

DELAWARE NOTES

2010 is an employment milestone for all five staff members at the Delaware League office:

▪ Jane Bailey	25 years	January 2
▪ Alice Smith	25 years	August 6
▪ Charlie Jenkins	15 years	Sept. 1
▪ Bernadette Hines	10 years	Sept. 18
▪ Pat Mahaney	5 years	Dec. 5

ICI AMERICA FCU manager Sam Minutola and treasurer Cindy Baer, plus David Clendaniel, **DOVER FCU** CEO, attended the Fiserv Vision Conference in Las Vegas the week of September 12-16. This was the largest CU technology conference ever held, and second only to CUNA's Governmental Affairs Conference in attendance.



Kudos to **DELAWARE ALLIANCE FCU** and **DELAWARE FIRST FCU** for participating in "Miracle Jeans Day," a fundraiser for Children's Miracle Network, on September 16.

In addition, the members of **LOUVIERS FCU** donated over \$500 through donations and the purchasing of balloons. The Meadowood branch had the highest donation total. All proceeds from these events will stay local and benefit care programs at the Children's Hospital of Philadelphia. Pictured at left: Jessica Bryant and Chris Ventresca – Meadowood Branch

Congratulations to John King, CEO of **EAGLE ONE FCU**, who won a \$25 VISA gift card for participating in the League's education survey, according to education director Bernadette Hines.

Credit Union Positions Sought

- Individual with 12 years credit union experience in lending and collections seeks CU position. Experience in management of a department, underwriting techniques, and troubled debt restructuring. Call the League office and ask for resume #9-20-10.
- Individual with 20 years of bank operations experience, including payment processing and supervision, seeks a credit union position. Possesses knowledge of FDR system, Vision 21 system, DRC, V1sta, and APS/EB systems. Call the League office and ask for resume #9-15-10.

EDUCATIONAL OPPORTUNITIES

Educational Sessions

- 10/06 Understanding CUNA Mutual Bond & Commercial Products. 9 a.m.-noon. No fee, but please RSVP Jane Bailey.
- 10/19 Fall Compliance Update. 10 a.m.-1:30 p.m. \$75 per person; \$30 subsequent registrants. Followed by PolicyPro Training, which is being offered at no charge.
- 11/17 IRA Essentials. 9 a.m.-4:30 p.m. at the League office. Early bird fee of \$199 by October 19.
- 11/28 IRA Advanced. 9 a.m.-4:30 p.m. at the League office. Early bird fee of \$199 by October 19.

October QuickBites Teleconferences

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

- 10/06 Bank Secrecy Act for the Front Line
- 10/21 Social Media & Your Media Mix
- 10/27 Emerging Trends & Risks – Serving Members Remotely

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

- 10/19 Coaching & Performance Management

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

October Webinars

- 10/05 GLBA New Model Privacy Notice Form – Line-by-Line Instructions. Effective 1/1/2011
- 10/07 Advertising Compliance
- 10/13 Conducting the 2010 ACH Audit
- 10/20 Managing & Monitoring High-Risk Accounts
- 10/27 Assisting with Member Credit Report Disputes: Filling out the ACDVs, AUDs & Correcting Joint Members' Credit
- 10/28 How to Avoid the Top 10 Real Estate Lending Compliance Violations

The webinars are 90 minutes (3-4:30 p.m.). The \$189 registration fee is for EITHER the “live” webinar or an archived on-demand web link and free CD-ROM of the complete session. The \$219 registration fee will now cover all three options.

Fall Council Meetings

- 10/06 Collection Council: How Is the Recession Affecting Your Collection Department? (Starts at 9 a.m.)
- 10/12 Human Resource Council: Healthcare Reform Act and Unemployment Process
- 10/28 Mortgage/Home Equity Council: Issues
- 11/14 Financial Council: Economic Overview
- 11/16 Marketing Council: Financial Literacy Programs

Except for the session on October 6, council meetings run from 10 a.m.-noon. Registration is free to all council members; it is \$100 for non-council members.

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).