

Together

Volume 31, Number 12

June 30, 2011

HEADLINE NEWS

NCUA Announces Online Financial Literacy Training

NCUA is offering a training module on financial statements for Federal Credit Union (FCU) volunteer officials on the NCUA Learn Center at: <http://ncua.learn.com/directortraining>.

The training module takes approximately one hour to complete and is designed to introduce financial statement concepts to board members with non-financial backgrounds. The training module covers income statements, statements of cash flow, and balance sheets. The cost of the training is \$15, payable via ACH, using information collected during the registration process. To register your directors, go to <http://ncua.learn.com/directortraining>.

Those who wish to complete the online training should be prepared to provide the name of the person taking the training, name of the credit union, credit union charter number and check digit (found in the call report instructions), address, e-mail address, and payment information (including the financial institution routing number, account number, and the name on the account, which will be used to pay the \$15 fee).

At a minimum, directors must be able to read and understand their credit union's balance sheet and income statement and answer the following questions:

- What does each particular line item on the balance sheet and income statement mean?
- Why is it important to the credit union?
- Is the value of any line item changing over time? If so, what does the negative or positive change mean?
- Is the change important to the credit union?

NCUA Board Chairman Debbie Matz emphasized that not all volunteers have to get certified.

"Directors will not be tested on their knowledge by any NCUA examiner. And directors who already have the required financial skills will not have to receive financial training, although it is accessible to them as well."

The financial skills requirements outlined in NCUA Rule 701.4 general authorities and duties of federal credit union directors will take effect on July 27, 2011. The rule requires FCU board members to have a working familiarity with basic finance and accounting practices. The NCUA *Letter to Federal Credit Unions* (11-FCU-02), issued in February, has more details regarding financial literacy requirements. NCUA continues to encourage FCUs to develop policies to educate board members in a manner that is appropriate for the size and complexity of their institutions.

The Delaware Credit Union League reports that more than 100 credit union volunteers and staff from 85% of Delaware's credit unions have participated in financial literacy workshops, sponsored by the Delaware League.

Help Support CULAC by Hosting “Dress Down” Days

Summer is here, and everyone likes to dress more casually to ward off the heat. The League Governmental Affairs Committee would like you to help in this effort *and* raise money for credit union political action by giving your employees the opportunity to “dress down” for casual comfort during the months of July and August.

Credit unions are encouraged to participate in this event by allowing staff to make a suggested donation to the Credit Union Legislative Action Council (CULAC) for the privilege of wearing casual dress for an entire week or designated days. Each CU will define what casual dress constitutes, but the overall concept is to raise not only money but also awareness of CULAC with employees and members.

A packet containing instructions on how to participate has been emailed to all CUs, along with a form which will indicate that your CU wishes to participate. Please email or fax this form back to Alice Smith (alice@dcul.org) at the League office as soon as possible.

The money raised during Dress Down Days will be forwarded to CULAC, credit unions’ national PAC, which collects funds from individuals to support credit union friends in federal election campaigns.

Dress Down Days is part of the Governmental Affairs Committee’s efforts to raise \$5537.93 this year to help the national CULAC contribution campaign. This is also a good activity for Credit Union Week, the third week in October.



COMPLIANCE UPDATE

NCUA's New Online Communications

NCUA announces the implementation of two new online communication systems for credit unions, consumers and the industry at large: **NCUA Express** and **NCUA Dispatch**.

NCUA Express subscribers will receive email or RSS feed announcements when items are posted to NCUA’s website. Subscribers can customize and manage the type of notifications they wish to receive. More information on signing up is found at <http://preview.ncua.gov/Pages/NCUAExpress.aspx>. Current users of the **NCUA Express** system will be automatically ported to the new system within the next few weeks, so no action is necessary on their part.

NCUA Dispatch is a new email notification system that will issue email blasts to credit unions. NCUA intends for **NCUA Dispatch** to eventually replace most paper mailings and to act as notification system for both routine and emergency announcements. There is no need to sign up for this new service; it has been set up to go to the intended audiences. However, credit unions should make sure that the correct organizational email is reflected in the Information System and Technology section of their credit union profile.

Any technical questions regarding **NCUA Express** or **NCUA Dispatch** can be directed to NCUA’s Technical Support Desk at 800-827-3255 or csdesk@ncua.gov.

IRS Increases Mileage Rate to 55.5 Cents Per Mile

The Internal Revenue Service has announced an increase in the optional standard mileage rates for the final six months of 2011. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business and other purposes. The rate will increase to 55.5 cents a mile for all business miles driven from July 1, 2011, through Dec. 31, 2011. This is an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011, as set forth in Revenue Procedure 2010-51. The IRS normally updates the mileage rates once a year in the fall for the next calendar year. However, in recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2011.

New Compliance Resource

“CompBlog,” the Credit Union National Association’s new compliance issues blog, was recently launched as part of a continuing effort to keep pace with the challenges that face credit unions every day. “Credit union compliance challenges continue to arise at a record pace, and we wanted to move to a format that addresses questions at the same rate of speed,” said Valerie Moss, CUNA’s director of compliance information. Visit CUNA’s CompBlog at www.cuna.org, and click on “Regulations & Compliance.”

Low Income Designation Changes

The NCUA Board has adopted a final rule that will allow federal credit unions that do not qualify for a low-income designation, using the geocoding software the agency has developed for that purpose, to submit an analysis of a statistically valid sample of member income data (as opposed to actual income information) as evidence they qualify for the designation. The final rule is effective as of July 25, 2011.

Mortgage Loan Originators Must Register by July 29

Credit unions and their residential mortgage loan originators (MLOs) have until July 29 to complete initial registration on the Nationwide Mortgage Licensing System & Registry (NMLS) as required by the *Secure and Fair Enforcement for Mortgage Licensing Act* (SAFE Act). After July 29, any MLO who has not yet registered on the NMLS will be prohibited from originating residential mortgage loans without first meeting this requirement.

Registered MLOs will obtain a “unique identifier,” which is the identification number associated with the MLO within the NMLS. This identifier tracks the MLO and facilitates public access to the employment history and any disciplinary or enforcement actions that have been initiated against the individual. Once registered, MLOs should start providing their unique identifiers to mortgage applicants as soon as they receive them.

For more information, go to:

[NMLS Frequently Asked Questions](#)

[NMLS Resource Web Page](#)

Annual Adjustment of Fee-based Trigger for Additional Mortgage Loan Disclosures

On June 13, 2011, the Federal Reserve Board published its annual adjustment to the amount of fees that triggers additional disclosure requirements under the *Truth in Lending Act* and the *Home Ownership and Equity Protection Act of 1994* for home mortgage loans that bear rates or fees above a certain amount. The dollar amount of the fee-based trigger has been adjusted to \$611 for 2012 based on the annual percentage change reflected in the consumer price index that was in effect as of June 1, 2011. The adjustment is required by statute and is effective January 1, 2012.

New CTR and SAR Forms Available on FinCEN Website

On March 1, 2011, FinCEN transferred its regulations from 31 CFR Part 103 to 31 CFR Chapter X as part of an ongoing effort to increase the efficiency and effectiveness of its regulatory oversight. 31 CFR Chapter X is organized by generally applicable regulations and by industry-specific regulations. There have been no substantive changes made to the underlying regulations as a result of this transfer and reorganization. Please note that documents published prior to March 1, 2011, will continue to contain citations to 31 CFR Part 103. Documents published on or after March 1, 2011, will contain citations to 31 CFR Chapter X. To assist with this transition, FinCEN has created a 31 CFR Chapter X general cross-reference index. [Visit the FinCEN website to view the general cross-reference index and other helpful information.](#)

HUD Updates SCRA Notice (HUD-92070)

The Department of Housing and Urban Development (HUD) has updated its form entitled, "Legal Rights and Protections under the SCRA." HUD requires mortgage lenders to notify delinquent homeowners of the availability of homeownership counseling offered through the lender (if applicable) and through HUD-approved counseling organizations. Lenders must notify homeowners in default of the mortgage and foreclosure rights of service members and their dependents under the *Service Members Civil Relief Act* (SCRA). This additional notice requirement became effective in late 2006. The SCRA notice is now dated June 2011. The expiration date of the form is July 31, 2012. [For more information on the homeownership counseling notice, click here.](#)

Updated Zip Code Validations for BSA Reports

As part of a joint effort to improve the quality of *Bank Secrecy Act* data, FinCEN and the IRS have recently updated the validation of zip code fields to cover city, state, and ZIP code. The validation has been enhanced to verify that the city and state are consistent with the first five digits of a U.S. ZIP code as assigned by the U.S. Postal Service. The validation errors occur when an institution's spelling of the city name, the state abbreviation, and the first five digits of the ZIP code do not exactly match the official listing within the [USPS directory](#). As a result of this enhanced validation, a number of institutions using the BSA E-Filing system to file Currency Transaction Reports may receive acknowledgement messages indicating certain filing code errors. For further questions regarding this notice, please contact the BSA E-Filing Help Desk at 1-866-346-9478 or email BSAEFilingHelp@fincen.gov.

Permissible and Impermissible Investments

With the release of a recent legal opinion letter in which the NCUA stated that a federal credit union “may purchase or invest in an insurance agency as a CUSO...” now is a good time to review which types of investments are permissible for credit unions and which types are not. Parts of the *NCUA Rules and Regulations* contain specific permissible and impermissible investments and investment activities for Federal Credit Unions. For more information, please visit the *Permissible and Impermissible Investment Activities* topic on the Investment channel of InfoSight. Go to: http://de.leagueinfosight.com/Permissible_and_Impermissible_Investment_Activities_18894.html

DELAWARE NOTES

AMERICAN SPIRIT FCU hosted a Youth Savings Event on Saturday, June 16 at its Dover branch featuring Clifford the Big Red Dog. This was a free event open to the public. In addition to coloring and essay contests, the CU offered information to parents regarding summer programs related to education, sports, and camps.

EAGLE ONE FCU sponsored free shredding for residents at the Claymont Coalition’s Annual Green Day Celebration held on the grounds of the Claymont Community Center on Saturday, June 11. To promote safe disposal of personal documents, Eagle One arranged for a Shred One, Inc., mobile shredding truck to be on hand for the event. At the Eagle One tent, staff gave away free goodies and raffled off a captain’s chair with the Eagle One logo on the back. Eagle One will be holding another shredding event on July 27 at the National Distribution Center (NDC) postal facility in Northeast Philadelphia.

Several credit unions attended the Delaware Financial Literacy Institute’s “Train-the-Trainer” workshops held upstate and in Seaford. **Got \$avings?®** gave participants content knowledge about budgeting and savings, wealth building strategies, and the secrets of creating a realistic and workable spending and saving plan. The following credit union staff members participated: Christina Cabazza, **DELAWARE FIRST**; Blanche Jackson, **DELAWARE STATE POLICE**; Sherry Sawicki, **DEXSTA FCU**; Kathy Adams and Kathy Decker, **SEAFORD**; and Debbie Jewell, **SUSSEX COUNTY**.

SUSSEX COUNTY FCU hosted a Community Celebration Event, benefitting the Delaware Food Bank, on June 15. Non-perishable food items were collected for the Food Bank, and credit union loan and deposit specials were featured.

FIRST STATE REFINERY FCU is now using the Zephyr program from Mid-Atlantic Corporate FCU.

EDUCATIONAL OPPORTUNITIES

July QuickBites Teleconferences

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

- 7/07 Hot Topics in Regulatory Compliance
- 7/12 Preventing a CU Heist
- 7/21 Better Ethics Now
- 7/27 It Takes a Village: Community Charters

Two-hour sessions run from 11 a.m.-1 p.m.

- 7/19 Incentives and Recognition

The fee for the one-hour sessions is \$99; the 1 ½ hour session is \$129; and the two-hour session is \$169. The deadline to register with Bernadette Hines: one week before the session.

July Webinars

The webinars are 90 minutes (3-4:30 p.m.).

- 7/06 High Yield Lending: Methods to Grow Loans
- 7/12 Indirect Auto Lending: Good, Bad, & the Ugly
- 7/13 Completing & eFiling the Currency Transaction Report Line by Line
- 7/20 Electronic Payment Systems
- 7/21 Regulation Z Requirements for Non-Mortgage Loans
- 7/26 Best Practices for Board Package Preparation
- 7/27 Identifying & Avoiding Lending Liability

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.

Thinking about Shared Branching? Want to grow your credit union by over 4000 branches? Then, join us on **July 27th** for an inside look at this popular and uniquely cooperative service.

- Shared branching participants from Delaware will share their experiences and advice regarding their own programs, such as member feedback, credit union growth, and administrative and transaction items. Delaware credit unions currently on Shared Branching: American Spirit, Chestnut Run, Community Powered, Delaware First, Delaware State Police, Eagle One, and Sussex County. (Louviere FCU is coming on board shortly.)
- We'll explain what's involved in implementing shared branching, including costs, policies, etc.
- We'll provide information on marketing shared branching to your members. There's even an app for shared branching.
- We'll also tell you what's new (such as mobile banking, shared branching kiosks and call centers) for shared branching credit unions.

The session will be held at the League office from 10 a.m.-1 p.m. Lunch will be provided. There is no charge, but register with Jane Bailey by **July 20** at jane@dcul.org. Please provide the names and positions of those who will attend from your credit union.

All are welcome to attend even if you're already on shared branching but are interested in the exchange of ideas and additional information.

For all shared branch locations, [click here](#)

Shared Branch User Meeting. This session is designed for credit unions already on shared branching. It will be facilitated by Sandy Shenk and will be held on Wednesday, August 10, from 9 a.m. until noon at the League office. Please notify Jane Bailey if who will be attending from your credit union.

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).