

Together

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[HEADLINE NEWS](#)

September Deadlines for League Education Golf Tournament and Volunteer Conference

[October 1 Golf Outing](#). There's still time to register for the 3rd Annual Business Mixer for Education to be held Friday, October 1. Proceeds benefit the scholarship funds of the Delaware Credit Union League and Louviers Federal Credit Union.

Enjoy a round of golf and support education by teeing off at Deerfield Golf and Tennis Club, 507 Thompson Station Road near Newark. The cost is just \$125 per person.

Registration begins at 8:15 a.m. with a shotgun start beginning at 9:00 a.m. The tournament uses an 18-hole scramble format. Team and individual prizes will be awarded at the luncheon immediately following the tournament.

Registration is limited to the first 100 enrollees by **Friday, September 24**. Make check/share draft payable to "Louviers FCU" and mail to: 185 Elkton Road, Newark, DE 19711. Attn.: Golf Outing. For more information about the golf outing, contact Bob Walls at 302-733-0426, ext. 208.

[October 22-24 Volunteer Leadership Conference \(VLC\)](#). Board and supervisory committee members will garner valuable knowledge at the 2010 VLC on October 22-24 at the Clarion Fontainebleau Hotel in Ocean City, Maryland. Speakers such as CUNA CEO Bill Cheney and NCUA chairman Debbie Matz will offer unique perspectives on topics that range from where credit unions stand to how credit unions can make an impact in the financial marketplace. The conference agenda and forms are available on the Delaware League website at www.dcul.org. Click on the VLC button on the right side of the home page. The registration deadline for rooms and the conference is **September 21**.

NCUA Notes CUs' Reduced Loan Losses, Operating Expenses

The general financial condition of credit unions nationwide remained "sound" during the first quarter of 2010, enabling credit unions to reduce their provisions for loan losses, lower their costs of funds, and cut operating expenses during that time period, National Credit Union Administration (NCUA) Chairman Debbie Matz said in a recent letter to federally insured credit unions.

The letter noted that a 29 basis point reduction in provisions for loan losses led to an increase in earnings of the same amount during the quarter. Matz also noted that for the first time in five years, operating expenses were lower than credit unions' net interest margin.

"Federally insured credit unions reported improved earnings performance and overall declining loan delinquency," Matz pointed out. However, Matz said that the NCUA is closely monitoring credit and interest rate risks faced by credit unions, adding that credit unions are specifically facing increasing real estate and business loan delinquencies as economic uncertainties persist.

“The NCUA expects credit unions to implement plans to mitigate these risks,” Matz said. “Proactive structuring and proper control over loan concentrations and share products will be fundamental to the future viability of credit unions,” she added.

“While some short-term numbers are moving in the right direction,” Matz said that “credit unions still have a long way to go before overcoming all the effects of the economic downturn,” adding that the NCUA will work with credit unions “to take proactive steps to protect the safety and soundness of the credit union industry.” The letter is found at: <http://www.ncua.gov/letters/2010/CU/10-CU-12.pdf>.

NCUA NOTES

Compliance Deadline for SAFE Act

The NCUA has issued Letter to CUs 10-CU-13 to announce the new NCUA regulation, Part 761, which was published in the *Federal Register* on July 28, 2010. By **October 1, 2010**, credit unions are required to establish written policies providing a basic framework for compliance with the SAFE Act. To help you comply, the letter provides background, regulatory language, and answers to frequently asked questions. In addition, you can also find a SAFE Act template policy on *CU Policy Pro*; it is policy #7301. NCUA’s letter is found at: <http://www.ncua.gov/news/express/xfiles/10-CU-13.pdf>.

* A special League webinar on writing policies for the SAFE Act will be held on September 24 at 11:30 am. Call Bernadette Hines for more information.

NCUA Provides Indirect Lending Guidance

Saying that an “improperly planned or loosely managed indirect lending program can lead to unintended changes in the risk profile and financial performance” of a credit union, NCUA released Letter to CUs 10-CU-15 providing credit unions with guidance on how best to build or review their indirect lending programs.

Risks associated with indirect lending include material shifts in balance sheet composition and increased credit risks, liquidity risks, transaction risks, compliance risks, and reputation risks, the letter said. The NCUA “has seen seemingly healthy credit unions fail in a matter of months due to indirect lending programs that spun out of control.”

The agency recommended that credit unions mitigate these risks by properly establishing the goals and portfolio limitations for indirect lending programs, creating and following specific underwriting standards and vendor policies, and maintaining a “comprehensive, effective, and ongoing due diligence program.”

Credit unions should also “determine the level of lending and collection staff sufficient to operate and monitor” indirect lending programs. They also should undertake periodic risk-reward or cost-benefit analyses “to determine if the net return to the credit union is sufficient for the risk” and “establish an exit strategy” that could be followed if the risks posed by indirect lending become too great.

Examiners will be monitoring credit unions for high concentrations of indirect loans to total loans, “inadequate analysis of overall indirect loan portfolio performance,” and insufficient loan documentation, and those examiners may contact credit unions if these or other assorted “red flags” are noticed, the NCUA said.

The NCUA has also recently provided credit unions with guidance on liquidity risk management in Letter to CUs 10-CU-14. For the NCUA letters, use the resource links below.

[NCUA indirect lending guidance](#)

[NCUA liquidity risk management letter](#)

NCUA Announces Public Board Meeting Video Archive

In a move that National Credit Union Administration (NCUA) Chairman Debbie Matz said will “enhance the agency’s transparency,” the NCUA has announced that it will



make all open board meetings available for online viewing, starting with its July 2010 meeting.

“Our intent is to provide the credit union community and other interested stakeholders with opportunities to watch the NCUA Board in action. We believe it will be informative for stakeholders who cannot attend our meetings in person to see and hear the deliberations that result in NCUA Board actions,” Matz added.

The video of the open portions of the NCUA meetings, which will be captioned, will be available online within weeks of the meeting, and will remain online for several of the following months.

To view the NCUA's most recent meeting, use the resource link - [NCUA board meeting video](#).

NCUA Small CU Workshop November 13

NCUA's Office of Small Credit Union Initiatives will hold a workshop at the Hilton Washington, DC/Silver Spring, 8727 Colesville Road, Silver Spring, MD 20910. The workshop is tailored to credit unions with assets of \$50 million or less. However, all credit unions are welcome to attend. Some of the topics include maximizing your bottom line, regulatory hot topics, allowance for loan loss, and alternatives to predatory lending. The program begins at 7:45 a.m. with registration and continental breakfast, and ends at 3:30 p.m. For an agenda and to register, go to <http://www.regonline.com/builder/site/Default.aspx?eventid=870024>.

[MORE COMPLIANCE NEWS](#)

Implementing CARD Act Provisions Rate Reviews

“Interest Rate Increases” re-evaluation rule provisions were effective August 22, 2010. The final rule requires card issuers to review an increase in the APR at least every six months until the time the rate is reduced to what it was before the increase. This only applies to rate increases that require a 45-day notice under Regulation Z provisions. This clarifies that the final rule does not apply to rate increases based on changes in variable rates, expiration of properly disclosed introductory or promotional rates, or other situations that do not require such notice.

Card issuers must have reasonable written policies and procedures for conducting these reviews. For rate increases imposed between January 1, 2009, and August 21, 2010, the first review must be conducted before February 22, 2011. Card issuers may review all accounts at the same time every six months or review each account on a rolling basis based on when the rate was increased.

The final rule provides the following two exceptions to the requirement to re-evaluate interest rate increases:

- Issuers will not have to review rates that are increased as a result of the reinstatement of a prior rate that was temporarily decreased as required by the *Servicemembers' Civil Relief Act*.
- The review will not apply to accounts charged-off in accordance with loan-loss provisions.

Sample policies #7210 and #7211 can be found in *CU PolicyPro*. Each Delaware credit union administrator can access this site through the League website, www.dcul.org.

CUNA Reminder: Limits Instituted on Cards for Young Folks

“Reg Z, which implements the *Truth-in-Lending Act*, generally prohibits a credit union from issuing a credit card to anyone under the age of 21 unless there is a co-borrower, co-signer or guarantor over the age of 21 on the card who is jointly or secondarily liable and has income sufficient to make the required payments,” explained Mike McLain, CUNA senior compliance counsel and assistant general counsel.

The only exception to this rule is if the underage borrower can document that he has an independent means to make the required minimum periodic payments based upon his income, assets, and current obligations. The revised Reg Z also addresses increases in lines of credit provided to borrowers under 21, McLain added.

If a credit card is issued to an underage borrower along with a joint party, then the credit limit may not be increased without first obtaining the written agreement of the joint party that he or she will assume liability for the increase.

Gift Card Rule Changes

August 22, 2010, the Gift Card Rule changes to Regulation E became effective. The final rules prohibit dormancy, inactivity and service fees on gift cards unless: (a) the consumer has not used the certificate or card for at least one year; (b) no more than one such fee is charged per month; and (c) the consumer is given clear and conspicuous disclosures about fees. The expiration dates for funds underlying gift cards must be at least five years after the date of issuance, or five years after the date when funds were last loaded. For more information, see the following link: <http://www.federalreserve.gov/newsevents/press/bcreg/20100323a.htm>.

CUNA E-guide Covers ADA Guidelines for ATMs

The automated teller machines (ATMs) provided by credit unions and other financial institutions will be required to be usable by individuals who are blind or have low vision under changes to the U.S. Department of Justice's (DOJ) *Americans with Disabilities Act* (ADA) regulations.

ATMs must also have modifications that allow them to serve the needs of deaf or hard of hearing members, as well as members who 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. For more information, go to CUNA's e-guide: http://www.cuna.org/compliance/member/eguide/eguide_ada_latest.html. A password is required.

DELAWARE NOTES

On August 4, President Barack Obama presented Cynthia Church (a **LOUVIERS FCU** member) with the 2010 Citizens Medal, the nation's second-highest civilian honor. Church, of Brandywine Hundred, a breast cancer survivor who founded Sisters on a Mission, was among 13 recipients to receive the award for "performing exemplary deeds of service for her country and fellow citizens." She was selected from 6,000 nominees for the honor.

Congratulations to the members, staff, and volunteers of **DEL-ONE (Delaware FCU)**, which celebrated its 50th anniversary on August 30. Del-One has announced the appointment of Ann Nutter to its board of directors. Ms. Nutter currently serves as business manager for Polytech School District and will be filling the seat vacated by William Newnom. Board chairman Nancy Shevock also welcomes associate board members Jon McDowell, vice president of Bayhealth Medical Center; Ruby Katcher, director of payroll/human resources statewide technology; and William Pfaffenhauser, department of technology and information enterprise resource planning senior project leader.

EAGLE ONE FCU joined the Claymont community on August 3rd for National Night Out 2010. The annual event was held at Woods Haven Cruse Park in Claymont. National Night Out is intended to heighten crime and drug prevention awareness, generate support for anticrime programs and strengthen neighborhood spirit. It is estimated that roughly 15,000 communities took part in this year's event throughout the U.S. and Canada.

This year's event featured the Claymont Fire Company, the New Castle County Police Department and the Delaware State Police. Local elected officials were in also attendance. Eagle One FCU donated tickets to Great Adventure theme park, free movie passes and a gas card for the evening's prize drawings. At the Eagle One tent, staff gave away safety whistles to children and adults alike, as well as backpacks and water bottles. The credit union has been a proud supporter of the Claymont community since opening its branch office on Philadelphia Pike in 2004.

EDUCATIONAL OPPORTUNITIES

September QuickBites Teleconferences

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

- 9/01 Decedent Accounts
- 9/09 The Growing Role of Market Segmentation
- 9/14 Innovations on Business Continuity
- 9/29 Rethinking Current Business Development Tactics

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

- 9/22 Account Administration

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.

September Webinars

- 9/02 Compliance Risk for Directors
- 9/08 Subpoenas, Summonses, Levies and Other Demands for Member Funds
- 9/09 Writing Policy for the FACT Act
- 9/15 Legal Aspects of Checks/Share Drafts
- 9/21 Changes to Overtime Exemption/Loan Officers
- 9/22 Fair Lending Exams
- 9/24 **NEW!** Writing a Policy for SAFE Mortgage Licensing Act Compliance Requirements
- 9/28 How to Protect CUs From a Social Media Nightmare (1:30-2:45 p.m.) Rory Rowland webinar. Cost \$129. Use special instruction sheet to enroll or contact Bernadette Hines.

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.

Council meetings held at the League office

- **Lending Council** – Wednesday, September 29, from 10 a.m.-noon.
- **Collection Council** – Wednesday, October 6, from 9 a.m.-noon.
- **Human Resource Council** – Tuesday, October 12, from 10 a.m.-noon.

Both sessions are free to council members; \$100 for non-members.

Volunteer/Management Training Coming

- 9/14 Basic Board Training - League office with Pat Mahaney. 5:30 p.m.; \$75
- 9/22 ALM Workshop for Management (1-4 p.m.; \$70) and ALM Overview Session for Volunteers (5:30-6:30 p.m.); \$40.

All sessions will be held at the League.

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