

**CUNA Small Credit Union Committee
Meeting Minutes**

**Via Teleconference
July 21, 2009**

Roll Call

	Present	Unable to Attend		Present	Unable to Attend
Frank Michael	x		Lora Michael	x	
John Graham		x	Gary Parker	x	
Trisha Baker	x		Horacio Peralta	x	
Phyllis Cochran	x		Steven Schlundt		x
Jeff Green		x	Scot Tsuchiyama	x	
Eunice Johnson Rodgers		x	Bob Hoel		x
Reta Kahley	x		Todd Spiczenski	x	
Phyllis Kunze	x		Mike Schenk	x	
Vicki McIntosh	x		Kathy Thompson	x	
			Mike McLain	x	

Washington Update – Kathy Thompson (DC) & Mike McLain (Madison) provided this update. Kathy began by stating the credit card law that is before the banking committee is due for signature soon.

CUNA continues to work on some revisions to this law and feels that some of the provisions will be difficult. Effective August 20, all open-end credit at the credit union will have 45 days to notify members that a payment is due. Another provision that isn't fair is a 21 day timeframe between the statement being mailed and the due date of the payment. If not complied to, there could be a late fee charged. This isn't just on credit cards but again on all open-end loans.

Due to the short period of time that CUNA has to comment and provide feedback, CUNA is attempting to make the Fed realize how difficult the changes will be from a technology end and work to get a few of the provisions revised.

CUNA staff have been working on providing verbiage and identifying methods for credit unions to utilize to assist them in the compliance of the law. There are no clear steps at this time. The CUNA Lending Council has been helping identify ways to help credit unions comply by the deadline date.

Kathy noted that it should be simple – no late fees – but that is not doable.

Chairman Michael asked if there were no late fees, how would that be reported to credit agencies and collection companies; especially if the CU had a payment plan or coupon book that went out quarterly to the member. Kathy stated that some of the act is actually anti-consumer. Some payments are set up bi-weekly or by contract and if a voluntary program – there isn't a due date.

Mike McLain said that the member **MUST** be notified 21 days prior to due date no matter how the payment was outlined. Kathy went on to say that there could be rolling disclosures where

members would be notified two to three months out but there isn't anything in the act that defines that nor the delinquency time period.

Chairman Michael asked what if small credit unions do nothing. Thompson recommended that an insert be done in August notifying members and making recommendations for certain types of loans. Hopefully there will be a 60-day comment period in late August or in September allowing for more weigh in by the credit union movement as a whole.

Gary Parker asked if this act is ONLY for open end or if other types of loans would be affected. Thompson replied that the closed end credit are not affected at this time, however, it could happen in late 2010. There could be another provision for open end and minimum payment sometime in February 2010. No one is sure at this time what the timeframe will be. CUNA will remain on top of the issues and communicate to all credit unions as items arise.

Chairman Michael said that there is a need for best practices. Who should credit unions ask? Thompson said that normally it would be CUNA, but suggested that credit unions look at the loanliner documents and talk to CU vendors. The way the act is worded, it's mostly a credit union issue; banks are different. It will affect CUs in a matter of weeks.

She then mentioned the audio on the credit card act that is scheduled for July 28 where representatives from the Federal Reserve and the Lending Council will be on the call to answer questions.

McLain and Thompson thought CMG would be also providing additional information in the next few weeks.

Thompson then went on to the topic of the Matz nomination. She didn't think there would be any problems with the nomination. Deborah Matz has already been on the NCUA board, worked in credit unions and has an interest in small credit unions. Matz is also interested in the data collection of CRA related activities and in increasing the data collection on all credit unions. The nomination process will be completed in mid-late August with an announcement then.

The CFPA is another item on Washington's plate. Thompson said that CUNA is hoping to outline what the agency is able and unable to do. The good thing about this agency is that not only credit unions and banks will be watched but so will check cashers; payroll vendors and all other types of financial agencies.

CUNA supports the agency IF there is no regulatory authority over credit unions. The regulatory compliance would remain under NCUA – which would have federal pre-emption. States would not write the rules; they would be kept on a federal level. The agency would define plain vanilla and NCUA would take it from there. Examinations would be kept under NCUA and there would be a reduction of regulatory burdens rather than an increase.

One thing that everyone is keeping an eye on is how the agency will be paid for.

Kathy went on to say there wouldn't be a committee vote until September due to the summer recess but that ALL size credit unions will be affected. There are no exemptions – members all deserve the same no matter the asset size.

Vicki McIntosh asked if the ABA was invited to testify; why wasn't CUNA invited. Thompson stated that CUNA didn't formally testify and viewed is as yet another layer of bureaucracy. There were discussions about the possible exceptions for credit unions under a certain asset size; but again Thompson emphasized that there none, no matter what. There will be a complaint hotline established Thompson also noted that a list of product lines is being developed that might be a big help going forward. As soon as it's available, she will send it out. She feels the CFPA could work well especially with all of the regulations that are in the future.

McIntosh then asked if NCUA and the CFPA knew how much it cost credit unions of any size to be compliant. She thought there had been a survey done with data gathered that explains the true burden and the report might be a good thing to share on the Hill. Thompson said she was going to dig out the survey and send out again. Mike Schenk asked if the rule making process information that was developed might be good data to share. Thompson said it wasn't very good data and there might be other things that would be better.

The final item Thompson mentioned was the interchange fees and the GAO study. The study has been put on hold in 2009 but will surface again in 2010. 2010 looks to be a hot year!

Senate Hearing Recap: Chairman Michael then recapped his hearing in front of the Senate. The testimony covered was on rural financial institutions and the small credit union category. Both of these groups are outperforming projections. Mike Schenk's written testimony was great and well received. Mike noted that a lot of the information provided came from the Small CU Committee. The important facts and points were driven home and were definitely in the interest of small credit unions and the committee.

Small CU Task Force Report: Schenk noted that he had only heard from about 1/3 of the committee with feedback and suggestions on the report. He would like to summarize the committee's comments and send out in advance of the next conference call. Please have your comments to Mike by July 31. The current status of credit unions is substantially different than in 1999. Several committee members asked to have the report sent to them again for review. Mike will send out the following day.

Chairman Michael then asked the committee to send any agenda items they want covered to him or to Mike Schenk.

With no additional questions, the meeting adjourned at 2:00 pm.

Future Conference Calls

Date	Time
Tuesday, August 18	2:00 pm Eastern
Tuesday, September 15	2:00 pm Eastern
Tuesday, October 20	2:00 pm Eastern
Tuesday, November 17	2:00 pm Eastern
Tuesday, December 15	2:00 pm Eastern