

CUNA Small Credit Union Committee
Meeting Minutes
Via Teleconference
Oct 27, 2010

Roll Call

	Present	Unable to Attend		Present	Unable to Attend
Frank Michael	X		Horacio Peralta	x	
John Graham	x		Tracy Sussmann	X	
Trisha Baker	x		Scot Tsuchiyama		x
Windy Campbell		x	Patti Weber		x
Jeff Green		x			
Sue Giudice	x		Bob Hoel		x
Eunice Johnson Rodgers	x		Todd Spiczenski	x	
Louise Lingenfelter	X		Mike Schenk	x	
Vicki McIntosh	x		Mary Dunn	x	
Terry Costin – SVP Sales/Mktg	x				

Washington Update:

Mary Dunn began by stating there are a large number of issues facing credit unions. However, the main focus at this time for staff is the Corporate CUs. Mary briefly discussed changes to corporate credit union investment authority explaining that longer-term investing has been essentially eliminated. She also discussed changes to corporate asset-liability management requirements and changes to capital regulations that will be phased-in over the next ten years. The capital requirement changes focus on raising minimum capital levels and ensuring minimum thresholds of retained earnings be reached over various time horizons. She also detailed the conservatorship of three additional corporates and plans to establish bridge corporates with the “good” assets in these entities.

She highlighted the agency’s legacy asset solution and discussed what it will mean for credit unions going forward.

Credit unions, she noted need to take a look at the next steps with corporates and to closely examine NCUA-mandated plans each corporate is putting in place to transition to the new realities.

CUNA’s Next Steps Working Group has a report that Dunn will share with the group when it’s complete. Part of the report will be an RFP template that is designed to help credit unions look for services that natural-person credit unions need for due diligence of corporates or service vendors.

NCUA through Treasury has offered guaranteed notes for legacy assets. Credit Unions can bid for securitized cash flow on legacy assets with full faith and credit on notes. Chair Michael asked who is leading the charge on this effort. Dunn indicated that credit unions should turn to CUNA to lead and that there is a Corporate CU Summit being scheduled for November 13 in Chicago. A group of credit union leader will receive invitations to attend. Mike Schenk also noted that NCUA held a webinar on this topic to discuss the relationship of credit unions with the converted corporates. The agency’s presentation indicated that 2/3 of credit unions have a relationship with a conserved corporate and that 99% of the existing OTTI in the corporate system is in those conserved corporates.

Several other upcoming rules will be issues for credit unions: a) FOM for corporate credit unions; b) privately insured credit unions and their treatment in the corporate stabilization efforts; c) credit unions belonging to corporates – only one at a time.

Dunn continued with the Supervisory Issues facing all credit unions no matter what camel rating they may have. Examiners are not treating credit unions the same. More and more DOR; LUAs and MBL issues are being raised. CUNA has developed a reporting form on the web site to capture comments from credit unions on how their examiners have been and how recent exams are going. She asked that credit unions take the time to complete the form and that all information is kept strictly confidential. CUNA also has a “Bill of Rights” that can be shared with the examiner by a representative of each credit union during exams.

Dunn added that since the form was created, that about 50% of those that have completed it show no major problem with the last exam. But that the percentage of those dissatisfied with their exams is quite high overall.

CUNA has also created a Supervisory Issues Working Group that is developing a report/survey. One of the items in the report is to have NCUA communicate better on what issues are of concern to credit unions. Issues need to be clearly stated and communicated.

Chair Michael asked what the response has been to the survey and credit unions need to be reminded of the regulatory advocacy report. Vicki McIntosh asked if the survey and reporting form are broken down by asset size. Dunn stated that it could be drilled down to capture that information and she will check on it. As of early October, over 160 survey responses had been received with 60% satisfied and 27% dissatisfied.

CFPA and interchange fees continue to be high on the list of issues before the credit union industry. Comments to this proposal are due by December 23. The TCF Bank’s lawsuit may delay the Fed on weighing in on interchange.

CUNA & CUNA Mutual Group are jointly working on “Operation Comment” concerning the Fed Regulation Z.

Mary then updated the committee on the status of the NCUA merger registry-partner database. The database will outline what credit unions are looking to merge, which ones may be willing to take a merger and with the information listed in the database, any purchased assets would be available. The database is currently limited to credit unions wanting to merge and those interested in acquiring another credit union. She asked the committee to look at the registry and provide feedback to CUNA and NCUA.

Chair Michael asked if the examiners were using the registry. Examiners are using it for find CUs looking for a merger. It should also contain information on succession planning. Horatio Peralta posed the question if the database could be used by credit unions interested in expanding their FOM. Dunn wasn’t sure but will try to find out.

With no other questions, Dunn had to leave the call for another meeting. Chair Michael then introduced Terry Costin, Sr. Vice President of CUNA’s Marketing & Sales Division.

Costin thanked the committee for having him join the call. He updated the group on a new program CUNA is working with the Wisconsin CU League on – Money Mission. It is designed to work with Gen Y and High School age students of 15-19 years old. It involves an interactive financial game that teaches them to understand the management of their finances, from budget, to investments. At this time, there are eight credit unions in Wisconsin using the program. The product should be introduced to all credit unions sometime mid November. Once it is ready, a link will be shared with the committee where a 3-5 minute demo clip will be available.

He went on to provide information on the enhanced service to member contact training of Seminars in a Box. It will meet the member service needs at credit union. There are currently 18 available with two more coming yet in 2010. They are designed to provide a prepared CD-driven 45-60 minute training opportunity with all of the necessary pieces from marketing to members to the power point to use during the training. Topics range from home budgeting; purchasing versus renting a home or car; savings, credit, building and managing your credit history, and more. Costin invited the committee to look on CUNA's web page for more information.

He then noted that CUNA is also working very closely to CSS on partnerships. Fynanz is a recent partnership that provides private student loans to credit unions – with end-to-end services.

Costin then noted that if any committee is interested in social media, CUNA has a blog created at CUNAVerse.com and that the site contains a Social Media Plan or Guideline to assist credit unions in reaching out to their membership through more web-based promotions. Since May the site has had over 33,000 hits.

Chair Michael thanked Costin for joining the call. He then asked the liaisons how the planning was going for the February GAC Meeting. Mike Schenk updated the committee on the plans for a special Small CU Summit to be held on Sunday, February 27 from 1:00 – 5:00 pm at the Convention Center. An official invitation is being sent out in plenty of time to all small credit unions and league small credit union staff. Mr. Cheney will be stopping by as time permits.

Mike is preparing an agenda for the meeting and asked for any suggestions this group may have. He also is looking for volunteers to assist with the session. If you can or know of someone who would help, let Mike know.

Schenk updated the Committee on the League Small CU Survey – mentioning that 31 responses had been received.

More information will be shared with the committee before the end of the year.

Chair Michael then asked the committee members that participated in the NCUA call to share their comments on how it went. Louise Lingenfelter said that Catherine did a good job. NCUA will be having more webinars throughout 2011 for staff so that they may not have to be out of the office to get the information. Sue Giudice noted that she thought NCUA did a good job and that NCUA is trying to keep their training affordable for small credit unions and board members.

With the new regulations coming on line, boards need training. Additional fiduciary responsibilities will require document training for boards as well. Eunice Rogers indicated that she prefers training from the trade association. John Graham would like NCUA to focus on exams not on training. Chair Michael wanted to know what is expected or what are the standards from NCUA for board training.

Spiczenski noted that CPD is working on training based on the final rule for board training standards but needs to wait until the final rule before announcing. It will be training that is a one size fits all. Currently CPD has board training available through VAP; VLP; Schools – Eschools; and Certification programs.

Mike stated that it's a good sign that small credit unions were invited and are participating in the NCUA training opportunities.

Rogers said that her credit union will be having an examiners meeting the 1st quarter of 2011 and she plans to share comments with them then.

Final item discussed was the face to face meeting with NCUA. The dates originally discussed were not going to work for NCUA but Mike was waiting to hear back from the DC staff on possible dates in January 2011. The meeting would be held at the NCUA offices in Virginia.

With no other business, the call was adjourned.