

KEYSTONE

Extra

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It's Annual Meeting Time

Have You Reviewed Your Election Procedures?

Prepared by John Kilduff, Credit Union Compliance Services Administrator

At the beginning of every new year, credit unions begin planning for their annual meeting of members. Credit unions are required by law to conduct an annual meeting and, at this important event, members gather for a nice dinner or refreshments, learn about the financial health of their credit union, and hear management plans for the coming year.

Also of importance is the annual meeting election, which often involves voting to fill vacancies or board seats currently occupied by incumbent board members. There are many important things that happen at a credit union annual meeting.

The Association's Compliance Department is pleased to provide this review of the annual meeting election procedure options. To discuss your annual meeting election procedures or any mentioned in this article, please contact the Association's Compliance team at 800-932-0661, Option 3.

Bylaws

Your credit union's bylaws are the roadmap for good corporate governance. They give your credit union directions for properly conducting an annual meeting, procedures for selecting director or committee nominations, and conducting annual meeting elections.

Meeting of Members

The bylaws for a federal and state chartered credit union include a specific "Article" that spells out when the annual meeting is held (for example, during the month of March or on the 3rd Saturday

in April), annual meeting membership notice requirements (date, time, and location notice sent to members at least 30 days, but no more than 75 days, prior to the meeting), and suggested rules of order for conducting the meeting (certify a quorum of members are in attendance, review minutes of last meeting, director reports, unfinished business, new business, and your annual meeting elections).

Elections

Your annual meeting election of board members and the reorganization of table officers after the election (for example, the chairman, treasurer, or secretary) is a very important part of the credit union annual meeting.

There are several nomination and voting options for conducting an election.

Let's review some annual meeting election odds and ends, as well as the four most common election options that credit unions may use.

Election Odds & Ends

Regardless of the number of shares a member holds in your credit union, he or she gets just one vote. Also, check your bylaws for any minimum age requirement your credit union may have in order for a member to be eligible to vote. Your bylaws may indicate that a member must be at least 16 years old at the time of the annual meeting in order to vote.



Election/Voting Options for Credit Unions

In-Person Elections, Nominating Committee, and Nominations from the Floor

- At least 30 days before the annual meeting, the Board Chair appoints a nominating committee of three or more members. The committee must nominate at least one member for each board vacancy.
- The names of the nominated persons are placed before the members for consideration at the annual meeting.
- The Chair calls upon those members in attendance at the annual meeting for nominations from the floor.
- The Chair then instructs ballots to be distributed to members in attendance at the annual meeting, members vote for the candidate of their choice, and the results are announced.
- The election is determined by a plurality vote (for example, if you have 2 openings and 4 candidates, the 2 candidates receiving the most votes win).

In-Person Elections, Nominating Committee, and Nominations by Petition

- At least 120 days before the annual meeting, the Board Chair appoints a nominating committee of three or more members. The committee must nominate at least one member for each board vacancy.
- The nominating committee gives the nomination names to the Board Secretary at least 90 days before the annual meeting.
- The Board Secretary notifies all members at least 75 days before the annual meeting that nominations for vacancies can be made by petition signed by 1 percent of the membership with a minimum of 20 and a maximum of 500.
- The notice to all members must advise that there will be no nominations from the floor and the election will be conducted by ballot. The notice will require a brief statement of qualifications and biographical information for anyone wishing to be nominated and a deadline for submitting nomination petitions. The nomination petition deadline must be at least 30 days from the mailing date of the membership notice.
- Nominations by petition must be given to the Board Secretary at least 40 days before the annual meeting.
- All nominations either by nominating committee or by petition are presented to the members in attendance at the annual meeting for consideration.
- The election is determined by a plurality vote (for example, if you have 2 openings and 4 candidates, the 2 candidates receiving the most votes win).

Election by Ballot Boxes or Voting Machine, Nominating Committee, and Nominations by Petition

- At least 120 days before your annual meeting, the Board Chair appoints a nominating committee of three or more members.
- The nominating committee gives the nomination names to the Board Secretary at least 90 days before the annual meeting.
- The Board Secretary notifies all members at least 75 days before the annual meeting that nominations for vacancies can be made by petition signed by 1 percent of the membership with a minimum of 20 and a maximum of 500.
- The notice to all members must tell members that there will be no nominations from the floor and the election will be conducted by ballot. The notice will require a brief statement of qualifications and biographical information for anyone wishing to be nominated and a deadline for submitting nomination petitions. The nomination petition deadline must be at least 30 days from the mailing date of the membership notice.
- Nominations by petition must be given to the Board Secretary at least 40 days before the annual meeting.
- All nominations either by nominating committee or by petition are presented to the members in attendance at the annual meeting for consideration.
- The election is determined by a plurality vote (for example, if you have 2 openings and 4 candidates, the 2 candidates receiving the most votes win).

Election by Electronic Device or Mail Ballot, Nominating Committee, and Nominations by Petition

- At least 120 days before the annual meeting, the Board Chair appoints a nominating committee of three or more members.
- The nominating committee gives the nomination names to the Board Secretary at least 90 days before the annual meeting.
- The Board Secretary notifies all members at least 75 days before the annual meeting that nominations for vacancies can be made by petition signed by 1 percent of the membership with a minimum of 20 and a maximum of 500.
- Nominations by petition must be given to the Board Secretary at least 40 days before the annual meeting.
- All nominations either by nominating committee or by petition are presented to the members in attendance at the annual meeting for consideration.
- Notice and instructions for voting by electronic device or voting by mail ballot and deadline for submitting the ballots, are provided to members at least 30 days before the annual meeting.
- The election is determined by a plurality vote (for example, if you have 2 openings and 4 candidates, the 2 candidates receiving the most votes win).

Products & Services

Business Loan Portfolio Review

The Association's [Business Advisory Services](#) now offers a new program: **Business Loan Portfolio Review**. This new service was created in response to credit union requests to adhere to NCUA requirements of having an independent vendor review their business loan portfolios.

To fulfill NCUA's requirement, Erie FCU turned to Molly Snody, Director, Business Advisory Services.

"The process was simple, cost effective, and the results were received in a timely and professional manner," states Fred Tonty, CFO, Erie FCU. "Molly even took the time to discuss the results with Erie FCU and allowed us to respond to her comments before the final report was issued, because as we all know, business lending is very subjective and different opinions on risk ratings are not uncommon."

Diamond Credit Union also needed an independent party for portfolio review and utilized the services of Business Advisory Services.

"Since Diamond's Business Member Department is not large enough to conduct reviews, we turned to Molly to perform this function," says Jim Hufford, Business Services Manager, Diamond Credit Union. "We based our decision to use Business Advisory Services on our relationship with Molly and the Association over the years."

Hufford concludes, "Molly did a very thorough and timely review. Many of her recommendations were implemented right away. We are planning to use her services this year, as well."

If your credit union needs to fulfill NCUA's requirements to have an independent party review its business loan portfolio, contact [Molly Snody](#), Director, Business Advisory Services at ext. 5209.

If you've used Business Advisory Services, tell us what you think. Recommend the service on [LinkedIn](#) or send it in a [tweet](#).



Molly Snody

Expand Your Market Presence

The biggest competitive advantage for your credit union today is to not only understand your members' needs but to meet your members' wants. Many of your members want the ability to finance their purchases at the point of sale.

Indirect lending programs can fulfill this member want, tapping into a new source of revenue and developing profitable loan relationships with your members. Whether its vehicle or merchant financing, the convenience and access indirect lending programs provide can have a strong impact on your loan portfolio.

Auto Lending

In today's highly competitive lending landscape, credit unions need to incorporate strategies and programs that will give them a marketplace advantage and help grow their auto lending success. Establishing a solid game plan that drives auto loans through the member channel provides the greatest opportunity for building strong auto loan portfolios.

It's no surprise that members appreciate the convenience of financing their loan right at the dealer — and most do just that. By offering a financing solution within the doors of local dealerships, your credit union can expand its market presence, increase both new and used vehicle loan volumes, and improve purchase experiences by meeting the needs, and wants, of your membership right then and there.

Best-In-Class Solution

CU DIRECT
CU Direct Corporation (CUDC), a credit union-owned CUSO now

serving more than 1,100 credit union clients, has built an array of lending-related technology products and consulting services to help credit unions reach their lending goals. CUDL's dynamic solutions help credit unions more effectively market vehicle lending to members, evaluate risk and revenue potential of loan portfolios, complete member vehicle loans at the point-of-purchase, provide reliable aftermarket services, and make automated loan decisions.

NCUA to Offer Examination Modernization Webinar

The NCUA will host a free webinar, "NCUA Examination Modernization," on Wednesday, January 22, at 2:00 p.m.

Dominic Carullo, an Economic Development Specialist with the Office of Small Credit Union Initiatives, will moderate the discussion. Presenters include Amanda Parkhill, a Loss and Risk Analyst with the Office of Examination and Insurance, and Clarence Jones, an NCUA National Training Specialist, who will provide an overview of the changes NCUA made to streamline

and improve the consistency of the examination report process. This webinar provides participants with an opportunity to get a better understanding of the new procedures related to Documents of Resolution and the examination report.

This free webinar is open to credit unions of all asset sizes. [Click here](#) to register.



Education & Professional Development

Service & Selling Techniques – Learning the Secrets to Success

Mark Arnold, trusted source and nationally recognized expert, is coming back to Pennsylvania with new and proven techniques for service and selling.

The *Secrets to Success* program starts with a full day of in-person training with Mark Arnold. This session is followed by a series of three webinars led by Mark, to help your staff gain a greater understanding of sales and service best practices. Mark's system for success includes:



- Building relationships
- Eight basic service and selling tips
- Getting to know your members
- Becoming a member service ambassador
- Member service and appreciation
- Taking care of your members
- Member service in a challenged economy
- Easy steps to improve member service
- Evolving from sales to solutions

The in-person training is being offered in two locations – Lancaster and Mars. Click on the date below to register for *Secrets to Success*.

March 5 – Best Western Premier Eden Resort & Suites, Lancaster

March 6 – Four Points by Sheraton-Pittsburgh North, Mars

Every participant will receive a comprehensive sales and service handbook, as well as access to webinars scheduled for April 22, May 29, and July 24.

Save the Convention Date

The Association's 80th Annual Convention & Expo will be held May 18-20 at Bally's Atlantic City, New Jersey. Stay tuned for more details and registration information on the Association's premier conference for 2014.



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News stories and photographs are welcome. Submit information for publication to janet.johnson@pcua.org.



Events Calendar

January

20

Martin Luther King, Jr. Birthday
Federal Reserve Bank Holiday

February

17

Presidents Day
Federal Reserve Bank Holiday

23-27

CUNA Governmental Affairs Conference, Washington, D.C.

March

5

Service & Selling Techniques, Lancaster

6

Service & Selling Techniques, Mars

9

Daylight Saving Time Begins

Visit www.pcua.org or contact the Association's Education Department for details on education programs and webinars.