

# KEYSTONE

## Extra

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## Service 1st FCU Shares Top Prize With Furry Friends

Pennsylvania Credit Union Service Centers (PaCUSC) recently held a “Share It and Win” contest for the 45 Pennsylvania credit unions that offer shared branching to their members.

Credit unions were asked to submit entries based on David Letterman-style *Top Ten Reasons We Offer Shared Branching to Members*. Entries were judged on creativity, uniqueness, humor, and overall promotional effectiveness. The panel of judges included marketing professionals from the Maine Credit Union League, Target Media, and CO-OP Financial Services. Credit unions were not identified during the judging process.

Service 1st FCU of Danville was selected as the winner last month, and received a \$1,000 prize from PaCUSC. Its winning Top Ten list included:

- 10 Wow, Service 1st branch locations just went from eight to 4,000 nationwide!
- 9 I get the same friendly service as I do at Service 1st FCU, and they won't try to recruit me as a member.
- 8 Kiosks are like vending machines, except they dispense money and take deposits.
- 7 The swirl means our members are just a few steps away from their money.
- 6 Even your GPS can display Shared Branching locations.
- 5 Government issued identification, the name of your credit union and your account number - Three things you wouldn't give a fraudster but would share at a shared branching location.



Members of the Service 1st FCU Leadership Team brought their furry friends to the credit union's Corporate Center in Danville, to help present a \$1,000 donation to the Animal Resource Center of Bloomsburg. Back row, from left: Bill Lavage, Service 1st President/CEO; Angela Hall, Animal Resource Center volunteer; Heidi Venarchick, Animal Resource Center; Jay Reed; Jeff Balestrini; and Karen Wood. Front row: Connie Mattis and Linda Brown.

- 4 Banks can't compete with this cooperative initiative.
- 3 Shared Branching – there's even an app for that!
- 2 Thank goodness there are 17 shared branching locations within 10 miles of Las Vegas, NV!
- 1 Just one more reason to switch to a credit union!

Service 1st FCU donated its prize to the Animal Resource Center in Bloomsburg. The Animal Resource Center provides temporary shelter for homeless, abused, and neglected domestic animals. They are dedicated to promoting the spaying and neutering of cats and dogs; thereby, reducing the number of animals who are homeless, unwanted, or destroyed; their goal is no-kill of any animal.

“The staff at Service 1st are true animal lovers, and it seemed fitting to



‘share it’ with an organization dedicated to furry friends who share their love and affection unconditionally,” said Service 1st Executive Vice President Linda Brown. “My dog Dottie inspires me to be a

better person each and every day. I strive to bring that enthusiasm to everything I do at Service 1st and in the community!”

PaCUSC has launched a new consumer website to promote shared branching. *ShareIt.coop* informs members about shared branching and offers tools and resources to help members locate more than 4,000 shared branches nationwide.

Each week during July and August, members who visit the site have a chance to win a \$100 Visa gift card from their credit union (provided by PaCUSC) by answering the question, “How has shared branching helped you?”

The campaign is a collaboration between PaCUSC and Pennsylvania credit unions that offer shared branching. PaCUSC provided participating credit unions with campaign material at no charge.

For information on shared branching, contact PaCUSC State Coordinator Sandy Shenk at ext. 5267; or [sandy.shenk@pcua.coop](mailto:sandy.shenk@pcua.coop).

## Register for Free Webinar — Marcellus Shale: Opportunities & Risks

On July 26 beginning at 2:00 p.m., the Association will host a free webinar for member credit unions to address the Marcellus Shale drilling and potential impact on credit unions.

Regardless of whether you are located in the drilling regions or not, all PA credit unions have the potential to be directly impacted by the effects surrounding drilling royalties. From property rights and title insurance to investments and lending, your members need you. Will you be prepared when they walk in that door?

Discussion topics and presenters include:

- Marcellus Shale & Income Taxes, Charles Kern, Kern & Company
- Filling the Service Gap Created by Marcellus Shale Royalty Payments, Phil Lambing, CUNA Brokerage Services, Inc.
- Three Dimensional Appraisal: the Value Impact of Subsurface Rights, John Hosey, DataQuick
- Environmental and Other Considerations for Lenders, Andrew Giorgione, Esquire, Buchanan Ingersoll Rooney PC
- Secondary Market Requirements on Loan Secured with Land with Drilling, Coz Manzo, First Heritage Financial, LLC

To attend this webinar, register here or contact Molly Snody at extension 5209 for additional information.

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## Education & Professional Development

### Enterprise Risk Management at Fall Leadership Conference

#### Discover what your credit union needs to know

*“I take risk management very seriously and believe that risks should be managed, not avoided. Implemented successfully, Enterprise Risk Management enables management to effectively deal with uncertainty and associated risks.”*  
Rodney E. Hood, NCUA Vice Chairman 2005-2009

Understanding and managing risk has long been a fundamental principle for all financial services organizations. Each day, credit union leaders must make decisions on how to adequately prepare for a multitude of risk factors. Until recently, risk management was primarily managed in organizational silos, without fully incorporating or understanding the interconnectivity and impact risks have throughout an enterprise.

The recent economic climate has heightened the awareness and need for risk management. Credit unions of all sizes have experienced loan and investment losses, strategic missteps, fraudulent activity, and more. Meanwhile, government intervention, and the Corporate Credit Union Stabilization efforts are advancing the concepts of Enterprise Risk Management (ERM). ERM is being adopted as not simply a principle, but a funda-

mental strategic and operational part of a viable and successful organization.

The Fall Leadership Conference will feature two sessions on ERM. Attendees will learn how enterprise risk management can become the process whereby an organization optimizes the manner in which it controls risks and what role the board plays in developing an enterprise risk management strategy.

In addition, Carolyn Warden will facilitate a special pre-conference session on Board Governance, “Good Governance: Delegating the Task, Not the Responsibility.”

Credit union CEOs and volunteers must understand how to work together. With good governance, a credit union is able to define the various roles and hold individuals accountable for the results of their decisions. Explore how effective governance can nurture change, creativity, and better member service.

For all the details, click here to download the complete Fall Leadership Conference brochure or contact the Association’s Education Department at [education@pcua.coop](mailto:education@pcua.coop).



## Prepare for Fast-Changing Lending Compliance

The dramatic increase in the pace of lending-related regulatory change doesn't appear to be slowing down anytime soon. Credit unions need to make lending compliance a serious focus of strategic planning, and be ready to adapt lending operations to counteract increasing compliance costs and potential revenue losses.

Bill Klewin, Director of Regulatory Compliance for CUNA Mutual Group, says the credit union industry cannot afford to wait and react only when new rules are implemented. New lending policies, procedures, and marketing must be informed by compliance expertise throughout the planning process.

While we are already coping with new rules spawned by the *CARD Act* and Regulation E overdraft reform, the Dodd-Frank financial reforms and Regulation Z disclosure revisions loom. And the Consumer Financial Protection Bureau will soon add a layer of regulation with an impact we can only guess at now.

To prepare for the compliance challenges ahead, Klewin offers some steps credit unions can take now:

### Find qualified compliance experts

This is becoming more difficult. Demand for this specialized skill is rapidly increasing. Even so, do not cut corners when hiring and developing compliance staff. Be sure that your compliance staff and/or outside advisors have solid experience in your operating area.

### Budget for additional resources

Compliance costs tend to hit smaller financial institutions harder than larger institutions. An analysis in winter 2011 by Raddon Financial Group measured the full-time employees (FTE) devoted to compliance per \$100 million in assets. For institutions with \$100 million in

assets or less, the average compliance FTEs were 1.25 per \$100 million in assets. This dropped to 0.77 FTEs for institutions with assets of \$100 million to \$200 million, and 0.29 for those of asset size \$1 billion or larger.

Credit union budgets should account for extra work that lending compliance issues may create for other employees. For example, if proposed changes in Regulation Z disclosures for payment protection products are adopted, your lending staff may need additional, ongoing training in how to present these products to members and answer questions about the disclosures.

### Establish an independent reporting structure

If a credit union's top compliance officer reports to the lending VP, it's more likely that compliant practices will be sacrificed to gain loan volume. It's better for compliance to report directly to the CEO or COO. And more is at stake now because of the new rules regarding fiduciary duties of credit union directors and officers.

Beyond these measures, credit unions must continue to band together to work with legislators, the Federal Reserve Board, and other agencies to advocate for prudent lending rules and regulations.

## Free Webinar: Hot Topics Around Lending Regulatory Compliance

Bill Klewin, Director of Regulatory Compliance, CUNA Mutual Group, will lead a free webinar on July 19, 1:15 p.m. – 2:15 p.m. EDT. Klewin will focus on required changes to policies, procedures, and data processing systems, and his recommended best practices for keeping in compliance.

Register at [www.cunamutual.com/discoverywebinars](http://www.cunamutual.com/discoverywebinars).

## Nuts & Bolts of Real Estate Appraisal Compliance

DataQuick is an industry-leading real estate lending services provider that combines market experience with data and technology to deliver advanced information solutions that improve decision making, operational performance, and compliance standards.

With stricter appraisal regulations knocking on your door, DataQuick's solutions can incorporate lending safeguards that will ensure compliance and ease when your NCUA examiner walks through the door.

**Interagency Appraisal & Evaluation Guidelines:** The revised Interagency Appraisal and Evaluation Guidelines (IAEG) released this year has forced lenders to evaluate different options when selecting appraisal products and non-appraisal evaluations. One of the primary changes affecting lenders is the requirement that all non-appraisal eligible loans must be supported by evaluations that include data or photos verifying the condition of the specific property. Automated Valuations Models (AVMs) are no longer an acceptable option. Another IAEG component

is the validation and testing process required when using AVMs and other Non-Appraisal Evaluations. Testing standards must be documented and reviewed to ensure objectivity and compliance.

**Dodd-Frank Compliance:** The implementation of Dodd-Frank has led to many new regulations and compliance requirements for lenders. Of importance to mortgage and home equity originators are the revisions impacting appraisal management and appraiser independence, particularly the need for a full understanding and compliance with the payment of customary and reasonable appraiser fees. Lenders should carefully consider the *Dodd-Frank Act* and the interim final rule amending Regulation Z when developing their compliance strategy.

DataQuick solutions help meet your real estate lending compliance. Details on these regulations can be found here or view the Association's Partner Showcase Webinar (previously known as MDA Lending Solutions), or contact your Association Account Executive.

## Credit Unions in the News



Alisha Neidig (right), Branch Manager of Horizon FCU, presents a \$450 check to Williamsport's Children's Development Center Board Member Barb Natell (back row left), and Interim Director Joan Dice (center). The check represented half of the proceeds of two Hot Dog Burns held at the credit union's Williamsport and Lock Haven branches. The remaining funds were donated to the Infant Development Program in Lock Haven.



The Mon Valley Community FCU hosted a Community Appreciation Day on June 16 at its newly-opened branch office in Charleroi. Sandra Oliver, Assistant Treasurer/Manager and Ryan Bowker, Manager Trainee, greeted community members who were treated to food, gifts, and cash giveaways.

Right: Cross Valley FCU's Crush Cancer Relay for Life Team from its Hazleton branch raised \$5,300 to benefit the American Cancer Society. The Cross Valley FCU team received the second place award for tent decorations and came in third for spirit points.



AmeriChoice FCU raised more than \$9,000 for Uplifting Athletes during its 7th Annual Charity Golf Tournament. Uplifting Athletes Executive Director Scott Shirley; former Penn State football players Jesse Alfreno, Brett Brackett, A.Q. Shipley, and Evan Royster; and AmeriChoice CEO Kipp Stecher pose for a photo before the start of the golf tournament.



American Heritage FCU employees volunteered their time on June 22 to clean up Philadelphia's Frankford Avenue as part of the credit union's Adopt-A-Highway program and its "Go Green" strategic goal.



## Events Calendar

### July

25-28  
National Credit Union Youth Involvement Board Conference, Pittsburgh

28

NCUA Credit Union Workshop, Pittsburgh

### August

5-6

Chapter Leaders Retreat, State College

7-11

Judge/Bradley Leadership School, State College

### September

8-10

Fall Leadership Conference, Seven Springs Mountain Resort

28-29

Payment Systems Conference, State College

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Visit [www.pcua.coop](http://www.pcua.coop) or contact the Association's Education Department for details on education programs and webinars.