

KEYSTONE *Extra*

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Your online connection to important information, service updates, and happenings for Pennsylvania credit unions

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Credit Unions in the News

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Celebrate Credit Unions — Where Members Matter Most

On October 18, 2012, credit unions in 100 countries will celebrate International Credit Union (ICU) Day by banding together and showing that “Members Matter Most.”

The credit union idea arose centuries ago as people worked under a common effort without thought of profit — they put out fires, harvested crops, and avoided high-priced loans by lending to one another.

In the 1850s, hard times hit Germany, and people turned to each other for help. They removed small savings from under mattresses and made reasonably priced loans to one another, forming the original credit unions. In the 1920s, Edward Filene took cooperative finance to the next level in Boston, as a means of lifting working people out of debt and creating a better life.

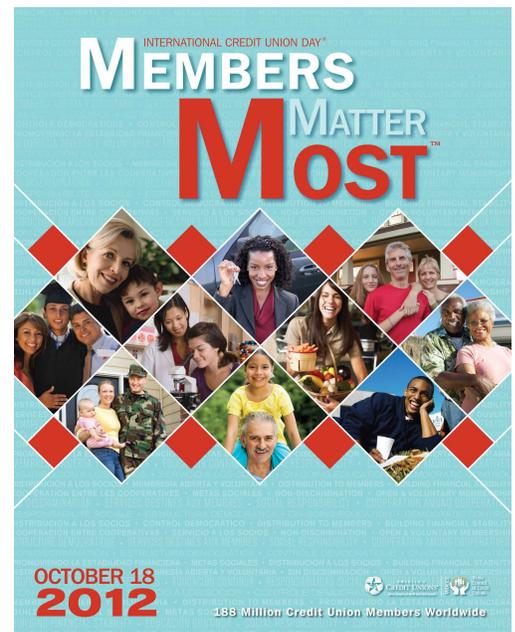
On January 17, 1927, the Credit Union League of Massachusetts celebrated the first official credit union holiday. January 17 is the birthday of Benjamin Franklin, America’s “Apostle of Thrift,” who credit union founders believed to symbolize the purpose and spirit of credit unions. During this time, the credit union movement was new and spreading.

The Credit Union National Association (CUNA) and CUNA Mutual Insurance Society initiated a new national Credit Union Day celebration in 1948. The third Thursday of October was set aside as the national day of observance. This occasion brought members together to promote the credit union philosophy nationally and reflect upon credit union achievements and history.

The World Council of Credit Unions (WOCCU), established in 1971, assists credit union movements and supports their development around the world. WOCCU observed the first International Credit Union (ICU) Day more than 30 years ago, and continues to endorse global celebrations. The credit union movement has grown to 188 million members in 100 countries.

Credit unions exist to serve members, not to increase the bottom line. A focus on superb customer service and member satisfaction sets credit unions apart from other financial institutions. As not-for-profit cooperative institutions, credit unions return their earnings to members in the form of higher interest on deposits, lower loan rates, and fewer fees.

In addition to member control, credit unions offer education and training programs. Fifty-four percent of Americans



ages 18 to 34 check their social media accounts daily, while less than one third do a daily check on their financial statements. Credit unions actively focus on creating fiscally responsible members through their wide variety of education programs, which positively impact savings and spending habits for a lifetime.

Member control, education and training programs, and concern for the community are key cooperative values that differentiate credit unions from other financial institutions.

Celebrate the credit union difference during this year's ICU Day – October 18, 2012.

Whether you're serving refreshments, hosting an open house, or holding a Member Appreciation Day, send news and photos of your Credit Union Day celebration to highway@pcua.org.

Governmental Affairs

Candle Sale Makes Scents for CUPAC

The Association's state political action committee, CUPAC, is holding a Holiday Candle Sale fundraiser. The fragrant candles are made in PA by the Keystone Candle Company in Harrisburg.

Please [click here](#) for an order form and a list of candle scents. Special holiday scents are also available.

When submitting an order, please make any share drafts, checks, or money orders payable to CUPAC. The Keystone Candle Company will ship the candle order directly to your credit union at no additional charge.

Orders may be faxed to 717-234-3676, Attn: Lori Bebar, or mailed to PCUA, Attn: Lori Bebar, 4309 N. Front St, Harrisburg, PA 17110. Please contact Lori for questions at 717-234-3156, ext. 5219, or email lori.bebar@pcua.org.

Please note the ordering deadline is November 1, 2012.

Education & Professional Development

CUNA CPDOnline: Updated Web Offers Professional, Risk-Free Training

With CPDOnline, your credit union can have everything it needs to manage your credit union training program from start to finish. Its state-of-the-art online environment combines the ease of on-demand, self-study training with expertly-designed credit union courses, and personal assistance whenever it's needed.

Serving nearly 30,000 credit union professionals, CUNA CPDOnline is the credit union movement's premier web-based training service that provides more than 350 credit union-specific courses on topics including volunteer training and more.

Courses are designed specifically for credit unions and offers interactive learning and follow-up testing. A CPDOnline Membership gives you full access to online courses and/or exams including CU Advance, STAR, MERIT, VAP, and RegTraC. Check out the complete course.

Free Trial Offer! Try CPDOnline for 30 days!

Test the fit of CPDOnline training with FREE unlimited access to courses and the learning management system for 30 days, plus receive 10 FREE EXAMS! What's more, with the 100% guarantee, if you are not fully satisfied, you'll receive a full tuition refund or credit.

To register for your free trial or for more information, visit www.cuna.org/training and select the CPDOnline link from the left side panel. If you have any questions, call 800-356-9655, ext. 4072, or email CPD.

CUNA CPDOnline Announces iPad-Ready Courses

CUNA CPDOnline now has seven courses available for iPads. These courses are part of the CUNA Volunteer Achievement Program (VAP), which offers credit union volunteers pertinent information and training, and provides them with the opportunity to earn their CUNA Certified Credit Union Volunteer designation and/or CUNA Board Financial Literacy Certificate.



The following titles are now available in this format:

- V01 History & Philosophy for Volunteers, 4th edition
- V02 Financial Reports for Volunteers, 5th edition
- V03 Managing Risk, 6th edition
- V305 The Basics of Risk Assessment for Volunteers
- V409 Financial Management, 3rd edition
- V415 Asset-Liability Management for Directors, 2nd edition
- V428 Understanding the Audit Report

For more information about CUNA CPDOnline and these iPad-ready courses, visit training.cuna.org/cpdonline.

Driving Valuable Member Relationships Through Private Student Lending

When it comes to education financing, we've all read the headlines about skyrocketing college costs and America's student lending crisis. The simple reality is that student loans are, and will continue to be, a reality for millions of students and families. In spite of the cost, a college degree has never been more important, with numerous reports underlining the long-term value.

Best Practices in Private Lending

As any lender will attest, underwriting matters. When researching student loans, remember that the reported rise in defaults is usually specific to federal student loans, which carry no traditional underwriting criteria. Additionally, federal student loans are available to students attending a wide range of colleges, including for-profit institutions.

Within private student lending, credit unions have the ability to carefully manage risk by focusing on several important areas:

- **Education:** Prospective borrowers must understand that private student loans should only be used to fill educational funding gaps after lower-cost sources of funding have been exhausted.
- **Underwriting:** Sensible underwriting criteria that factors in credit score and history and encourages use of a co-borrower.
- **Certification:** School certification is conducted to verify enrollment, validate loan amount and determine fund disbursement.
- **School Quality:** Loans are restricted to students who are attending traditional 4-year, not-for-profit schools with a proven history of low student-loan defaults.
- **Relationships:** Lend to students and families to establish genuine, long-term relationships.

By focusing on these key areas, Pennsylvania credit unions can play an important role in helping members responsibly fund their higher education while also strengthening the cooperative.

Measuring Success

Credit unions partnering with Credit Union Student Choice have enjoyed excellent portfolio growth and performance. Since launching nearly five years ago, Student Choice has delivered results:

- More than 230 credit unions have originated and funded nearly 35,000 loans, totaling almost \$1 billion.
- Nearly 25% of these loans are in repayment.
- More than 1,200 of these loans have been paid-in-full, totaling more than \$22 million.



- 98% of all undergraduate borrowers utilize a co-borrower.
- Only 1.04% of all loans in deferment or repayment are delinquent.

Free Informational Webinar

To learn more about how Student Choice can help grow and diversify your portfolio, build valuable relationships with young members and enter this market efficiently, join Jim Holt, Credit Union Student Choice's Vice President of Sales Operations for a free webinar.

Upcoming webinars:

- Monday, October 8, 2:00 p.m.
- Friday, October 26, 11:00 a.m.
- Thursday, November 15, 11:00 a.m.

Register today for a free webinar. For more information about Student Choice, contact your [Association Account Executive](#).

Review Policies for Re-ordering Debit Transactions

By Brad Mundine, CUNA Mutual Group

The NCUA hasn't yet issued guidance on the practice of re-ordering (or "batching") debit transactions so that the highest dollar amounts clear first. However, as many large banks have already paid multi-million-dollar settlements for class-action lawsuits, it's clear that smaller institutions, such as credit unions, should review their overdraft practices.

Transaction re-ordering is also part of a Consumer Financial Protection Bureau (CFPB) investigation of overdraft practices, launched in February. It's unclear whether any regulations or oversight affecting credit unions will come of this investigation. But it's another reason to take a careful look at your overdraft protection program.

The clearing order of debit transactions is only one element of overdraft practices under scrutiny of the CFPB, plaintiff lawyers, and other organizations. Credit unions should be reviewing all overdraft procedures.

It's also important to educate members on your overdraft policies. As these lawsuits and investigations continue to create headlines, it's important for members to see that your overdraft program is coherent and fair.

Brad Mundine is CUNA Mutual Group's Senior Manager of Risk Management. He may be contacted at brad.mundine@cunamutual.com.

**Events
Calendar**



Pagoda FCU President/CEO Debra Guthier cuts the ribbon to mark the opening of a new branch in Temple. Participating in the ribbon-cutting were members of Pagoda FCU's Board of Directors; Muhlenberg Police Lieutenant Joseph Schlappich; and Crime Alert Berks County President Barry Rohrbach.



Westmoreland Community FCU Assistant Manager Karen Waldron (right) and Head Teller Kirsten Knaus, present a Certificate of Completion to Ciara Lavelle, the first participant in the credit union's Student Internship Program. Ciara is a senior at Greater Latrobe High School, and is applying to colleges to further her education.



At left: Belco Community Credit Union officials participate in a groundbreaking ceremony for a new branch that will replace the downtown Harrisburg branch. The branch is scheduled to open in late spring of 2013, and will be located on the property of Belco's Operations Center.

Right: Bruce Foulke, President/CEO of American Heritage FCU, and employee members of the Busia Orphanage Committee at American Heritage present Nicole Bice, Business Manager at the World Council of Credit Union (WOCCU) (seated, third from right) with a check for \$6,000 to donate to the Busia Compassionate Centre.



October

18
International
Credit Union Day

18-20
Volunteer Development
Conference, Skytop
(Poconos)

23-24
IRA Workshop, Mars

25-26
IRA Workshop, Lancaster

November

6
General Election Day

12
Federal Reserve Bank
Holiday in observance of
Veterans Day

22
Thanksgiving Day

2013

January

20-23
CEO Summit, Naples, FL

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and webinars.