

KEYSTONE

Extra

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Make the Most of Your Annual Meeting and Annual Report

After the decorations are packed away and the new year greetings fade, the focus turns to new goals, tax season, and preparations for the credit union's annual meeting.

Every year, credit unions are challenged more with getting members to attend their annual meeting. Many have cut back on the spending and special events/activities for the annual meeting, due to declining attendance. Getting young members to come out for the annual meeting presents its own challenges.

Spire FCU, based in Minnesota, took a different approach and has tripled its attendance in the past two years. Faced with declining attendance and a gathering where 85 percent of members were older than 70, the credit union created a free annual meeting/member appreciation day. Attendees receive a \$25 cash incentive for coming to the annual meeting, and also enjoy a celebrity speaker, while they still learn about the credit union. The meeting is kept to one hour, and credit union staff and vendors are available to meet with members to answer questions and provide information on services. The money used for the cash incentive and quality speaker has been reallocated from the expense that formerly went into a catered dinner for attendees. And, 38 percent of attendees in 2012 were younger than 50, and nearly 20 percent were under 30.

A little creativity to generate excitement within the membership, along with local press coverage to promote the event, will be a worthwhile investment in time and energy for building lasting relationships with members, young and old.



A vital function of the annual report is to demonstrate that the credit union is moving toward its goals, and also offers a sense of ownership and belonging for members.

While you develop your credit union's annual report, put yourself in the shoes of your stakeholders (members; board members; employees; sponsor and select employee groups; geographic and business communities; and political representatives). Alix Patterson of Callahan & Associates, provides ideas on how to make the most of the annual report. Here are some questions to answer as a guideline in organizing and producing your annual report:

- After reading this annual report, would members understand why the credit union is a better choice for them than another financial institution?
- Does the report make it clear that the members are the owners of the credit union?

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- After reading the report, could an employee say, I am proud I work here?
- Does the annual report clearly communicate the benefits offered by the credit union to sponsor and SEG employees and their families?
- Would community members understand the credit union is playing an important public role based on cooperative rather than for-profit principles?
- Does the report demonstrate to political representatives what the credit union is doing to justify its income tax exemption?

The ideal annual report would answer all these questions and more. Consider how your members and stakeholders will actually read the report. Most people can spot stock photos, so use photos taken by your staff at credit union events. Include first-person testimonials from members and employees.

Financial statements can be overwhelming, so use graphs and infographics to effectively communicate performance and impact.

For more tips on organizing and delivering an annual report to your membership, please visit www.creditunions.com.

If your credit union has held a unique or creative annual meeting event, please share the experience at highway@pcua.org.

Governmental Affairs

Make A Difference in Washington this February

The CUNA Governmental Affairs Conference is the premier credit union event of the year, and provides an opportunity to participate in political impact and credit union networking, and learn about timely issues.

Tax reform will top the agenda of the new Congress in 2013. It's essential that credit unions make the case for preserving their tax-exempt status. Defending credit unions' tax exemption will be the highest priority at CUNA's 2013 GAC. The stronger our turnout, the more powerful our impact.

In addition to Capitol Hill visits, the GAC features a powerful lineup of speakers. This year's keynoters include author and distinguished NBC News Journalist Tom Brokaw; award-winning journalist and financial editor for NBC's *Today Show*, Jean Chatzky, and a political debate between Haley Barbour and Terry McAuliffe, the former chairmen of the Republican and Democratic National Committees.

The 2013 GAC will take place February 24-28 at the Washington Convention Center in Washington, D.C. For more information about the credit union system's premier political conference or to register, visit gac.cuna.org, or contact [Christina Mihalik](mailto:Christina.Mihalik@pcua.org), PCUA VP, Governmental Affairs, ext. 5282.

Compliance & Information

CFPB Announces Increase in HMDA Asset-Size Exemption Threshold

The Consumer Financial Protection Bureau (CFPB) on December 28, 2012, issued a final rule adjusting the asset-size exemption threshold for banks, savings associations, and credit unions under Regulation C, which implements the *Home Mortgage Disclosure Act* (HMDA).

Based on the adjustments announced last month, the asset-size exemption for banks, savings associations, and credit unions will increase to \$42 million. As a result, these institutions with assets of \$42 million or less as of December 31, 2012, are exempt from collecting HMDA data in 2013. An institution's exemption from collecting data in 2013 does not affect its responsibility to report the data it was required to collect in 2012.

HMDA requires that the CFPB adjust this threshold yearly by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers.

The rule will be effective immediately upon publication this week in the *Federal Register* and will apply to data collection in 2013.

For more information, visit [Final Rule - CFPB HMDA Asset Adjustment](#).

Mortgage Rules Have Early 2013 Deadlines

Many mortgage regulations that the Federal Reserve and the Consumer Financial Protection Bureau (CFPB) have proposed over the last two years are scheduled to be finalized in early 2013.

Among the biggest items are ability-to-repay/qualified mortgage regulations, which will need to be finalized by January 21. Under the *Dodd-Frank Wall Street Reform Act*, no creditor may make a residential mortgage loan unless the creditor makes a reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan. If the loan is a qualified mortgage, the creditor may presume that the ability to repay test has been met.

This rule has the ability to reshape the mortgage industry in the years to come, and many have argued that this is the most important rule under consideration by the CFPB at present, CUNA has noted.

Other items that are scheduled to be finalized by January 21 include: Loan originator compensation regulations; *Home Owner's Equity Protection Act* regulations; Mortgage servicing rulemakings that impact Regulation Z and Regulation X; and Higher-risk mortgage appraisal regulations.

New escrow disclosure and waiver requirements are also expected to be finalized by the CFPB early this year.

Securing the Online Channel

The technology and devices that members use to interact with your credit union continue to expand beyond traditional methods. Consumers are turning to more web-based applications, and smartphones and tablets are becoming the devices of choice. Face-to-face member interactions will continue to decline as these devices become more widely used, creating new fraud and identity management challenges for your credit union. In addition, criminals have become — and will continue to become — increasingly sophisticated in how they attack your vulnerabilities. In 2011, identity fraud rose 13 percent (*RSA Online Fraud Report*, February 2012) and there was a 67 percent increase in the number of Americans impacted by data breaches (*2012 Javelin Fraud Report*). Consequently, confirming an individual's personal identity is no longer enough in the online channel — the digital identity must also be considered.



In 2011, the Federal Financial Institutions Examination Council (FFIEC) released updated guidelines for authenticating online transactions. In particular, the updated guidelines called for financial institutions to:

- Implement a risk-based, layered approach;
- Utilize Complex Device Verification; and
- Implement stronger knowledge-based authentication.

In response, TransUnion enhanced the Identity Manager Platform to include Complex Device Verification, providing credit unions with a one-stop solution that supports compliance with the updated FFIEC guidelines. The Identity Manager Platform offers a layered approach to security through the three primary modules needed for effective fraud mitigation: Device Verification, Identity Verification, and Authentication.

Identity Manager provides credit unions with a single solution that can be utilized across all channels, offering both operational and cost efficiencies. The Identity Manager platform not only provides a single access point to all of the identity and fraud detection services you need, but also provides a rules engine that can manage your decision criteria by channel and product, ensuring you utilize the right fraud detection methods

consistently and at the right time. This approach offers the best protection for your credit union while ensuring the best experience for your members.

For more information about the vast array of TransUnion solutions, contact your [Association Account Executive](#).

Mark Your Calendars for CUNA Mutual Webinars

CUNA Mutual Group has scheduled webinars for Credit Union Protection and Recapture Market Share in early 2013.

CU Protection Webinars – Free and open to CUNA Mutual Group Bond policyholders. Sign-in required. Register at www.cunamutual.com/CUProtectionWebinars.

- **Wire Transfer Fraud** – Wednesday, January 16, 11:00 a.m. ET. Learn about the latest twists and turns with wire transfer fraud, including how the fraudsters are perpetrating this fraud, and what you need to do to stay out of harms way.
- **Employee Dishonesty** – Wednesday, February 13, 11:00 a.m. ET. Learn about loss activity trends and driving factors, identify key behavioral red flags and simple steps you can take to reduce the likelihood of employee dishonesty situations.

Recapture Market Share. Register at www.cunamutual.com/growloans or to request additional information, email: growloans@cunamutual.com.

- **Mortgage Recapture & First-Time Home Buyers: Increase Your Share of the Mortgage Market** – January 22, 3:00 p.m. ET - A strategic approach to mortgage marketing can help you grow loans, control risk and develop member relationships with arguably the greatest potential to achieve Primary Financial Institution status. Attend this webinar and learn how to refinance members from high mortgage rates, rescue members from precarious ARMs, and help make dreams come true for first-time home buyers.
- **Auto Loan Recapture® & Next Car Purchase: Grow Loans Even in a Challenging Market** – January 8, March 5, at 3:00 p.m. ET - The Auto Loan Recapture campaign is a proven and powerful direct mail marketing campaign that brings back members who have financed vehicles elsewhere. With Auto Loan Recapture and the Next Car Purchase campaigns you can increase your auto loan portfolio by recapturing lost auto loans in addition to acquiring new loans from members looking to purchase a vehicle. These campaigns help credit unions fight back against the competition and grow loans even in a challenging market.

For more information on all of CUNA Mutual Group's available webinars, visit www.cunamutual.com/education.



The Pittsburgh Area Chamber of Commerce recognized WEST-AIRCOMM FCU's Moon Township branch on its 25th anniversary with the Chamber. From left: Chamber representatives John Daley, Carly Hartranft, Miriam Bauer; Ray Brunner, CEO, WEST-AIRCOMM FCU; and branch manager Joanne Lindner.



The holidays were a little brighter for Philadelphia area families, thanks to the employees of First Heritage Financial, LLC. Each employee was asked to decorate his/her work area with a toy theme. The toys were then donated to the Toys for Tots campaign.



Colleen Phillips (right), VP of Marketing, Cross Valley FCU, Wilkes-Barre, presents a check for \$1,000 to Janet Mackay, Executive Director, Victims Resource Center, to support their ongoing fundraising efforts to provide a wide range of services to men, women, and children who are victims of crime.



Timberland FCU interns Adam Snyder and Jordan Eisman organize items collected for the local food bank and Toys for Toys campaign. Members received an extra percent off their loans for donations made in December, while employees made donations to wear Christmas attire or jeans on Fridays throughout the month.



Left: TruMark Financial Credit Union employees sponsored a food drive and donated 670 pounds of food to the Food & Nutrition Network, a division of the Bucks County Opportunity Center. The donated food will provide 509 meals for needy families living in Bucks County.

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



Events Calendar

January

20-23
CEO Summit, Naples, FL

21
Martin Luther King Jr.,
Birthday
Federal Reserve Bank
Holiday
Association Office Closed

February

18
Presidents Day
Federal Reserve Bank
Holiday
Association Office Closed

March

20
CEO Leadership Workshop,
Mars

21
CEO Leadership Workshop,
Harrisburg

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Association's Education
Department for details
on education programs
and webinars.