



The Communicator

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CUNA's 2006 GAC to "Deliver Our Message"

"Deliver Our Message" is the theme of the Credit Union National Association (CUNA) 2006 Governmental Affairs Conference, February 26 – March 1, at the Hilton Washington in our nation's capital. The GAC is the credit union movement's premier national political conference. Coming amid an unprecedented level of bankers' attacks, the GAC presents a not-to-be-missed opportunity to ensure legislators understand credit union uniqueness and the important services credit unions provide their members and communities.

"Credit unions everyday seek to provide their members with the best service and value available in the financial services marketplace. Yet we must also fight off the attacks of those competitors that look to use legislative and regulatory influence to blunt our positive impact on the lives of millions of hard-working Americans," says CUNA President and CEO Dan Mica. "The GAC is a tremendous opportunity to respond to these attacks and produce our own positive results by delivering our message to lawmakers that credit unions are committed not only to our members, but to our nation's financial and economic well-being."

CUNA's 2006 conference promises another distinguished lineup from Congress, the Administration, and federal regulatory agencies. Last year, Secretary of the Treasury John Snow, Governor of the Federal Reserve System Mark Olson, and Senator Paul Sarbanes (D-MD) joined House leaders Barney Frank (D-MA), Deborah Pryce (R-OH), Spencer Bachus (R-AL), Charles Rangel (D-NY), and Paul Kanjorski (D-PA) in addressing the conference.

The GAC provides on-point education sessions that will ensure credit unions are fully briefed on credit union legislative priorities, the impact of coming regulations, and grassroots

political and campaign involvement strategies. As always, the conference will devote a day for you to deliver our message to Capitol Hill and meet personally with state congressional delegations.

"It's important for meetings with members of Congress to take place year-round through such efforts as our Hike the Hill program. But the GAC is the one time during the year when thousands of credit union people are here together to deliver our message, tell our story, and demonstrate our support to our friends on Capitol Hill," says Mica. "As a former member of Congress, I can tell you for a fact that this has a great impact, particularly in an election year."

Social events, an entertaining spouse/guest program, and an expanded Exhibit Hall filled with the latest in products and technology

round out the conference. During free time, the Washington setting offers stirring national monuments, historic landmarks, world renowned museums, fine dining, and other year-round tourist attractions.

Early bird registration is \$729 – postmarked by January 20 and \$779 after that date. For more information about registration and hotel arrangements, call CUNA Meetings and Special Events at 1-800-356-9655, extension 5700, email gacinfo@cuna.com or visit www.cuna.org. For more information about the program, call CUNA's Washington office at 1-800-356-9655 ext. 6763. All GAC 2006 information will be periodically updated on CUNA's website at www.cuna.org. Click on the GAC 2006 logo on the homepage.



President's Message

By Daniel F. Egan, Jr.

The New Year stretches before us filled with hope and expectations. The credit union community both here in New Hampshire and nationally is strong and united in purpose. Despite repeated challenges in court and legislative bodies, credit unions remain outstanding examples of the benefits of a cooperative, non-profit financial structure.

Although credit unions now serve hundreds of thousands of households in the state and millions of households in the country, there remain many people who have not yet discovered the benefits our institutions provide. In addition, there are many people who are

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. . . and more!



New Hampshire
Credit Union League



Legislative & Regulatory Notes

New IRS UBIT rule expected in early 2006

State chartered credit unions throughout the nation will be receiving a memo and supporting documentation from Credit Union National Association (CUNA) President/CEO Dan Mica that explains steps that the Internal Revenue Service (IRS) will be taking regarding the classification of certain income at credit unions. The IRS has been reviewing the classification of Unrelated Business Income (UBIT) at state chartered credit unions for a number of years, concentrating their efforts on credit unions in Alabama and Connecticut.

Recently, the IRS has indicated that it is about to issue a "technical advice memorandum" (TAM) to its auditors of Alabama and Connecticut credit unions advising them of the IRS' opinion that income from insurance sales, including credit life and credit disability, and from nonmember ATM fees is unrelated business income. These TAMs are expected to be issued some time in the first

half of 2006. They will directly apply only to the credit unions under review by the IRS auditors to whom they are issued, but will provide guidance to all IRS auditors as they review other credit unions for tax liability for similar income receipts.

The central points made in the mailing are that the IRS has indicated that UBIT will apply to insurance sales, certain nonmember ATM fees, and possibly other common credit union sources of income. On the other hand, it is anticipated that the IRS will conclude income from credit and debit card interchange fees, sales of checks, and ATM fees from credit union members will not be subject to UBIT. Many sources of income have not been addressed by the IRS yet and are not likely to be addressed in the near future.

State chartered credit union staff and officials are urged to carefully examine the memo and supporting documents.

FFIEC issues HMDA reporting guidance

The Federal Financial Institutions Examination Council (FFIEC) issued Home Mortgage Disclosure Act (HMDA) reporting guidance recently after it found there were three areas that caused the majority of 2004 reporting problems. The three areas were: Home Ownership and Equity Protection Act (HOEPA) loans, rate spread, and pre-approvals. Several Regulation C amendments, adopted in 2002, took effect January 1, 2004.

The FFIEC guidance, issued to all CEOs of institutions subject to HMDA disclosure rules, also encouraged CEOs, compliance officers, and HMDA data collection and reporting staff to check the council's website regularly for updates.

The FFIEC guidance included such specifics as:

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Hood named NCUA Vice Chairman

The National Credit Union Administration (NCUA) Board voted Rodney E. Hood of North Carolina to serve as the Vice Chairman of the Board.

"I am pleased that Rodney Hood will be serving as Vice Chairman of the NCUA Board," said Chairman JoAnn Johnson. "I look forward to a good working relationship, as we focus on maintaining a safe and sound regulatory environment and enhancing the ability of America's credit unions to serve communities across the nation by providing



affordable financial services."

Nominated by President George W. Bush and confirmed by the United States Senate,

Vice Chairman Hood was sworn into office November 15, 2005. Hood's experience spans 17 years in the public and private sector. Most recently, he served as associate administrator of the Rural Housing Service at the U.S. Department of Agriculture and was responsible for managing a \$43 billion loan portfolio with over 400,000 loans.



AMERICA'S CREDIT UNIONS™

Where people are worth more than money.™

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P.O. Box 1695
Manchester, NH 03105-1695
(800) 842-1242
Fax (508) 481-3586
www.nhcul.org

Chairman of the Board
Ronald J. Rioux
St. Mary's Bank Credit Union

President
Daniel F. Egan, Jr.

Editors:
Marguerite A. Thorsen
Donna M. Bevilacqua

Portfolio review is a planning tool

As League staffers have been engaged with credit unions throughout the state as they tackle strategic planning for 2006, they wish to share some pearls of wisdom on portfolio review from Dennis Beaver of Hill Creek Consulting.

After the credit union's program is up and running, it is probably a good idea to have a portfolio review performed on an annual basis, using an independent firm that has commercial lending experience and is also familiar with all aspects of Part 723. Although the credit union might be inclined to use the services of its auditing firm, they might not be as familiar with recent developments in the regulations, nor will they be aware of specific topics that examiners have identified with other credit unions. An independent firm that has experience with several such engagements will better serve the purposes.

For example, during the past year examiners have given special attention to residential real estate investment properties. Credit unions might have underwritten these loans as "vacation homes," using standard consumer loan underwriting procedures. However, if the borrower has more than one property, and the credit union relied on rental income to underwrite the loan, then the examiners will probably treat the loan as a member business loan (MBL). After all, the loan was for investment or income producing "business" purposes.

Another area that has received some attention is the equity requirement for construction and development loans. The National Credit Union Administration (NCUA) has expressed the opinion that any commercial real estate loan that uses a portion of the proceeds to renovate or rehabilitate a commercial property for income producing purposes is a "construction and development loan," which requires at least a 25% equity investment by the borrower; so the maximum LTV is 75%. Lastly, examiners will be looking for an established procedure to ensure that credit unions have requested and received financial statements from their borrowers each year.

Outlined below are the project outcomes that should be included for a typical portfolio review:

Portfolio review: Any portfolio review should include an overall review of the member business loan portfolio following the guidelines described in Chapter 10 of NCUA Examiners

Guide. The first step is to evaluate the credit union's compliance with NCUA Regulations, Part 723, and the credit union's established lending standards and controls. The general purpose is to assess the overall performance of the MBL portfolio, including delinquencies and charge-offs, the effectiveness of the loan grading system, the adequacy of available resources, and the experience of lending personnel.

Sample methodology: A key part of the review will be the development of a sample methodology that identifies at least 30% of the portfolio, based on the number of loans in the portfolio, their size and risk grade distribution. Summary portfolio reports should be reviewed to assess current levels and trends for delinquencies and charge-offs, criticized or classified assets, non-accrual loans, and gross and net loan losses. Any credit concentrations or large loans to be included in the portfolio sample for review.

Individual loan review: Each member business loan should be reviewed to verify the following:

- A completed loan application with documented approval
- Documented analysis of the creditworthiness of the borrower
- Evidence of collateral value
- Loan officer worksheets and notes

- Completed note, security agreement and other documentation
- Perfected lien and adequate insurance
- Accuracy and validity of the analysis of leverage
- Accuracy of the assigned risk rating
- Adjustments to the assigned risk rating
- Documentation deficiencies
- Loan policy exceptions or violations

Summary report and finding memorandum:

In order to be most helpful to the credit union, the results of the portfolio review should be presented in both detailed and summary fashion.

- A summary report should be prepared on each loan in the sample, including pertinent descriptive information, along with specific comments on the adequacy of collateral and the financial condition of the borrower. Any deficiencies, with regard to financial performance or documentation should be noted and specific recommendations made for remedial action.
- An overall findings report should also be prepared, outlining the findings of the review, assessing the condition of the portfolio, the credit union's general adherence to policy and the adequacy of the underwriting and approval process, as observed. Very often, policies and procedures have been well established but the everyday practices are found lacking.

CUNA recommends lifting unnecessary call report burdens

Credit unions should be given until the first quarter of 2007 to prepare for new Form 5300 call reports now being developed by the National Credit Union Administration (NCUA), according to a comment letter sent recently by the Credit Union National Association (CUNA).

NCUA proposed last summer to revise its 5300 call reports to improve the format and layout of the reports, consolidate information, and improve the quality of the information the agency receives. Under the agency proposal, the change would take place as of the September 2006 reporting cycle.

In its November 21 letter, CUNA also offered recommendations to reduce the compliance burden on credit unions in adapting to a revised call report. Those suggestions

included:

- NCUA should always give advance notice of additions and changes to call report requirements along with a detailed explanation of any changes; and,
- NCUA should eliminate unnecessary or redundant information, such as information on interest rates charged for loans and on dividend rates paid on shares and deposits, and quarterly updates on where credit unions offer electronic cash, account aggregation and other electronic services.

The letter also said that CUNA supports the agency plan to use one call report for all credit unions. Any increased paperwork burden would be offset by the improved overall efficiency and reduced cost for NCUA, the CUNA letter said.



Social Responsibility

St. Mary's Bank Credit Union adopts local Marine Company

On December 2, 2005, St. Mary's Bank Credit Union presented 100 calling cards to a Marine Company based in Londonderry. The men of Bravo Company, 1st Battalion, 25th Marines will spend a few weeks state-side for training before being deployed to Iraq. The credit union collected \$10 donations from employees, members, and the community to purchase the cards through Operation Uplink, a service provided by the Veteran's of Foreign Wars. These cards provide a valuable mechanism for the soldiers to call home and stay in touch with their loved ones.

Mr. Raymond Pinard, St. Mary's Bank Credit Union's executive vice president and chief operating officer, presented the calling cards to Major Brian Hoffman, Company Commander, after making brief comments to the assembled Marines. St. Mary's Bank Credit

Union is adopting this local Marine Company during their estimated 7 month deployment. The credit union is establishing a permanent display in their Londonderry branch and will provide care kits and hygiene items, as well as continuing to provide calling cards.

"This is just another great example of responsible and supportive employers stepping up to help these young Marines, and we thank St. Mary's Bank Credit Union with all our hearts," said Ernest Loomis, the state chair of ESGR (Employer Support of the Guard and Reserve). ESGR is a Department of Defense agency, providing consultations, and, if necessary, mediation for employers of Guard and Reserve employees. ESGR's goal is to support America's employers who share their citizen-warriors with the Nation to ensure our national security.



Left to right: Maria Southmayd, St. Mary's Bank Credit Union Londonderry branch manager; Staff Sgt. Ronald Taylor; Raymond Pinard, St. Mary's Bank Credit Union executive vice president and chief operating officer; and Lt. Sgt. Gary Hubbard.

HOLIDAY

The League office will be closed on Monday, January 16, for Civil Rights Day. The League's regular office hours are Monday through Friday 8:00 a.m. to 5:00 p.m.

President's Message

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members of credit unions who do not understand the advantages available to them through the credit union. In 2006, credit unions must work to educate all people on the unique benefits available to them only through their credit unions.

Credit unions were started in this country almost 100 years ago under the original banner of "la caisse populaire" or roughly translated, the people's bank. Credit unions have a long and proud heritage. As we proclaim that history and all it stands for we must also be sure that we continue to live up to it. Today, credit unions must demonstrate a continuing commitment to serve people in all economic levels to retain the unique benefits provided to the original credit union charters. Through the commitment of many people who serve as directors, management and staff of credit unions, I am confident that word of the good work of credit unions will spread throughout our communities and resonate in the halls of the state legislature and Congress. Best wishes for a healthy and productive New Year.



NHCUL night at Monarchs

The New Hampshire Credit Union League's Social Responsibility Committee has arranged Saturday, February 11, 2006, to be New Hampshire Credit Union/Make-A-Wish Night at the Manchester Monarchs hockey game with the Providence Bruins at the Verizon Wireless Arena in Manchester. A wish child will drop the first puck of the game.

Credit unions who wish to participate can sell tickets to credit union employees and members. Tickets are \$12 each. New Hampshire credit unions will raise \$2.00 per ticket for Make-A-Wish.

If you would like to receive a supply of tickets to sell on consignment, please contact Nancy Nadeau at Telephone Credit Union of N.H. at 645-8181. All unsold tickets are to be returned to Nancy by February 3.

Updated retelling of credit union history *Credit union people*

An updated book outlining the unique history and philosophies that guide America's credit union movement was just made available from CUNA.

People, Not Profit: The Story of the Credit Union Movement touches on every historical figure, significant event, and piece of legislation that has helped define the credit union story, from Alphonse Desjardins and Edward Filene to the passage of the Credit Union Membership Access Act (H.R. 1151) and the proposed Credit Union Regulatory Improvements Act (CURIA).

This fourth edition expands the book's timeline to 2005, and includes all of the most recent developments affecting the credit union movement, such as the passage of bankruptcy reform, the emergence of community credit unions, updated national youth initiatives, and more.

The book explores the cooperative principles and people-centered philosophies that have defined the movement since its early

beginnings and shaped credit unions into unique, not-for-profit financial cooperatives, different from all other financial institutions.

The book also includes updated individual stories from credit unions, pictures, historical quotes, definitions, timelines, and more to further illustrate its content.

Designed for new and experienced credit union employees and volunteers, the book helps to:

- Instill commitment in employees and volunteers through orientation and training,
- Market our unique cooperative advantage,
- Improve member awareness of the credit union, and
- Serve as the basis of community activities and information campaigns.

For more information or to order *People, Not Profit: The Story of the Credit Union Movement*, go to buy.cuna.org and enter stock number 22228 in the Product Finder search box, or call (800) 356-8010, press 3, and use the stock number as a reference.

Fresh business development ideas on conference menu

Attendees will sample an array of "Fresh Ideas" at the 2006 CUNA Marketing & Business Development Council (CMBDC) Conference that they can squeeze into their credit union business development and marketing plans.

The 13th annual CMBDC Conference, March 15-18, will be held at the Caribe Royale Resort in Orlando, Fla. Two of the featured keynoters will be Dr. Kevin Freiberg, president/CEO of Freibergs.com, who will deliver a keynote address entitled, "Building your brand from the inside out," and John Graham, president of Graham Communications, who

will present "Differentiate or die! How to stand out from the crowd."

Subjects will include a wide variety of marketing and business development topics such as: branding, creative marketing, improving sales and service, financial education, serving low wealth members of the community, and more.

Complete conference information is available on www.cunamarketingcouncil.org, by selecting the "2006 Conference" icon. For more information regarding conference registration, call DiAnne Starn at (800) 356-9655, ext. 4387, or by e-mail at dstarn@cuna.coop.

SBA approves Northeast Credit Union as one of five New England credit unions for Loan Guaranty Program

November 29, 2005, was an historic day for several New England credit unions and Octant Business Services, LLC, their business-lending subsidiary, also known as a CUSO (credit union service organization). Northeast Credit Union in Portsmouth was one of five of Octant's clients that received their U.S. Small Business Administration (SBA) designations,

enabling them to offer small business loans under the SBA's 7(a) Loan Guaranty Program. With this designation, each of the credit unions can now offer loans to help qualified small businesses obtain financing, especially those that might not be eligible through traditional lending channels. The designations were awarded at a special ceremony at the conclusion

Thomas A. Champagne
Director of Business Development and Marketing
St. Mary's Bank Credit Union

St. Mary's Bank Credit Union is pleased to announce the appointment of Thomas A. Champagne as the credit union's director of business development and marketing. Champagne has more than 20 years of



marketing, sales, and business development experience in the financial services and high-technology fields. He was most recently marketing manager at Wakefield Thermal Solutions, Inc. and previously worked at FleetBank as a sales manager and Bank One NH Asset Management Corp. as a marketing manager.

“In addition to his marketing responsibilities, Tom will play a significant role in business development, helping to further our sales and service culture at St. Mary's Bank Credit Union,” said Raymond Pinard, executive vice president and chief operating officer. “His extensive marketing background in banking and other industries provide him with a valuable perspective in understanding the needs of current and prospective St. Mary's members.

Champagne holds a bachelor of science degree from the University of New Hampshire and a master's degree in business administration from Southern New Hampshire University. He is a resident of Bow.

Loans made under the SBA 7(a) Loan Guaranty Program have maturities of up to 7 years for working capital and usually up to 25 years for fixed assets.



Agency Update

2nd annual MemberClose users group meeting

On December 13 Members Insurance Agency hosted the 2nd Annual Users Group Meeting for *MemberClose*. Seventy-five people from forty-two credit unions attended the meeting. Along with the credit union attendees, there were representatives from a number of the service providers that are associated with *MemberClose*. The participants received a detailed review of the current program as well as a look at what the future holds for the *MemberClose* program.

Bob Delaney, the Agency's chief operating officer, welcomed the group and provided information pertaining to the rapid growth of the program among the League's credit unions. He stated that the program began in the Spring of 2004 with one credit union and that there are seventy-one credit unions on the program today. Delaney went on to tell of plans to further expand the program to a nationwide credit union audience.

Tim Smith from First Lenders Data, Inc. (FLDI), the Agency's primary strategic partner for *MemberClose*, provided the group with some background information on FLDI and on some of the program enhancements that would be happening in 2006. Acting as a vendor management company and technology aggregator, FLDI provides the Agency with the ability to package and deliver the *MemberClose* service. One of the major initiatives underway is to provide connectivity with all of the various credit union Loan Origination Systems (LOS). This will enable the credit union to upload all of the necessary information directly into *MemberClose* and then simply *point & click* through the loan process.

Two speakers provided information on the property valuation component of *MemberClose*. Barry Baker of CoreLogic spoke on the use of Automated Valuation Models (AVMs). Barry provided insight regarding how the various AVM providers compute their values, the use of AVMs in a fluctuating real estate market and tools that are available to further qualify the accuracy of an AVM. Bill Smith from Realink then gave information on a suite of alternative appraisal products that are available through *MemberClose*. In those instances where using an AVM does not make sense, credit unions

now have the ability to select any one of a number of alternative appraisal products.

Debra Evans from United Specialty Services (USS) spoke about the lien products that are available through *MemberClose* and are insured by USS. Debra spoke in depth about the two primary lien products currently on the platform, the Mortgage Loan Report (MLR) and Property Report Plus (PRP). Program participants learned how these products can be used to speed up the loan process by eliminating the title search process, while protecting the credit union. Debra also provided interesting information to the group on an insured or warranted AVM that is available through *MemberClose*.

Josh Livingston of American Title, Inc. (ATI) spoke about two services that ATI provides. The first relates to the determination of the "Owners of Record" for the property. Credit unions that cannot obtain this information from the member or the county website, can get it with the Legal & Vesting Report from the *MemberClose* website. Another important function provided by ATI is anywhere, anytime closing services. With this service, the credit union can provide the convenience of allowing the member to close the loan at their home or office, anywhere in the country.

After hearing information on the Closing Services, the group was given a demonstration of the recording service provided by United

States Recording Services (USR). USR provides a comprehensive service that includes state-of-the-art tracking capabilities that allow the credit union to see precisely where the lien is in the recording process. USR can record in all of the more than 3,600 jurisdictions in the country.

Matthew Mackey from International Document Services (IDS) gave the group information on how IDS has been integrated into the *MemberClose* system. By giving a demonstration of the Doc Prep process, participants were able to see how easy and quick the loan documents can be prepared. He also pointed out that the documents are guaranteed to be in compliance.

Bob Delaney wrapped the program up by thanking those in attendance for taking the time to attend. He stated that the role of Members Insurance Agency is to collectively represent the interest of the participating credit unions on the program. He strongly encouraged the credit unions to provide feedback on how the *MemberClose* program can be improved.

MemberClose provides a bundled services approach to equity lending that allows the participating credit unions access to a wide array of services through one website. The end result is that the credit union can dramatically speed up processing time while saving money. If you would like information on MemberClose, please contact Bill Smith at 1-888-746-2476.

We want to hear from you!

Among the best things in *The Communicator* are the items that come from our member credit unions. We know that because our members tell us that they read about a community service project or a marketing promotion that another credit union did and it inspired them to do something along the same lines. So, we would just like to say thank you to all those who have contributed stories over the years and hope that other credit unions will share their great ideas and human interest stories with us, too.

We encourage you to send us your news by the 15th of the previous month. You can send them by fax, mail, and especially, e-mail to:

Editor
The Communicator
New Hampshire Credit Union League
P.O. Box 1695
Manchester, NH 03105-1695
Fax: (508) 481-3586
E-mail: pthorsen@cucenter.org
E-mail: dbevilacqua@cucenter.org



Technology Now

Service Credit Union introduces real-time automated account opening

Service Credit Union launched a new fully-automated account opening process. The new application allows both new and existing members the ability to instantly open and fund new accounts through the Internet.

The easy to use web-based interface dramatically streamlines and accelerates the membership enrollment and account opening process. This new service is proving to be a significant leap forward over the previous approach of exchanging documents through the mail. Security is provided through real-time identity authentication.

“With Service Credit Union’s worldwide field of membership, we needed a solution to allow members to open and fund new accounts anytime, anywhere,” says Gordon Simmons, president/CEO of Service Credit Union. “The application provides the credit union with a secure, convenient method to serve our mobile membership base.”

“Not only does it allow us to offer the highest levels of convenience around membership enrollment and account opening to prospective

and current members alike,” continues Simmons, “but it also allows us to more effectively reach geographically disperse areas that may not be in close proximity to our branch locations. This is a real win for the credit union and our membership.”

Service Credit Union chose Andera, a leader in online account opening technologies, to provide the account opening and funding solution. The system integrates all aspects of the membership enrollment and account opening process in real-time into Service Credit Union’s core processing platform.

“We looked at several products that had various levels of online account opening functionality. Andera’s New Accounts Online was the only product that provided real-time account opening through a comprehensive, easy to use interface. They had the best product and a great reputation, making our decision easy,” says Raymond Springsteen, VP of Member Services and project leader of the new application.

Free employment advertising on www.nhcul.org

The League offers member credit unions the opportunity to list classified advertisements for positions that they are seeking to fill. Credit unions that make frequent use of this service report that it is very effective. It is certainly the least expensive way for a credit union to make its employment opportunities known to a uniquely qualified audience.

The list is edited on a weekly basis. Listings

should be submitted to the League’s Public Relations and Marketing Department by noon on Monday. Every effort will be made to list the position that week. To get a sense of the appropriate style and length for a listing visit the “Career Center” on www.nhcul.org.

Listings can be submitted to kmacjewski@cucenter.org or rkimmett@cucenter.org.

www.nhcul.org

Fraud Alert

Digital Federal Credit Union (DCU) has notified the League that they recently have become aware that the credit union’s Treasurer’s Checks have been fraudulently duplicated.

The counterfeit checks read at the top “THIS CHECK IS VOID WITHOUT A PURPLE & BLUE BORDER AND BACKGROUND, PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK. HOLD AT ANGLE TO VIEW.” The fingerprint is actually printed in thermo-chromatic ink, not a watermark. The checks have a background that is pink on the left side and transitions to blue on the right side.

A true DCU Treasurer’s Check is green and has a band across the top that says “THIS DOCUMENT CONTAINS A HIDDEN VOID FEATURE ON THE FACE. SEE BACK FOR ADDITIONAL FEATURES.” It also features a micro-print signature line on the front with the “MP” logo at the end of the line. On the back of a DCU check, the endorsement area is grey and there is a pink, thermo-chromatic dot which turns white when exposed to heat.

Of particular concern is the fact that these checks feature a telephone number which, while not a DCU number, plays an actual DCU message recorded by the thieves from the credit union’s phone system.

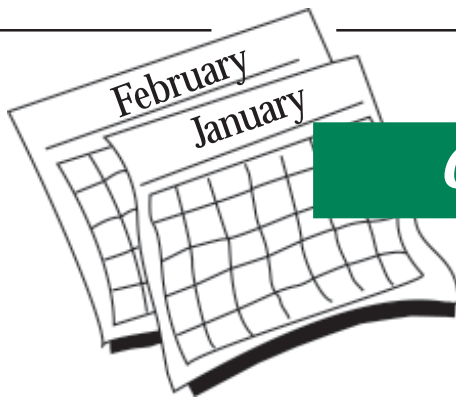
Questions about this fraud may be directed to Ken Mulry, Loss Prevention Manager for DCU at (508) 263-6579.

Spring conference

The League’s annual Spring Conference is set for the weekend of March 17-19 at Mohegan Sun in Uncasville, CT. An impressive arrange of speakers will be addressing the credit union community.

Steve Rick, senior economist, Credit Union National Association (CUNA) will address “Inflation, Federal Deficits and other Factors Affecting the Price of Money” in the opening general session.

Disaster recovery, fair lending, and business development are but a few of the topics that will be addressed in breakout sessions before the program closes with two high profile speakers. The first, Mark Sievwright, SVP, Fiserv, will bring his expertise to bear on the topics of “Finding and Securing the Future of US Retail Financial Services.” Then Loretta LaRoche, the well-known humorist and motivational speaker, will bring the spark and energy that she is so well-known for to the topic of the “Humor Potential.”



Calendar of Events

QUICKBITES

(two hour telephone conferencing)
January 12 - Reg CC

QUICKBITES

(one hour telephone conferencing)
January 18 - Overdraft, Reg D, TISA
January 31 - Loan Officer Protocol
February 7 - Health Savings Accounts
February 14 - Safe Deposit Security and Liability (90 min)

Merrimack Valley Chapter

February 7, 2006
America's Credit Union Museum
CEO Night - "Workman's Compensation"
Fran Lefavour, Leddy HR

CUNA Governmental Affairs Conference

February 26 - March 1, 2006
Washington Hilton Hotel
Washington, D.C.

QUICKBITES

(one hour telephone conferencing)
March 2 - Lending to the Self-Employed
March 8 - Service Attitude
March 21 - FACT Act
March 30 - Payday Lending

Spring Volunteer Development Conference

March 17 - 19, 2006
Mohegan Sun
Uncasville, CT

Agencies produce final rule on FCRA medical information limits

The National Credit Union Administration (NCUA), along with federal bank and thrifts regulatory agencies, recently issued final rules under the Fair Credit Reporting Act (FCRA) that create exceptions to a statutory prohibition against obtaining or using medical information in connection with credit eligibility determinations. The final rules, effective April 1, 2006, also address the sharing of medically related information among affiliates and are substantially the same as an interim rule issued by the agencies in June.

Section 411 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) amended the FCRA to provide that a creditor may not obtain or use medical information in connection with any determination of a consumer's eligibility, or continued eligibility, for credit, except as permitted by regulations or the FACT Act.

However, the FACT Act also required the agencies to prescribe regulations that permit creditors to obtain and use medical information

for credit eligibility purposes when necessary and appropriate to protect legitimate operational, transactional, risk, consumer, and other needs. The final rules create exceptions to the general statutory prohibition on obtaining and using medical information. The agencies expanded the scope of the rules so that the exceptions will apply to all creditors, not just to creditors regulated by one of the agencies.

Section 411 of the FACT Act also amended the FCRA to limit the ability of creditors and others to share medically related information among affiliates, except as permitted by the statute, regulation, or order. The agencies' final rules specify the circumstances in which creditors may share medically related information among affiliates without becoming consumer reporting agencies.

In addition, substantively identical interim final rules were issued by the Federal Reserve Board, Federal Deposit Insurance Corp., Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

FFIEC...guidance

Continued from Page 2.

- The rate spread and HOEPA status are two separate fields on the HMDA loan application register (LAR), with calculations that are similar but that differ in critical respects;
- Rate spread is not the annual percentage rate (APR) on the loan application. It is the difference between APR and the yield on a Treasury security of comparable maturity;
- HOEPA covers closed-end loans secured by a borrower's principal residence, other than home purchase loans and reverse mortgages, with rates or fees above certain thresholds, or "triggers"; and,
- HOEPA has both an APR trigger and a points-and-fees trigger.

The FFIEC communication noted that more compliance questions have been generated in the area of pre-approvals than any other. Many lenders question whether their pre-approval programs fall within the meaning of Regulation C. The FFIEC indicates that a pre-approval program exists when the procedures established and used by the lender match those specified in Section 203.2 (b)(2).