

NASCUS StateLine

The Official Publication of the National Association of State Credit Union Supervisors

NASCUS Shaping Comments on Proposed Additional NCUA Corporate Regulations

Second round of corporate rulemaking seeks input on variety of issues

The National Credit Union Administration (NCUA) proposed additional amendments to its Part 704 corporate credit union regulations addressing a variety of topics including governance, corporate membership issues and risk management.

This proposed rule is a supplement to the comprehensive changes adopted for Part 704 in September. It covers areas that were outside the scope of the rulemaking for the changes made earlier this year. This new proposed rule originally had a 30-day comment period, but was extended to Jan. 28, 2011.

The proposal seeks input on seven areas. NASCUS members can download a summary of the proposed rule on the [Regulatory Resources page](#) of the NASCUS Web site by logging in with their username and password. NASCUS is currently developing its comments to be submitted by Jan. 28, 2011.

IN THIS ISSUE

Regional Regulator Meeting January 24	2
NCUA Regulatory Review 2010	4
Guest Column: Accounting Standards Change the Rules	6
NASCUS Education Calendar	7

The proposed rule would:

1. Require corporates to conduct all board of director votes as recorded votes and include the votes of individual directors in the meeting minutes;
2. Require certain audit, reporting, and audit committee practices from the Federal Deposit Insurance Act (FDI Act), Part 363 of the Federal Deposit Insurance Corporation (FDIC) Regulations, and the Sarbanes-Oxley Act of 2002;
3. Establish procedures for requesting members not insured by the National Credit Union Share Insurance Fund

See [CORPORATE REGULATIONS Page 3](#)

Navigating the New Year: NASCUS Priorities and the New Congress

Special Message from NASCUS President and CEO Mary Martha Fortney

As 2010 wraps up, NASCUS is planning for the New Year and assessing the legislative and regulatory landscape for state regulators and state-chartered credit unions.



Mary Martha Fortney

On the legislative front, the midterm elections had a significant impact on

See [PRESIDENT'S MESSAGE Page 8](#)



NASCUS Reiterates Support for Supplemental Capital to Senate Banking Committee

NASCUS continues to support supplemental capital access for credit unions as a critically needed reform and safety and soundness issue. Recently, NASCUS encouraged the Senate Banking, Housing and Urban Affairs Committee to consider supplemental capital for credit unions.

NASCUS submitted a statement for the official record of the Dec. 9 Senate Banking Committee hearing "State of the Credit Union Industry."

NASCUS explained that the combined impact of the economic environment and

corporate assessments continues to challenge credit unions' restrictive capital structure.

"The current economic environment facing credit unions only reinforces NASCUS and state regulators' steadfast support of supplemental capital access for natural person credit unions," NASCUS stated. "NASCUS and state regulators have believed for years that supplemental capital is appropriate for credit unions, a necessary tool for safety and soundness and critical to the credit union system's long term health and

See [SUPPLEMENTAL CAPITAL Page 3](#)



Roger Little will retire on January 1, 2011.

Michigan's Roger Little Retiring from State Regulatory Career

Long time NASCUS Board member and Past Chairman retiring Jan. 1, 2011

Roger Little, deputy commissioner of credit unions for the Michigan Office of Financial and Insurance Regulation, announced that he will retire effective January 1, 2011.

Little has served on the NASCUS Board of Directors since 1999, and was NASCUS Chairman from 2003-2005. He was also an active participant in the NASCUS Accreditation Program, serving on a number of Accreditation Review Teams over the years. Little has testified before committees in the U.S. House and Senate during his involvement with NASCUS, as well as co-authored a NASCUS white paper.

Little began his career at the Michigan agency in 1984 as a credit union examiner. He later served as an examiner supervisor before his role as deputy commissioner where he was responsible for the oversight of Michigan's more than 200 state-chartered credit unions.

"Roger has made significant contributions to NASCUS as an organization and to the state credit union system during this state regulatory career," said NASCUS President and CEO Mary Martha Fortney. "NASCUS is grateful for Roger's steadfast support of NASCUS over the years and his commitment to state's rights and the strength of the state credit union charter. We wish him all the very best in his retirement."

Attention State Regulators: Regional Regulator Meeting January 24 in Atlanta

The meeting is open to all state regulators regardless of region

NASCUS is holding a Regional Regulator Meeting on Monday, January 24, 2011 at the Federal Reserve Bank of Atlanta from 8:30 a.m. to noon.

This meeting will take place prior to a Conference of State Bank Supervisors (CSBS) District Meeting later the same day. NASCUS began its Regional Regulator Meeting series in 2008 to facilitate in-person interaction and for state regulators to discuss issues common areas of interest by regions.

Hotel rooms may be reserved at the Loews Hotel, which is located across the street from the Federal Reserve Bank

of Atlanta. The hotel's address is 1065 Peachtree Street Northeast, Atlanta, Georgia and the rate is \$135 per night. Please call (404) 745-5000 to reserve your room. For this rate, please mention you will be attending the meeting at the Federal Reserve.

To register, please email Jenny Champagne at jenny@nascus.org. NASCUS welcomes credit union regulators from all states and encourage regulators, chief deputies and senior examiners to attend. If you have any questions or would like to add an item to the agenda please let Jenny know.

Changes Made to Credit Union Advisory Council Districts

To balance the number of state credit unions in each district, changes were recently made by NASCUS leadership

The NASCUS Operating Policies require that the Credit Union Advisory Council leadership (the NASCUS Credit Union Executive Council) evaluate Council Districts every two years to determine if redistricting is needed.

At a recent leadership meeting, changes were made to the Credit Union Advisory Council Districts. Nine directors are elected from four geographic districts, and three are at-large directors.

In order to more closely balance the number of state-chartered credit unions in Districts 1 and 2, Maryland, West Virginia, Virginia and Kentucky were transferred from District 2 into District 1.

In addition, to more closely balance the number of state-chartered credit unions in Districts 3 and 4, Kansas was moved from District 3 to District 4.

These changes do not disrupt the terms of any Credit Union Executive Council director, or change the number of directors elected from each District.

To view the current leadership of the Credit Union Advisory Council and who

represents your district, follow this link or visit www.nascus.org.

These changes do not disrupt the terms of any Credit Union Executive Council director, or change the number of directors elected from each District.

The geographic districts are as follows:

District 1: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Maryland, West Virginia, Virginia, Kentucky, Rhode Island, Vermont, Ohio, Indiana, and Michigan

District 2: Illinois, Alabama, Florida, Georgia, North Carolina, South Carolina, Mississippi, Tennessee, Louisiana, and Puerto Rico

District 3: Wisconsin, Iowa, Missouri, Arkansas, Oklahoma, and Texas

District 4: Kansas, Minnesota, Arizona, California, Colorado, Hawaii, Nevada, New Mexico, Utah, Alaska, Idaho, Montana, Nebraska, North Dakota, Oregon and Washington

If you have any questions, or for more information, please contact Brian Knight at brian@nascus.org.

Supplemental Capital

continued from page 1

sustainability.” NASCUS also argued that relying on just retained earnings for net worth does not provide needed flexibility for capital planning.

Further, from a regulatory standpoint, NASCUS stated that a well managed supplemental capital program can provide increased systemic stability, additional balance sheet management tools and an extra buffer to mutualized losses.

For the upcoming Congress, NASCUS encouraged the Committee to consider making the necessary changes to the definition of net worth in the Federal Credit Union Act to allow access to supplemental capital. Following the legislative change, state and federal regulators would establish prudent regulatory standards for supplemental capital. NASCUS will continue to educate and encourage legislators to consider this capital reform in the 112th Congress.

“Increased capital and investor discipline can provide critical buffers during economic downturns,” stated NASCUS. “We believe credit unions can manage the complexities of supplemental capital. We know that state regulators can manage its regulation.” To view our full statement, view the Legislative Affairs [link](#) on the NASCUS Web site.



PHOTO PROVIDED BY NCUA

Left to right, NASCUS Chairman Tom Candon (VT) recently visits NCUA Board member and NASCUS liaison Michael Fryzel at the NCUA offices. Also pictured, NASCUS President and CEO Mary Martha Fortney, far right.

Corporate Regulations

continued from page 1

(NCUSIF) to make voluntary premium payments to the corporate stabilization fund;

4) Limit natural person credit unions (NPCUs) to membership in one corporate of the NPCU's choice at any one time and prohibit an NPCU from making any investment in a corporate where the NPCU is not also a member;

5) Require corporates to establish enterprise-wide risk management committees staffed with at least one independent risk management expert;

6) Allow corporates to charge their members reasonable one-time or periodic membership fees; and

7) Require the disclosure of compensation received from a corporate CUSO by certain highly compensated corporate credit union executives.

State regulators continue to work with NCUA regulator-to-regulator on corporate credit union issues and rulemakings, in addition to submitting official comment letters on proposed regulations. State regulators are committed to working with NCUA to oversee and supervise the corporate credit union system.

State Regulators Tapped for Federal Regulator Roles

Several state regulators now in new roles at federal financial regulatory agencies

State regulators Steve Antonakes, Sarah Bloom Raskin, Mark Pearce and Joseph Smith were recently tapped for positions within federal regulatory agencies.

Antonakes, the commissioner of banks for Massachusetts, has joined the new Consumer Financial Protection Bureau to lead the depository and non-depository institution teams.

Antonakes began his career at the Massachusetts Division of Banks as an examiner in 1990 and has served as the



NASCUS FILE PHOTO

Steve Antonakes, the former Massachusetts Commissioner of Banks, recently joined the new federal Bureau of Consumer Financial Protection. He was an active participant in NASCUS during his state regulator career, including as a speaker at our 2008 State System Summit pictured above.

commissioner for the last seven years. Antonakes began his new role Nov. 29.

Raskin, the now former Maryland Commissioner of Financial Regulation, took

her oath of office on October 4 as a member of the Board of Governors for the Federal Reserve System. NASCUS leadership recently met with Antonakes and Raskin as they began their new roles.

In addition to Antonakes and Raskin, two state regulators from North Carolina are leaving the state for federal regulatory positions. Mark Pearce, chief deputy commissioner of banks for North Carolina, is now the director of the newly-established Division of Depositor and Consumer Protection at the Federal Deposit Insurance Corporation (FDIC). In North Carolina, Pearce managed the supervision of non-depository financial institutions.

Joseph Smith, North Carolina's Commissioner of Banks, was nominated by President Obama to serve as the new director of the Federal Housing Finance Agency. His nomination is awaiting Senate confirmation.

NCUA Regulatory Review 2010: Letters, Guidance and More

Analysis from NASCUS' Regulatory Affairs Staff

This year was a busy year in the regulatory and compliance arenas especially for credit unions. The National Credit Union Administration (NCUA) issued numerous rules, guidance and other correspondence. Of course, this year also saw the publication of a comprehensive rewrite of corporate credit union rules, as well as a second proposed corporate credit union rule and a third rulemaking, an interim final rule of technical corrections. In addition to the corporate rules, NCUA issued numerous other proposed and final rules and guidance. Read on for a summary of important regulatory activity from the NCUA from the year.

Corporate Credit Union Rules

In September 2010, NCUA issued the revised final corporate credit union rule. The new final rule dramatically overhauled regulation of the corporate system by implementing new capital requirements, establishing PCA for corporates, mandating new governance structures and limiting investments.

NCUA also placed five federal corporate credit unions into conservatorship (WesCorp and US Central in 2009, and Southwest, Members United and Constitution in September 2010) and created four "bridge corporates" to bundle the toxic assets and sell them as securities. (Constitution Federal Corporate Credit Union was sold.)

In November 2010, NCUA issued part two of its corporate credit union rulemaking addressing additional provisions not covered in the previous rulemaking. The proposed rule, open for public comment until January 28, 2011 (see page one for details), contains several controversial provisions including proposals to limit natural person credit union (NPCU) membership to a single corporate; establishment of a "voluntary" stabilization fund repayment from entities that are not federally insured; additional audit and recordkeeping requirements; new governance provisions;

NASCUS members have online access to full summaries of proposed and final rules, NCUA guidance and much more. NASCUS' online regulatory resources can be found at www.nascus.org/regulatory-resources.htm. If you have any questions about regulatory issues, contact Brian Knight at brian@nascus.org. To access the resources, NASCUS members will need to log-in with their username and password.

and new enterprise-wide risk management requirements.

NCUA Guidance

NCUA issued a plethora of guidance in 2010 through letters to credit unions (23), legal opinions (17), regulatory alerts (14) and accounting bulletins (1). As the year draws to a close, we wanted to draw your attention to some of the guidance that NASCUS found especially relevant. NASCUS members can find full summaries of all NCUA guidance at www.nascus.org under Regulatory Resources. NCUA did not issue any risk alerts in 2010.

Letters to Credit Unions and Regulatory Alerts

In January, **NCUA provided guidance regarding Risks in Business Lending and Sound Risk Management Practices.** In this guidance, NCUA reminds credit unions that risk management practices should evolve commensurate with the size and complexity of the credit union's business loan portfolio as well as its individual loans. NCUA discusses in detail business lending related concentration risks and loan participation risks. As credit unions continue to grow their business lending portfolios, this continues to be a concern of both state and federal examiners.

In March, NCUA provided federally insured credit unions with the **supervisory letter containing examiner guidance** on concentration risk. This guidance focused on several issues related to concentration risk, including: products/services with significant levels of concentration risk across the credit union system; how concentration risk is managed and controlled; and the role of the board and management in avoiding concentration risk. Concentration risk continues to be a focus of both federal and state examinations and is often cited as the biggest risk facing financial institutions today. We suggest you revisit and reread this guidance.

In May, NCUA provided all credit unions with the **Federal Financial Institutions Examination Council's (FFIEC) advisory** on the supervisory expectations for sound practices to manage interest rate risk (IRR). This interagency guidance stresses that there are serious risks inherent in the current environment of historically low short-term interest rates. FFIEC reminds institutions to have robust processes for measuring and, where necessary, mitigating their exposure to potential increases in interest rates.

The advisory emphasizes the importance of effective corporate governance, policies and procedures, risk measuring and monitoring systems, stress testing, internal controls and risk mitigation steps related to institutions' IRR exposures.

In August, NCUA issued **guidance on Indirect Lending and Appropriate Due Diligence.** This guidance addresses concerns with credit union indirect lending programs and informs credit unions of criteria being reviewed by examiners to evaluate those programs. While well run indirect lending programs can provide substantial benefits, the programs can result in material shifts in the composition of a credit union's balance sheet. In addition, a loosely run program can quickly lead to significant increase in credit risk, liquidity risk, transaction risk, compliance risk and reputation risk.

In addition, NCUA issued **Regulatory Alert 10-RA-10** which discusses potential risks associated with certain energy retrofit lending programs, known as Property Assessed Clean Energy (PACE) loans. Many states offer PACE loan programs to encourage home owners to make building improvements that increase the energy efficiency of the homes. Under many programs, PACE

continued Page 5

continued from Page 4

loans receive status as a priority lien over previously existing mortgages and therefore have **raised concerns among regulators** that the programs may adversely affect a lender's security interest in collateral securing residential and commercial mortgages.

In August, NCUA alerted credit unions to **interagency guidance** on reverse mortgage products published earlier this year by NCUA, the federal banking regulators and the FFIEC State Liaison Committee (SLC). NCUA, and the other agencies noted that while currently not many of their regulated institutions offer reverse mortgages (in NCUA's case the number is estimated to be 85 credit unions), as the U.S. population ages, more homeowners are becoming eligible for these highly complex loan products. As a result, the number of institutions offering reverse mortgages is expected to increase.

Also in August, NCUA issued Regulatory Alert 10-RA-12, Member Notice Requirements for Overdraft Services, to remind credit unions of the August 15, 2010 compliance deadline for the Federal Reserve Board **final rule changes to Regulation E**, prohibiting financial institutions from charging consumers fees for paying on automated teller machine (ATM) transactions and one-time debit



card transactions – unless consumers “opt in” to overdraft services for those types of transactions.

In September, NCUA issued **guidance on Investment Due Diligence** which emphasizes due diligence and risk management expectations for credit unions' investments including: reasonable exposure limits; accurate risk measurement; an understanding of the investment's structure; knowledge of the collateral performance (when applicable); and a determination of investment suitability.

NCUA states that credit union management must demonstrate a comprehensive understanding of the investments purchased by the credit union and is responsible for ensuring that the instruments fit within both the policies and business strategies of the credit union.

NASCUS Requests FTC Exempt SCUs from Mortgage Advertising Proposed Rule

SCUs should not be subject to proposed mortgage advertising rules from the FTC

NASCUS submitted a comment letter to the Federal Trade Commission (FTC) requesting an exemption for state-chartered credit unions (SCUs) from its proposed rule on unfair and deceptive acts and practices related to mortgage advertising.

The proposed rule, issued pursuant to the 2009 Omnibus Appropriations Act and the Credit Card Accountability, Responsibility and Disclosure Act of 2009 (CARD Act) would: (1) prohibit any misrepresentation in any commercial communication regarding any term of any mortgage credit product; and (2) impose recordkeeping requirements on covered entities. At issue for NASCUS is the fact that while the proposed rule would apply to state-chartered credit unions, there

would be no similar additional requirements for federal credit unions, state or national banks.

NASCUS argued that while consumer protection is a critical regulatory issue, NASCUS does not support the extension of additional advertising rules and record retention requirements exclusively to a single depository charter, particularly when the proposed rules are duplicative of existing rules. Rather, NASCUS urged FTC to focus its efforts on filling in regulatory gaps and addressing non depository entities lack-



See EXEMPT SCUs Page 8

Legal Opinions

As of December 12, 2010, NCUA had published 17 Legal Opinions covering a wide range of topics. In January, NCUA addressed issues related to a North Carolina mortgage lending registration law and database used for state court filings. The opinion, **09-1018 Notice of Exemption Requirement in North Carolina Mortgage Lending Act**, stated that federal law exempts federal credit unions (FCUs) from compliance with the North Carolina law.

Another legal opinion of interest includes **Legal Opinion 10-0214, Floor Rates on Home Equity Loans**, clarifying the permissibility, under Regulation Z, of adding a floor rate to an existing home equity loan if: 1) the original agreement disclosed the possibility of adding the rate and any associated triggering event; or 2) the borrower agrees to the addition in writing.

Accounting Bulletins

NCUA issued one accounting bulletin in 2010, NCUA Accounting Bulletin No.: 10-AB-01 Sup & Application Considerations in Relation to Business Combinations with a Bargain Purchase Gain. The bulletin alerted credit unions to **guidance** issued by the federal banking agencies regarding bargain purchase gains in the mergers of financial institutions. In general, a bargain purchase occurs when the fair value of the net assets acquired in a merger exceeds the fair value of the consideration transferred by the acquiring institution. For combinations of mutual institutions in which no consideration is transferred, a bargain purchase occurs when the fair value of the net assets acquired exceeds the fair value of the equity or member interests in the acquiree. This excess, previously referred to as “negative goodwill,” should be recognized immediately as a gain in earnings (bargain purchase gain), which increases GAAP equity.

The guidance: 1) addressed supervisory considerations related to bargain purchase gains; 2) discussed the impact such gains have on the merger approval process; and 3) highlighted the accounting and reporting requirements unique to mergers resulting in bargain purchase gains.

Again, please **visit this link** to view all summaries of the NCUA correspondence. (NASCUS member log-in required). If you have any questions, contact Brian Knight at **brian@nascus.org**.

Accounting Standards Change the Rules for Credit Union Mergers

By **Bryan W. Mogensen, CPA**
Partner, Clifton Gunderson



The continuing economic downturn has created a challenging environment for financial institutions, including credit unions. During

the past two years, hundreds of financial institutions have either completed mergers or are considering mergers in order to improve service to their members, gain market share, create cost savings through economies of scale and/or achieve financial stability.

Many industry experts predict that the current trend in credit union mergers will continue through 2011, making the ASC 805 accounting standard (acquisition accounting) an important consideration for management as credit unions pursue merger strategies.

Addressing valuation issues

ASC 805 (formerly FAS 141R) is a game-changer for credit unions considering mergers. It is a culmination of the Financial Accounting Standards Board's (FASB) initiative to overhaul the accounting rules for business combinations. Its implementation will have an effect on credit union mergers occurring in the present and in the future.

Historically, the accounting for credit union mergers could be accomplished with relative ease by using the "pooling of interest" method, whereby the balance sheets of the two credit unions were simply added together. Credit Union A plus Credit Union B equaled the balance sheet of a new entity, Credit Union C.

The "pooling" method is simple, but the FASB concluded that it did not accurately reflect the fair market value of the acquired assets. ACS 805 ended the use of the pooling method for credit unions and replaces it with the acquisition accounting method.

Summary of ASC 805

- Issued Dec. 4, 2007
- Effective for fiscal years beginning after Dec. 15, 2008. For calendar year entities, ASC 805 was effective for 2009.
- Requires the use of the acquisition method of accounting, and does away with the "pooling of interest" method.
- Fair value must be considered when merging-in another credit union, including tangible assets, intangible assets, liabilities and equity. Any residual is considered goodwill.

ASC 805 (formerly FAS 141R) is a game-changer for credit unions considering mergers. It is a culmination of the Financial Accounting Standards Board's (FASB) initiative to overhaul the accounting rules for business combinations. Its implementation will have an effect on credit union mergers occurring in the present and in the future.

Acquisition accounting method

Due to the proscription of the use of the pooling method of accounting for mergers between credit unions, management must now become familiar with the use of the acquisition accounting method and the specific procedures that must be followed in its application. The acquisition accounting method is applicable to the acquiring/surviving credit union.

There are two main steps in the use of the acquisition method:

1. Estimate the fair value of the target credit union's equity being merged-in. Generally, the fair value of what is acquired can be estimated based on the consideration given. However, with respect to the merger of credit unions,

there is typically no measurable consideration that is exchanged.

That leaves two options:

- Estimate the fair value of 100 percent of the target credit union, or
- Estimate the fair value of an ownership interest in the acquiring credit union

Typically, it is easier to estimate the fair value of the target credit union, and the results of the analysis are more reliable. Therefore, the estimated fair value of the target credit union's equity is used as the hypothetical "purchase price."

2. The second step is to estimate the fair value of the acquired assets and assumed liabilities including:

- Loan portfolio
- Investments
- Time deposit portfolio
- Core deposit intangible
- Any other assets and/or liabilities identified

Measurement period timing

One of the most significant changes in the accounting of mergers between credit unions as a result of ACS 805 involves adjustments to the initial acquisition accounting during the measurement period. ASC 805 requires that adjustments to goodwill during the measurement period relate to the facts and conditions that existed as of the acquisition date.

If an adjustment relates to new information obtained, or events that occurred during the measurement period, then the adjustment will impact the income statement instead of goodwill.

For example, if during due diligence you discover that the allowance for loan losses is under-funded or there are unrecorded liabilities then these amounts should be posted as of the merger date through the target credit union's financial statements rather than post merger date. This would effectively arrive at a GAAP compliant financial statement of the target credit union as of the merger date.

See GUEST COLUMN Page 7

Expanded use of fair value

ASC 805 mandates an expanded use of fair value in credit union mergers and acquisitions. Unlike in the past with the pooling method, all merged-in assets and liabilities must be placed on the balance sheet at their estimated fair value. As a result, the analysis and execution of mergers between credit unions have become much more complex, and typically require the use of outside experts to assist management. Mergers must now be monitored and assessed for possible impact (due to fair value considerations) on future financial statements.

Effect on net worth

Acquisition accounting financial reporting for credit unions requires that the fair value of the net assets acquired in a merger be determined. The effects of the

valuation of net assets can impact the net worth ratio of the surviving credit union.

Recognition and measurement of goodwill

For financial reporting purposes, goodwill is no longer considered to be a definite life intangible asset that is amortized over its estimated economic life. Instead, it is classified as an indefinite life asset that must be recorded and tested for impairment on at least an annual basis. If as a result of the valuation there is negative goodwill, this amount is to be recorded through the income statement of the surviving credit union on the day after the effective date of merger.

On the other hand, intangible assets specifically identified in ASC 805 (e.g., core deposit intangible, trade name, etc.) must be recorded on the balance sheet at their

estimated fair values and amortized over their estimated economic life.

Looking ahead

Although ASC 805 clearly affects the strategies, timing and nature of mergers between credit unions, the complex accounting requirements should not impede sound business decisions. Proper due diligence, which may include a valuation of the target credit union and its assets and liabilities, is now more critical than ever in allowing the management of both the target credit union and the acquiring credit union to assess whether or not the proposed merger is in the best interest of its members and the community in which they serve.

Bryan Mogensen, CPA, is an assurance partner with Clifton Gunderson LLP. He can be reached at Bryan.Mogensen@cliftoncpa.com or (602) 604-3551.

NASCUS Upcoming Educational Events

Register online
for all events at this link.

Webinar Series: Loan Modifications

January 6, 13, 20, 2011 at 1:00 p.m. Eastern

Join David Reed, Partner, Reed & Jolly, PLLC, for a three-part webinar series on loan modifications. Reed will provide attendees with an in-depth look at the mortgage loan collection process, related bankruptcy issues and allowance for loan loss implications. In addition to emerging issues and best practices in loan modifications, Reed will cover collection practices, repossession policies and foreclosure policy and practices.

The fee for the webinar series is \$499 for members and \$599 for non-members which includes the recording. For more information please contact Isaida Woo at isaida@nascus.org.

2011 NCUA/NASCUS National Regulators Meeting

March 20-22, 2011 • Atlanta, GA
Hotel: Atlanta Marriott Marquis

This meeting is for state regulators only. The meeting will begin on Sunday afternoon with a NASCUS regulators only meeting and end on Tuesday afternoon. More information will be forthcoming in early 2011. If you have

questions, contact Tammy Gentilini at tgentilini@ncua.gov.

Directors College - Georgia

March 23, 2011 • Atlanta, Georgia
Hotel: Atlanta Marriott Marquis

NASCUS will continue its Directors College series in Atlanta on March 23, 2011. NASCUS' Directors Colleges allow credit union directors along with senior credit union staff to hear first-hand about the regulatory expectations of directors. Though the content of the college is geared toward directors, all are welcome to attend this one-day event.

NASCUS 2011 Annual School for State Examiners

April 12-14, 2011 • Boulder, Colorado
Hotel: Hotel Boulderado

The Annual School is the one NASCUS education event for state examiners and regulators only, allowing for open regulator-to-regulator discussion on the most pressing issues and challenges facing state examiners. The 2011 school will feature a new agenda focusing on education for examiners on a variety of need-to-know topics. NASCUS invites all state examiners to attend this great educational event.

NASCUS 2011 State System Summit

September 14-16, 2011
Chicago, Illinois
Hotel: Renaissance Chicago Downtown

Mark your calendars for the only annual gathering of the state credit union system! More information will be available at www.nascus.org in early 2011.

NASCUS/CUNA BSA Conference

October 30 - November 2, 2011
San Diego, California

NASCUS and CUNA will continue its partnership on this comprehensive BSA training event. This conference brings together BSA compliance officers, examiners and regulators and industry experts for nearly four days of discussion, networking and education on BSA compliance issues. Registration will be available in early 2011.

NASCUS Archived Webinars

NASCUS offers previously recorded webinars to credit unions and regulators. Access to each recording costs \$199 for members and is offered on an on-demand basis, allowing NASCUS members the flexibility to access the presentations at times convenient to them. For more information contact Isaida Woo at isaida@nascus.org.

See EDUCATION EVENTS Page 8

President's Message

continued from page 1

the make-up of the incoming 112th Congress. Republicans gained the majority in the U.S. House of Representatives, bringing new faces to Washington along with a new agenda. With the Republican majority comes a new Chairman of the House Financial Services Committee (HFSC), Rep. Spencer Bachus (R-AL). Rep. Barney Frank (D-MA) will serve as the Minority Ranking Member. Also, the combination of a Republican majority and Democratic losses on Nov. 2 means that the House FS Committee will have new members. The election was not as impactful on the Senate Banking Committee; however, with Sen. Chris Dodd's retirement at the end of this year, Sen. Tim Johnson (D-SD) will become Chairman.

The two Committees are expected to focus on housing issues, as well as implementation of the Dodd-Frank Act. We will monitor this activity closely as well as continue our efforts to achieve supplemental capital for credit unions. Further, NASCUS will educate new and tenured legislators about the state credit union system and the importance of autonomy for state regulators. NASCUS intends to work with its regulatory and credit union system partners on legislative areas of common interest as the 112th Congress gets underway.

The regulatory front will also remain busy for 2011. The registration phase of the S.A.F.E. Act for depository institution mortgage loan originators (MLOs) will begin in early 2011. NASCUS will continue its work with the National Credit Union Administration on corporate credit union

As 2011 approaches, I want to again express my appreciation for NASCUS member support of our advocacy for the state credit union system. Your support allows us to be successful with our legislative advocacy, regulatory analysis and educational delivery.

rulemaking and oversight, as well as other regulatory and supervisory issues, including member business lending. Further in 2011, we expect implementation and rulemaking from the Dodd-Frank Act.

In addition, NASCUS remains focused on its state agency accreditation program and on providing education to state examiners and state-chartered credit unions. We are committed to keeping our online education offerings fresh and timely through our webinars and the NASCUS Online University for state examiners. We will continue to encourage state agencies to partner with us on the education they need for their states through NASCUS' on-site schools. Our annual conference, the State System Summit, is scheduled for Sept. 14-16, 2011 in Chicago, Illinois. We encourage you to "Save the Date" for the 2011 Summit, the only annual gathering of the state credit union system.

As 2011 approaches, I want to again express my appreciation for NASCUS member support of our advocacy for the state credit union system. Your support allows us to be successful with our legislative advocacy, regulatory analysis and educational delivery for state regulators and state-chartered credit unions. We look forward to another successful year at NASCUS.

and Truth in Lending. In addition to the laws cited above, federally insured, state-chartered credit unions also have specific prohibitions against misleading advertising in the National Credit Union Administration's (NCUA) share insurance rules. NASCUS also points out that SCUs are highly regulated entities that are ex-

Educational Events

continued from page 7

Available Archived Webinars:

- Social Media – Risks and Opportunities for Credit Unions
- Merger Accounting
- NASCUS S.A.F.E. Act Webinar Series for Credit Unions and Examiners
- NASCUS Webinar Series for Directors
- Reverse Mortgages
- Loan Modifications
- Credit Risks
- How to Dissect Third Party Vendor Contracts
- Reg Z/RESPA

NASCUS Online University

(State Examiners Only)

Thanks to the generosity of NISCUE Donors, the NASCUS Online University offers all state agencies with free access to more than 100 courses focused on providing familiarity with the trends and issues facing credit unions. The course formats are succinct one-to-two hour modules.

Located online at www.nascusonline.org, state examiners can access the University 24-hours a day, 7-days-a-week! This program is valuable for new examiners as well as seasoned examiners looking to update their knowledge and skills. Courses count toward continuing education for NASCUS Certification. For more information regarding the Online University, contact Tammy Gentilini at tgentilini@ncua.gov.

Exempt SCUs

continued from page 5

ing the existing comprehensive regulation of credit unions and banks.

In its comment letter, NASCUS explains that a broad and comprehensive regulatory framework already exists for SCUs prohibiting the deceptive advertising practices covered by the proposed rule in the same manner as it does for exempted state banks, national banks and federal credit unions. Among the existing regulations are the Real Estate Settlement Procedures Act (RESPA); the Home Mortgage Disclosure Act (HMDA); the Homeowners Protection Act; the Federal Reserve Board's Regulation Z;

amined for consumer compliance in the same manner as federal credit unions, banks and other depository institutions.

NASCUS will continue its dialogue with the FTC about exempting SCUs from this proposed rule. To view our comment letter, [follow this link](#) or visit www.nascus.org.

National Association of State Credit Union Supervisors

1655 N. Fort Myer Drive, Suite 300 • Arlington, VA 22209 (703) 528-8351 • www.nascus.org

© NASCUS 2010. All rights reserved.

Contact NASCUS' Communications department by emailing kate@nascus.org.

Newsletter Design by Levinson Design: www.levinsondesign.com

The logo for the National Association of State Credit Union Supervisors (NASCUS). It features the word "NASCUS" in a bold, serif font. The "N" is stylized with a horizontal line passing through it. The "A" is also stylized with a horizontal line. The "S" at the end is a simple serif "S". The letters are in a dark green color.