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CEO's Message

Credit Union Success Driven by Sharing, Innovating

By David Adams

MCUL & Affiliates Chief Executive Officer

Small credit unions have a variety of resources and programs they can take advantage of to expand and improve their services.

Among the many challenges that face SAS credit unions are the growing burdens of regulation, constant income pressures and a graying membership base. The MCUL & Affiliates is working to find solutions that allow CEOs to manage these day-to-day duties and also help plan for the future.

We owe it to our credit unions and members to find the innovative programs that keep the industry growing. Competing with Wall Street banks in the 21st century means we'll need to be creative and work together to share the best ideas and keep pushing the message that credit unions are the best option for a consumer's financial needs.

Programs such as Save to Win can be a true differentiator for participating credit unions. Each of our 42 Save to Win credit unions can boast new members because of the program and new enthusiasm for the credit union brand. Continually finding ways to showcase the superior programs and services credit unions offer will only improve our standing in the communities we serve.

The emphasis on creativity and innovation should not replace the importance of attending MCUL events, networking and strategic planning – all of which are covered in this issue – but we must be able to look with fresh eyes on ways to avoid the pitfalls to SAS credit union success. Only then can we make the best use of the resources at our disposal and navigate toward a stronger future.

SAS Credit Unions Help Members Save

By Luke Capizzo

MCUL Communications Manager

Credit unions want to encourage prudent financial behavior, but is there a way to make it fun at the same time? Several SAS credit unions have used Save to Win, a statewide prize-linked savings program, to gain local exposure and new members as well as promote smart money management.

Now in its third year, Save to Win boasts 42 participating credit unions of all sizes throughout Michigan. Some of the program's biggest supporters come from the smallest credit unions, such as Communicating Arts CU in Detroit and Limestone FCU in Manistique. These credit unions have found a way to generate excitement and interest in saving, while attracting new members.

"It has been a long standing challenge to encourage or entice people to build a nest egg when they feel like they are living paycheck to paycheck," says Hank Hubbard, President/CEO of Communicating Arts CU. "I believe very strongly that the main reason it is so expensive to be



An excited Save to Win monthly prize winner from Communicating Arts CU

Need Compliance Assistance?

The MCUL offers a variety of compliance products and services to assist you in dealing with your compliance needs. From simple questions to customized consulting, see the choices below and turn to the MCUL first. Regulatory Affairs staff can be reached at (800) 262-6285.

Compliance Helpline

The Compliance Helpline (formerly Research and Information) is a long-standing service offered free of charge to all member credit unions and is designed to address noncomplex questions of a regulatory and operational nature. The helpline is not permitted by law to offer legal advice, but staff make every effort to address all questions and provide supplementary information. Jody Dabrowski is the Helpline consultant at ext. 486.

Regulatory Affairs Web Page and League InfoSight

The Regulatory Affairs Web page contains a substantial amount of compliance news, products and services, one of which is [InfoSight](#). This resource is an online compliance manual at your fingertips, containing federal and Michigan-specific regulatory content organized to serve a busy CEO or a compliance officer needing more detailed information. Included is CUNA's online compliance resource, "E-Guide." [Click here](#) to view InfoSight or enter through the [Regulatory Affairs home page](#). If you don't have a password, contact the helpline.

Compliance Consulting

Since 2008, several well-qualified, industry experienced CUNA-certified compliance consultants have been serving credit union compliance needs through HRN Performance Solutions. We offer the services of consulting professionals with expertise in the discipline of operational compliance, audit and human resources. We are available to contract with credit unions for the amount of time needed through our shared staffing model, where our consultants work with several credit unions. Because their time is shared, you only pay for the portion of time that you need. Please contact your League Representative at LeagueReps@mcul.org or at (800) 262-6285, ext. 534, or MCUL Vice President of Regulatory Affairs Michael DeFors at ext. 464 for further details.

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poor is that they don't have a rainy day fund, so when something out of the routine happens (furnace breaks, child needs emergency financial help) there is nothing to tap."

Save to Win can help your credit union help its members to make the right financial choices.

The MCUL has worked to create a program that is straightforward for credit unions to run and easy for members to participate in. Each \$25 member deposit (up to 10 each month) enters them to win local credit union prizes, statewide monthly prizes and the annual \$100,000 grand prize.

"After the initial set up, the program is fairly easy to administer and provides the members with an incentive to save money," says Limestone FCU CEO Jennifer Watson. "As a small credit union in a rural, low-income area, this is a program with great rewards for our members and the community. As Americans continue to live above their means, they will probably never become rich off a Save To Win account, but learning the benefits of saving, even just a little bit, will benefit them throughout their lives. The most



The Hanners family celebrates after winning the \$100,000 Save to Win Grand Prize

amazing thing about this product is that members sell it for you. What a great thing to be known for: rewarding your members for saving money!"

Credit unions' community mission and focus is at the heart of Save to Win. When a financial institution helps a consumer improve their life, it elevates all of its work. Since credit unions have taken the lead in creating this program, our whole industry benefits from increased participation, both from credit unions and members.

"The greatest success is when you talk to someone that has benefitted from it," says Hubbard. "Early on we had a member that came in for a loan, and was persuaded to open a Save to Win account. When they set up her loan payment, they also set up a transfer to Save to Win of \$50 per month. When she found that she didn't miss the \$50, she upped it to \$75, then \$100. When I spoke to her she had accumulated \$800 and was flabbergasted that she could save that much. After being a member for many years without any savings to speak of, she had built up the beginnings of a nest egg and was really proud of herself."

Credit unions interested in joining Save to Win should contact Stacy Dugan at Stacy.Dugan@mcul.org or (800) 262-6285 ext. 458.

Grand Rapids Family CEO Learns from Local Executive Roundtable

By Carolyn Miller
MCUL League Representative

Sometimes an outside perspective can be the greatest help in solving a problem. Small business leaders, whatever the industry, face similar

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obstacles in day-to-day operations. Kim Wilson, President/CEO of Grand Rapids Family CU, has found a new way to gain such perspective and find solutions to everyday issues at her credit union: a local CEO roundtable program run by the Grand Rapids Chamber of Commerce.



“The goal is not to sell each other products, but to build relationships. That generates business for everyone,” says Wilson. “Participation gives you a group of CEOs from different industries that can shed insight on your problems looking at it from beyond the credit union perspective. For example, if there is an efficiency problem, you can get help from someone with manufacturing expertise.”

The programs rotate locations and topics as different CEOs host meetings and lead discussions. The monthly meetings, which include 10-13 CEOs offer wide-ranging discussions from facilities and HR issues to marketing and social media. To help maintain an open and honest dialogue, the discussions are kept confidential.

The Grand Rapids Area Chamber of Commerce’s website provides more information on their [CEO Roundtable Program](#). Even if a local chamber does not offer a similar program, the value of sharing ideas and building relationships with local business leaders across industries would benefit many Michigan credit union leaders.

Raise the Bar: Strategic Planning Best Practices for Success

By Mike Moyes
MCUL & Affiliates Vice President, Strategic Solutions

During this unpredictable economic climate, credit unions need to focus on their strategic plan now more than ever. What’s worked for you in the past may not be as effective today.

Having participated in more than one hundred strategic planning sessions in my twenty-five years in the industry, I’ve learned that the most successful credit unions don’t just have their strategic planning session and put their report on a shelf to collect dust. They usually will review their progress in quarterly board meetings.

What should your strategic plan accomplish?

The purpose of the annual strategic plan is to provide a proactive plan for achieving goals and objectives stated in the credit union’s mission, vision and values statements. Your strategic plan is a set of decisions regarding what actions the credit union will be taking in order to move the organization along the path toward the attainment of its ultimate vision.

A strategic plan can have a synergistic effect on the internal operations of a credit union because it gets all employees working toward the same goals. The synergy that results from everyone’s combined efforts improves efficiency of operations, the use of

resources, the exploitation of opportunities and creates new paradigms of success. Your planning session is the time to ask the questions: where is the credit union now?, where do we want to go?, how do we get there? and who must do what and when?

What should your strategic plan include?

Some strategic plans make the mistake of being too narrow and only focused in one particular area. A comprehensive, balanced strategic plan is necessary to turn a good credit union into a great credit union. Most examiners are requiring a two- to three-year strategic plan that ties into your business plan and budget. It’s important to remember to not bite off too much in your strategic plan. Set your goals so you have to stretch a little, but don’t overwhelm yourself to the point where you don’t have enough time to take care of the day-to-day tasks of running your credit union. In today’s economy, it’s recommended that you include the following components in your strategic plan:

- Financial and key ratio goals
- Loan, deposit and asset growth goals
- Member service and training goals
- Branch facility and technology goals
- New products and services
- Regulatory compliance goals
- Marketing and brand image goals

What should your planning process include?

Time is precious at your strategic planning session because there is always more to discuss than time allows.

Whether you’re taking four hours in a board meeting or a day and a half on a weekend, it’s important to have a set agenda with time frames that keep you on schedule.

There is no perfect formula for the right agenda. Based on asset size, financial performance and other factors, one credit union’s agenda can be very different from another. However, best practices dictate that the following processes will generate good results in your strategic planning efforts:

- Get insights into market trends through an environmental scan
- Create or revise your vision, mission and values statements
- Assess your strengths, weaknesses and opportunities to leverage your market position
- Design a one- to three-year balanced scorecard strategic plan
- Differentiate your credit union by service, price or product
- Improve your brand and name recognition
- Review the previous year’s strategies and evaluate your progress

A comprehensive, balanced strategic plan is necessary to turn a good credit union into a great credit union. Most examiners are requiring a two- to three-year strategic plan that ties into your business plan and budget.

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By Jody Dabrowski, MCUL Compliance Consultant

Regulation CC: Funds Availability and the Collection of Checks

On March 25, 2011, the Federal Reserve Board published proposed rules for the availability of funds and collections of checks under Regulation CC. It is anticipated the proposal will become final as written. While some of the changes are a result of there no longer being non-local checks, the proposed amendments are designed to provide incentives for depository banks to receive, and paying banks to send returned checks electronically.

Though most of the provisions are proposed, the Dodd-Frank Act amended the Expedited Funds Availability Act (EFA), which is implemented by Regulation CC, to increase from \$100 to \$200 the minimum amount of funds deposited by check or checks on a given business day that must be made available by opening of business on the next business day. This change becomes effective July 21, 2011, regardless of when the proposal becomes final.

Q. 1. Is there something our credit union must do as a result of the increase in the next-day availability amount?

A. Yes, the funds availability disclosure must be revised to reflect the new next-day availability amount of \$200.

Q. 2. Because this is a positive change for our members, do we have to notify them?

A. Yes. Notice of this change must be given to each member by August 21, 2011. Regulation CC §229.18 (e) requires a 30-day change in terms notice; however, when the change is beneficial to consumers, the notice can be given up to 30 days after implementation.

Q. 3. The Federal Reserve Board used the Dodd-Frank Act change (above) to propose a rule to make it more beneficial for financial institutions to transition to fully-electronic interbank check collection and return. How will switching to the electronic process help our credit union?

A. 3. First, by participating in the electronic process, credit unions are entitled to expeditious return directly or indirectly from the paying bank. A depository bank would potentially have a claim for any losses it incurs due to the failure of the paying bank to send the returned check expeditiously.

Second, notice of nonpayment for items over \$2,500 and the forward collection test are being eliminated from Regulation CC, forcing credit unions to take on the risk of paper processing or switch to electronic processing.

Third, hold limits on deposits at nonproprietary ATMs are

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- Set new strategies and determine what key issues are most important to future success
- Analyze your financial ratios and set future performance goals
- Resolve audit findings and recommendations
- Reward management and the board for their hard work
- Conduct training and education sessions

Many credit unions also have found it advantageous to conduct a Pre-Work Survey prior to the strategic planning session. This survey can be sent to the board of directors and executive management team a few weeks prior to the planning session. In the survey, questions such as "what are the top 5 key issues for 2011?" or "what opportunities should the credit union evaluate over the next 3 years?" can be asked. After the answers are tabulated, it becomes very clear which strategies should be given top priority status and need to be dealt with first at the planning session.

What happens after the Strategic Planning session is vital to its success

The results from your strategic planning process should be written down into a report and distributed to the board, management team and possibly the staff.

Many will create a "dashboard" allowing anyone on their team to quickly look at the current status of each goal at their leisure. This keeps key strategies, goals and tactics in the forefront so that they don't get lost in the everyday fires of managing a credit union. Ultimately, these credit unions achieve more financial success, happier members and staff and accomplish more of their goals each year than their counterparts.

Executive Summit Returns to Bay Harbor

By Renee Werth

MCUL Vice President of Education and Events

SAS credit unions represented more than one-third of the attendees at the MCUL & Affiliates [Executive Summit](#) last year, a significant increase from Michigan's smaller credit unions than in previous years.

A strong turn-out is expected again, as CEOs and managers head to The Inn at Bay Harbor, Wednesday-Friday, Sept. 21-23, 2011. The Executive Summit has become an annual opportunity for credit union leaders to gather, exchange ideas, discuss issues and re-energize in the beautiful get-away surroundings of Bay Harbor.

"Since joining the credit union industry two years ago, I have found the Executive Summit to be a valuable part of my development," said Jill Andringa, CEO of Auto-Owners Associates CU. "I enjoy getting to

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Renee Werth, MCUL VP of Education and Events



The Inn at Bay Harbor

know leaders from other credit unions and the presentations have been extremely helpful in navigating the current economic and regulatory environments."

This year the popular summit kicks-off with an optional golf outing on Wednesday afternoon, and attendees will officially begin gathering at a networking reception and vendor showcase that takes place at the Bay Harbor Golf Club from 6:30-8 p.m. that same evening.

The event agenda has been developed to mirror topics that are relevant to the economy and pertain to what is happening with the state of the credit union industry, and feature sessions on key issues facing credit union CEOs today, including:

- Pricing Strategies
- Interest Rate Risk
- Regulatory Environment
- New Product Opportunities

In addition, the agenda includes opening remarks by MCUL & Affiliates CEO David Adams, a 'Key Issues Dialogue' and a 'Spotlight' on a Michigan credit union.

New this year, participants may choose to register for one- or two-days of the Executive Summit to then allow attendees to take advantage of a separate training event taking place on Friday, Sept. 23.

'Public Relations: Communicating in a Crisis' is a half-day session being facilitated by Anthony Huey of Reputation Management Associates. It is the third in a three-part series of PR sessions offered by MCUL & Affiliates in 2011 and is ideal preparation for learning how to effectively communicate with the media in an emergency, regardless of a robbery, data loss, fire, tornado, fraud or other unforeseen event.

Separate registration is required for the Executive Summit and PR: Communicating in a Crisis events. For more information, visit the MCUL's [Executive Summit webpage](#).

"I have left the conference each year with new ideas and increased industry knowledge. And, the location can't be beat!"

-Jill Andringa, CEO, Auto-Owners Associates CU

The SAS Gazette is a quarterly publication for Michigan's small-asset-sized credit unions. Please submit comments to MCUL Communications Manager Luke Capizzo at Luke.Capizzo@mcul.org or call (800) 262-6285 ext. 480.



being reduced. If your credit union allows your members to make a deposit at ATMs that your credit union does not own, the hold time will be reduced from five to four days. The Federal Reserve Board believes it is reasonable to expect that a check cleared and returned entirely in electronic form would complete a "round trip" in three business days. Credit unions that do not clear and return checks electronically will bear a greater risk of noncompliance with this new timeframe.

Q. 4. What changes were proposed to the funds availability disclosures and notices?

A. Proposed amendments were issued regarding the twelve (12) model forms under Regulation CC. The proposal would modify the format of the model disclosures from a mostly narrative form to a more tabular form. For example, the portions of the model disclosures specifying funds availability for deposits to established accounts and for deposits to new accounts (accounts open for 30 days or less) would be presented within tables.

Although the regulation does not require financial institutions to use a certain paper size for their funds availability disclosures and notices, the proposed model funds-availability policy disclosures are generally designed to be printed on an 8 1/2 x 11 inch sheet of paper with black text on a white background, so as to increase their readability for consumers.

Q. 5. With regard to the exception hold notice that must be provided when a credit union invokes one of the exceptions to its funds availability schedule, what would the new notice need to include?

A. The notice of exception is proposed to include the member name, account number, date of deposit, the total amount of the deposit, the amount of the deposit being held, the day the funds will be made available for withdrawal and the reason for the hold. The notice would have to specify the day funds will be made available instead of "the time period within which" the funds will be available for withdrawal.

Q. 6. Where can credit unions obtain more information about Regulation CC and the proposed rule?

A. More information about Regulation CC can be found on the Expedited Funds Availability-Regulation CC page of the Accounts Channel on [InfoSight](#). More information regarding the proposed changes to Regulation CC, including [MCUL's Comment Letter](#) to the Federal Reserve Board in response to the proposal, can be found by clicking on Regulatory Comment Calls in the "Operation Grassroots" section of www.mcul.org.

Jody Dabrowski is the MCUL's compliance helpline consultant. You can contact her at Jody.Dabrowski@mcul.org.

MCUL Third Quarter 2011 Education Calendar

Program dates subject to change as necessary. For a complete list of events and additional information, visit www.mcul.org under Education. Questions may also be addressed to educate@mcul.org or (800) 262-6285, ext. 225.

Date	Event	Location
July 19	Overview of Fair Lending Laws and Regulations	Webinar
July 27	It Takes a Village: Community Charters Audio Session	Audio Session
Aug. 2-3	ICUL SAS CU Conference	Illinois CU Center, Naperville
Aug. 4	Credit Union Loan Concentration Risks	Audio Session
Aug. 9	Kid Stuff: Minor Accounts	Audio Session
Aug. 11	Account Basics 101: What You Need to Know	Webinar
Aug. 18	Preventing Losses on the Frontline and in Your Call Center	Audio Session
Aug. 18	Finance Reform Routing Provisions	Webinar
Aug. 30	Foreclosure Alternatives	Audio Session
Aug. 31	Grow Your Membership, Build Their Wealth: Providing Financial Services to the Unbanked and Underbanked	Financial Edge CU, Bay City
Sept. 8	What Does it Really Take to Run a Social Media Campaign?	Audio Session
Sept. 12	Growing Your Loans 10%	Audio Session
Sept. 13	Handling Garnishments, Tax Levies & Subpoenas	Webinar
Sept. 15	Setting Up Trust Accounts	Webinar
Sept. 16-18	2011 Fall Leadership Development Conference	Grand Traverse Resort & Spa, Traverse City
Sept. 21	Marketing Tips Post Recession	Audio Session
Sept. 21-23	2011 Executive Summit	Inn at Bay Harbor, Bay Harbor
Sept. 23	Public Relations: Communicating in a Crisis Situation	Inn at Bay Harbor, Bay Harbor
Sept. 27	A Look Inside RESPA/HMDA Compliance	Webinar
Sept. 27-28	2011 IRA Training	Bavarian Inn, Frankenmuth

InfoSight Third Quarter 2011 Select Compliance Calendar

The information in this Compliance Calendar is for informational purposes only. It is being presented without any representation or warranty whatsoever, including as to the accuracy or completeness of the information. For more details, visit InfoSight's [Compliance Calendar](#).

Date	Report/Form Due
July 4	Independence Day - Federal Holiday
July 21	Potential Regulation CC: Change from \$100 to \$200 immediate availability Consumer Financial Protection Bureau Designated Transfer Date Regulations Z and M - Increase to transactions covering up to \$50k Effective Date
July 22	5300 Call Report Due to NCUA
July 29	SAFE Act Mortgage Lender Originator Registration Deadline
July 30	Federal Reserve Form G-4 - Reg U Annual Report/Stock Secured Loans Filing - Due
Aug. 20	Member Notification Due Date - Regulation CC: Change from \$100 to \$200 immediate availability
Sept. 5	Labor Day - Federal Holiday
Sept. 16	ACH Rule Change - Collection of Return Fees - NACHA Supplement #2-2010 ACH Rule Change - Expanded Use of XCK Applications - NACHA Supplement #2-2010 ACH Rule Change - Recurring TEL Transaction - NACHA Supplement #2-2010