MEETING OF THE BOARD OF CREDIT UNION ADVISORS

July 16, 2009
1:00 pm

Utah Department of Financial Institutions
324 South State Street, Suite 201
Salt Lake City Utah

Minutes

BOARD MEMBERS PRESENT:
Arleen Childs, Brenda VanHoorn, Dennis Hymas, Brett Blackburn

DEPARTMENT OF FINANCIAL INSTITUTIONS STAFF PRESENT:
Paul Allred, Orla Beth Peck, and Sonja Long

OTHERS PRESENT:
Steven Nielsen – Utah League of Credit Unions

1. **Call meeting to order –** Chairman Dennis Hymas

2. **Minutes**

Brenda VanHoorn made the motion to accept the minutes, Brett Blackburn seconded the motion, it was unanimous.

3. **Corporate Stabilization update – Orla Beth Peck**

The first part was writing down 69% of your NCUA premium stabilization reserve, the asset account. That was an expense. Some credit unions took it this year, some went back and restated their December 2008 CALL Report and took the expense then and then expensed 30 basis points into a payable account because there is going to be a premium that is scheduled for September. Now the entries are to put the money back into the NCUA premium stabilization asset account. And now the offset is an income account, some other non-operating income. For your June CALL Report those two, one expense, one income would off-set each other.

There is another piece of it, before the expense was going to be 30 basis points and now it is only going to be 15 basis points.

4. BSA updates – Orla Beth Peck

Orla Beth said that she tried to get Ann Gregson, one of our examiners who knows more about BSA than anyone, but she is on an exam. She gave a handout of a matrix. There has been a change in the reporting requirements. When you have a business account that you are going to designate as an exempt person, who because of the nature of their business makes regular transactions of more than $10,000 in cash, you can go through a process to exempt that business from having to file CTR's every single time they make a transaction. They have made some changes that seem to be very reasonable. There are Phase I and Phase II types of businesses that can be exempted. Orla Beth went through the handout.

5. Consumer Financial Product Safety Commission – Paul Allred

Financial Regulatory Reform, A New Foundation is an 88 page document. The Consumer Financial Protection Agency (CFPA) notion starts on page 55 of that document. It is to protect consumers and investors from financial abuse. It goes for 33 pages. Chairman Barney Frank filed a bill recently HR3126 "The Consumer Financial Protection Agency Act of 2009". It is taking the draft from Treasury and putting it in bill form.

It is supposed to give the new agency broad rule making and enforcement power. It will give them power and authority over federally chartered depositories. The structure will be a five member board. One of whom will be appointed by the President to serve as the director. The functions are:

1) – Research
2) – Community Affairs
3) – Consumer Complaint Department; they would have a central database and would share that with State and Federal regulators.
4) – Consumer Advisory Board to advise the agency regarding its function and to provide information about emerging practices and financial products.

The cost to run the agency would be recovered from annual fees or assessments imposed on financial services providers. They would also have the ability to prescribe regulations on those fees and assessments and how they would be set and collected.

Some of the definitions under the act are; a financial product or service means any product or service that directly or indirectly results from or is related to engaging in one or more financial activities. A financial activity is defined to include deposit taking, extending credit and servicing loans, and any other activity usual in the connection of extending credit or servicing loans. The definition of a covered person is any person who engages directly or indirectly in a financial activity in connection with a provision of a consumer financial product or service. It is clear that depositories are covered under this. The whole notion is that a separate agency will be created that will have the ability to do the research, take consumer complaints, promulgate regulations and do enforcement of those. Under the proposed bill, that regulation that is being done by the federal banking agencies will be taken from those agencies and put into this new agency. Now, our depository institutions will not only have a primary federal regulator, but they will also have this Consumer Financial Protection Agency which will become their regulator and will be responsible for enforcing and regulating the things that have to do with consumer financial products. What it will do essentially is to split consumer compliance and safety and soundness. NCUA and FDIC and Federal Reserve will continue to regulate safety and soundness, but the proposed agency will be responsible for ensuring that the consumer protection laws are complied with. The mandate under the bill is to seek and promote transparencies, simplicity, fairness, accountability, and access in the market for consumer financial products or services.

6. Other business –

Orla Beth mentioned that with the economy the way it is, ALM is going to become more important in the future. Now is the time to look at your balance sheets, do your ALM analysis and try to make changes as necessary.

The new CALL Report in September will be online.

Orla Beth has been asked by NASCUS to be chair-elect starting in August. There will be two years as chair-elect and then two years as chair.

7. Date of upcoming meetings – Oct 22, 2009 and Jan. 14, 2010– 1:00 p.m.