THE CALIFORNIA CREDIT UNION LEAGUE: A POWERFUL IMPACT

With one unified voice to the California State Legislature, local members of U.S. Congress, state and federal regulators, and society at large, credit unions investing in annual membership with the California Credit Union League continue building political capital and winning victories. Every year’s state political accomplishments build upon the prior, making a perpetual impact on credit unions that continually reap those benefits. However, the League’s member-dues dollars also pay for so much more: a unique collaboration that fuels the lifeblood of California credit unions.

We help California credit unions change people’s lives by supporting your staff, volunteers, operations, awareness, guidance, strategy and philosophy—all through a local statewide network committed to relevant results.

The following are California state legislative successes, congressional achievements, regulatory outcomes and direct examples of active involvement between California credit unions and the League as of 2017 – 2019.

California Victories

ACHIEVEMENTS IN THE CALIFORNIA STATE LEGISLATURE

California Consumer Privacy Act:
Senate Bill 1121 clarifies the Gramm-Leach-Bliley Act (GLBA) exemption included in the new California Consumer Privacy Act (CCPA) and protects credit unions from large compliance costs related to updating information-technology systems for new consumer notices and opt-out requirements.

2019: Defeated multiple bills that attempted to expand the CCPA, namely Senate Bill 561. This measure would have removed the attorney general’s guidance for businesses, as well as the 30 day right to cure, making the entire CCPA subject to private right of action.

The League is also currently evaluating the 2020 ballot initiative and deciding on a course of action. The initiative has the potential to increase compliance costs and burdens, and also cause confusion for credit unions.

Expansion of Consumer Privacy (defeated in committee)
Senate Bill 561 will not advance in 2019 after being defeated in committee, which ensures credit unions do not face additional frivolous class-action lawsuits. The bill would have expanded upon Assembly Bill 375 (the California Consumer Privacy Act) by removing the state attorney general’s guidance for businesses, removing the 30-day right-to-cure for businesses, and making the CCPA subject to private right-of-action.

Working with legislators in the Assembly and Senate to:
Acknowledge and craft state laws that have a better impact on locally member-owned credit unions as they serve consumers with trustworthy, reliable and educational financial services and products.
**Congress Works with CUs**

In 2019, the California congressional delegation promoted credit unions during the federal government shutdown. Sen. Dianne Feinstein, Rep. Mike Levin (D-San Diego/North County), Rep. Scott Peters (D-San Diego), and several others in the California delegation took to social media to share the Leagues’ list of credit union assistance programs for federal government employees during the shutdown.

**Defending Military Base Access**

Additionally, Reps. Jackie Speier (D-San Mateo) and Paul Cook (R-Barstow) led and organized a letter on the National Defense Authorization Act to stop banks from getting rent-free access to military bases. The letter calls for striking the section from the final bill. Led by California’s delegation, as arranged by the League, it was signed by seven of the eight Californians on the House Armed Services Committee. While it does not impact all credit unions, it establishes precedent for our defense against bank attacks.

**Major Regulatory Relief**

The California League and national trade associations won a major regulatory relief and charter enhancement legislative package that was signed into law in late May 2018. Eighteen of the 53 California representatives voted in favor of S. 2155 (14 Republicans and four Democrats). Rep. Kevin McCarthy, the Republican Majority Leader at that time, met with the Leagues to discuss the pathway to a law on multiple occasions. The benefits of S. 2155 include:

- **Section 101**: Provides safe harbor for qualified mortgages held in portfolio. In California, 252 credit unions hold 159,100 first mortgages in portfolio.

- **Section 104**: Exempts Home Mortgage Disclosure Act (HMDA) compliance for financial institutions under $10 billion in assets with less than 500 open or closed-end mortgages from certain additional reporting requirements. In California, an estimated 205 credit unions have roughly 27,700 loans. This provision reduced 4,620 compliance hours. The aggregate statewide estimated average savings in resource time is $532,800 annually—about $2,444 per month per California credit union.

- **Section 105**: Treatment of Non-Owner Occupied 1-4 Unit Residential Loans. In California, this frees roughly $163.7 million of capital for residential lending.

**Protection from NCUA Assessments and Premiums**

At the urging of the California League and CUNA, California and Nevada Representatives Pete Aguilar and Mark Amodei—close allies of the Leagues—protected the NCUA in fall of 2017 from a likely de facto tax on credit unions and the National Credit Union Share Insurance Fund (NCUSIF).

- This amendment kept federally-insured California credit unions from being added to the national treasury’s tax collections, sparing them from an additional 4 – 6 percent premium on assessments paid to NCUA.

**The League continues to:**

Address comprehensive payment, data, and cybersecurity threats and retail breaches; encourage additional regulatory relief; update and modernize the federal charter; ease the financial responsibility of Bank Secrecy Act (BSA) compliance; and preserve the industry’s tax status.
Political & Grassroots Action at Work
STRENGTH IN NUMBERS AND VOICE

Political Action Committee
The California League raised more than $547,000 toward state and federal candidates; and over $100,000 toward CULAC in individual giving and payroll deduction.

The League interviewed 22 state and federal candidates, while also hosting 32 state and federal political fundraisers or check presentations at credit unions or other venues.

District Meetings with Elected Officials
The California League coordinated four in-district “meet and greets” with state legislators to discuss legislative issues, community programs, and credit unions serving their constituents.

‘Connect for the Cause’
Provides credit unions with advocacy alerts that motivate their members to send direct messages to federal and state lawmakers on important industry issues. California credit unions have 28,056 advocates signed up to participate (employees and members). Recent calls to action include:

- 675 messages sent to members of Congress opposing banks obtaining rent-free access on military bases.
- 495 messages sent to members of Congress regarding data security.
- 1,085 messages sent to members of Congress regarding CDFI funding.

‘Project Zip Code’
Shows the power of credit union members to legislators within their federal and state districts.

- 106 California credit unions are engaged with Project Zip Code.

Volunteer Leadership
70 California credit union volunteers are dedicated to educating elected officials and their communities about the credit union difference through the League Volunteer Leadership Committee.
The California League has a dedicated regulatory advocate that works with state and federal regulators to help shape regulations and lessen the compliance burden.

**Secured vital reform on these fronts:**
National Credit Union Administration (NCUA): California League-supported share insurance fund equity distributions (2018 distribution paid in first quarter 2019 — estimate for all federally-insured credit unions in California approximately $21.1 million; 2017 distribution paid July 2018 — approximately $95 million); and avoided SIF premium that federally-insured credit unions in California would have paid in 2018 without CUNA/League advocacy efforts that resulted in closure of stabilization fund — approximate savings of $172 million. Delay of the Risk-Based Capital Rule and redefined scope; and a less burdensome final rule for voluntary mergers of federally insured credit unions.

Consumer Financial Protection Bureau (CFPB): overdraft rulemaking efforts moved to an inactive calendar; and reconsideration of Home Mortgage Disclosure Act (HMDA) reporting requirements, the payday lending rule, and the remittances rule.

**Meetings with Regulators**
2019 YTD: Hosted four exclusive meetings with regulators and League members, including two meetings with CFPB Director Kathleen Kraninger and a meeting with NCUA Chairman Rodney Hood. The California League also met with NCUA Western Region Director Cherie Freed regarding exam and regional issues.

2018: Hosted six exclusive meetings with regulators and League members, including meetings with then NCUA Chairman J. Mark McWatters, NCUA Board Member Rick Metsger, NCUA Regional Director Cherie Freed, California DBO Commissioner Jan Lynn Owen, and CFPB senior staff.

**Urging all regulators to:**
Consider the burden regulations have on credit unions and consumers; eliminate antiquated and inconsistent requirements; provide exemptions where appropriate; curb future requirements; and scrutinize proposals to ensure any changes have minimal adverse impact on credit union members.

**Regarding the NCUA, advocating for:**
The agency’s exam flexibility and Enterprise Solution Modernization initiatives; minimizing the impact from the Financial Accounting Standards Board’s Current Expected Credit Loss (CECL) accounting standard; updating the appraisal rule for residential real estate loans; and returning the National Credit Union Share Insurance Fund’s (NCUSIF) “normal operating level” to 1.30 percent.

**Regarding the CFPB, advocating for:**
Tailored regulations and greater use of the bureau’s exemption authority; improved collaboration and relationship with the NCUA; expediting S. 2155 regulatory relief; development of strong PACE (Property Assessed Clean Energy) loan regulations; improved international remittances rules (increase threshold and remove waiting period); and improved mortgage origination rules.

*‘PowerComment’—direct access to regulators*
PowerComment provides vital and easily digestible information to keep you informed on proposed rules, allows online discussions to increase your understanding, and allows you to write and easily submit your personalized comment letter to regulators. With nearly 1,000 users across the country, representing more than 620 unique credit unions, PowerComment gives credit unions a voice in the regulatory process.
**Education and Training**

**VALUABLE RESOURCES AT YOUR FINGERTIPS**

**Webinars, Seminars, and Professional Events**
Increases credit union staff knowledge, skills and professional development. Nearly 96 percent of member credit unions participated in California League webinars and attended onsite seminars from September 2018 – September 2019. The largest credit unions (those $750 million - $15 billion) are the highest participants. During the same period:

- 216 California credit unions participated in various in-person and networking events, benefiting 1,427 credit union professionals.
- 216 California credit unions placed 6,226 webinar orders.

Power Learner Passport (PLP) provides unlimited access to webinars, translating into thousands of dollars of value and savings that directly supports your credit union’s staff, skills and readiness.

- 165 California credit unions are subscribers. Resources include nearly 400 archived webinars that can be accessed at any time. (Topics include lending, balance sheet optimization, compliance, operations, policies, payments, technology, leadership, strategy, best practices, and MUCH MORE)

Local League “chapters” foster networking and education. And Western CUNA Management School is exceptional in providing the industry’s highest training in credit union leadership and philosophy.

**COMPLIANCE FOR SUPERIOR PERFORMANCE**

**Instant Resources Empower Your Staff**
InfoSight, CU PolicyPro, and the Compliance Hotline provide superior resources to manage your credit union effectively and comply with regulators. The California League’s compliance resources are oftentimes the first stop credit union professionals make, enabling them to solve their issues and decrease reliance on legal counsel.

- In 2019, California credit unions accessed InfoSight 8,250 times, made 3,679 calls to the Compliance Hotline, and benefitted from CU PolicyPro 1,709 times. Ninety credit unions used InfoSight, 191 used the Compliance Hotline, and 158 used CU PolicyPro. Oftentimes credit unions forego accessing their legal counsel because the California League’s compliance resources provide the answer—quickly and efficiently.
- InfoSight was recently redesigned for California credit unions, with more state-specific information, easier access and expanded items/topics.
Information and Solutions
COMMUNICATION WITH A PURPOSE

Special Industry News, Messages and Trends
The League App is a new member benefit, bringing relevant League and industry information and resources to your fingertips (search “CU League” in mobile app stores).

CU Weekly, Education & Training Newsletter, and CCUL.org provide awareness on important news, events, announcements, and trends. The Advocacy Blog gives immediate updates on state and federal legislative and regulatory movement. While our monthly economic forecast reports reveal the latest local trends and projections for your region, the League’s annual Your Economy—Your Credit Union conference and quarterly webinars tap into our industry’s unique California perspective. News from fellow League-member credit unions and Your League in Action e-mails show the unique power of credit unions in their local communities, as well as a statewide level.

Communications from League President and CEO Diana Dykstra (From the Desk of Diana) are the only outlet for special calls-to-action, alerts, notices, and the inside “scoop” on legislative, regulatory, operational, and industry-wide matters that impact all credit unions and their members. Furthermore, the Executive Compensation Survey Report, CU Quarterly Performance Report, and other strategic information pieces offer insight into how your credit union is performing compared to peers in the industry.

Local news-media relations on behalf of credit unions (press releases and reporter targeting) advances consumer choice in the financial services marketplace, as well as statewide promotion of economic, membership and operational trends to promote the “credit union difference.” Additionally, social media postings and mentions keep credit union chatter focused on the movement’s positives for consumers and society.

BUSINESS SOLUTIONS THAT WORK

Business Partners’ offer unique value:
Insurance and lending, member growth and retention, revenue and rewards, and operational efficiencies. All partners are specially vetted by the League for their value to credit unions.

BRINGING IT ALL TOGETHER

Events and Networking Empower CU Leaders and Staff
The annual REACH Convention, statewide Government Relations Rally (GRR), national Governmental Affairs Conference (GAC), and Summit Roundtable Conference (SRT) bring together credit union leaders from California, Nevada and other states to continue pursuing only the best for their members. The League’s regional CEO Roundtables across both states provide a key outlet for briefings, regional perspectives, and industry strategy by League President and CEO Diana Dykstra. And your Single Point of Contact (SPOC) is your personal representative for anything you need from the League.