

Compiled From Notes Taken By the "Table Scribes"
Revised November 15, 2013

Topic 2: Compliance & Examinations

Compliance & Examinations

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How are you planning to overcome mounting pressures related to compliance and examinations?

What is your approach to...

- ... keeping on top of whatever everyone else knows (or should know), and doing it faster and cheaper than your competition?
- ... responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?
- ... executing once you have a solution?
- ... managing your relationships with examiners and third-party commentators?

RK says, "Focus on being proficient at internet research and develop a network of people who will exchange what they know for what you know."

RK says, "If it doesn't pay to fight, don't fight. But know the difference between capitulation and compromise. Build native solutions with CU*Answers and spend as little as possible to respond to regulatory mandates."

RK says, "Do not add direct resources when you can add a shared one. Create and participate in networked auditing resources instead of adding a new vendor or teammate."

RK says, "Design and manage the encounters. Use exam protocols and teach the examiners the best way for the two teams to work together. Plan to reduce your costs each time you interact. Consider hiring a shared resource for managing and coordinating exam and audit contacts."

Participants

Grp	Scribe	CEO Participants	Grp	Scribe	CEO Participants
1	Esteban Camargo	Don Mills - Alpena Alcona Area CU Christy Leslie - Bridge CU Glenn Kretchmer - ATL CU Corinne Coyle - Advantage CU Jennifer Oliver - South Bay CU	6	Liz Winninger	Charles Pafenfus – Inland Valley FCU Scott McFarland – Honor CU Bret Weekes – eDOC Sally Dischler – Heartland CU Randy Gailey – Horizon Utah FCU Charles Faulkner – Jefferson CU
2	Barb Cooper	JoAnn Sanders – Cheney FCU Ernie Jackson – Commstar CU Renee DeMarco – Community Driven CU Chris Butler – Community CU Terri Maloney – Catholic United Financial CU	7	Marsha Sapino	Rudy Callen – Kalsee Brian Moran – Kenowa Community FCU Val Mindak – Park City CU Martin Carter – Parkside Credit Union Kenneth Scherer – Mountain River CU
3	Karen Sorensen	Brenda Lippens – Delta County Debie Keese – Spokane Media Leo Vaulin – CU*South Scott Harriman – Cumberland County Bill Burke – Day Air CU	8	Jill Marsh	Dat Nguyen – Puget Sound FCU Connie Taylor – Rockford Community FCU Janelle Higgison – River Valley CU Mike Shafer – Pathways Financial FCU James Phetteplace – Pensacola Government FCU Margaret Burkholt – PrimeSource CU
4	John Beauchamp	Linda Bodie – Element FCU Kim Kniola – First Trust CU Cathy Ellis – Meijer CU	9	Jim Vilker	Dave Wright – Services Center Jeff Jorgensen – Sioux Empire Todd Powell – Fire Firefighters

	Mark Richter – First Untied CU Kathie Trembath – Detroit Metropolitan CU Karolyn Wells – EdCo Community CU			Chris Olson – Tahquamenon Falls Barb Mills – Calcite Janet Lintin – Des Moines Police
5	Julie Gessner	Dan Dowsett – Gabriels Community Dean Wilson – Focus LuAnn Schott – Grand Trunk Vickie Schmitzer – Frankenmuth Dennis Degenhardt – Glacier Hills Kim Futo – Greater Wayne	10	Pauline VanZalen Bryan Myers – Vacationland FCU Eva Rasmussen – United Advantage CU Sara Redecker – Tri-Cities CU Karen Browne – TBA Credit Union Scott Collins – Xtend Mary Matheson – Wakota FCU

Group Notes

The following notes are included exactly as taken by table scribes. Scribes were instructed to jot down everything that was discussed at the table, with the idea that reading the notes would be a little bit like eavesdropping on the conversations.

Group 1

(Scribe: Esteban Camargo)

- Have the board pass a resolution that the regulation is stupid and we're not going to comply.
- South Bay is trying to do as little as possible to comply. When we look at our priorities, compliance is pretty low on the list. We used to create a huge robust policy, but that made it easier for us to be found to be out of our compliance. So we simplified our policies so that they're vaguer and easier to stick to.
- Regulators will focus on your policies, so don't make them too stringent.
- Regulators want specifics so they can hang you on those.
- Alpena Alcona Area pays a full internal auditor. One approach is to go extremely simple, the other is to create a more complex policy, but then to have a fully trained compliance team. Regulators like it more, but it's also more work.
- Don added an examiner protocol. No team member can speak to an examiner without having an internal auditor present.
- Advantage does not view examiners as enemies. Her concern is with the new regulations and complying with those. Her concern is potential litigation by not meeting the requirements of the new regs.
- Compliance share - in Iowa there is something called Policy Works, which works similarly to Policy Share by CU*Answers.
- There's great disappointment in the NCUA because they're not going to bat for credit unions and preventing us (in some cases) from being unable or afraid to make a mortgage for a member.
- How are you complying with the mortgage mandates - Bridge chose to work with a CUSO (
- Would love to see a shared examiner handler (South Bay).
- All Iowa credit unions are state chartered, so Policy Works is well vetted. They share compliance people as well (although that costs).
- Can CU*Answers provide more consultative assistance with examinations?
- If CU*Answers' tools were used more, they would have more value. But participation isn't high enough for credit unions to see them as worth the time investment. How do we encourage credit unions to create a strong user group?
- Network Services contracts a third party for an IT audit and penetration testing. Can this be made as a bigger contract so that we can get cooperative pricing for this type of third party audit that regulators requires.
- The issue with the network wide policy and exam sharing tools, is that often what is acceptable for a regulator in one state is not acceptable for a regulator in another. So how do we develop a big enough

community where you can not only get nationwide recommendations, but also a focus group within your own state?

Group 2

(Scribe: Barb Cooper)

What is your approach to keeping on top of whatever everyone else knows (or should know), and doing it faster and cheaper than your competition?

- Compliance expense reduction can be accomplished by using regulatory compliance input from your league, CU*A Audit Link, and an internal compliance employee to do the daily review for member related audits.
- 'IT' is an important part and some credit unions hire an outside 3rd party and some hire their own employee, who can perform other job functions as well. Sharing IT auditors is a way to reduce cost.

What is your approach to responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?

- Seems like there are more DORs on specific areas in Michigan. Auditors are using this as an administrative tool to provide a mechanism for follow-up, rather than a way to recognize negative items in the audit.
- JoAnn from Cheny FCU participates in a focus group of local credit unions to talk about their exam results to give a 'heads -up' for the hot topics for credit unions that have not yet had their exam.
- Examiner protocol was discussed to include: only a small set of staff assigned to the auditor to respond to questions or materials needed, meet with the examiner at least daily, don't offer information not asked for, and try to get at least a 30 day notice of the exam to prepare materials. Be clear on the steps to take for any items to be 'corrected'.

What is your approach to managing your relationships with examiners and third-party commentators?

- Examiners sometime issue requirements that make decisions that cross over management responsibility (who to hire, what the CU can afford etc.). This causes an adversarial relationship. Again good communication is key. Management should take a stronger stand on attaining the task or goal using their decision process. Even saying 'no' with supporting reasons should be used.
- Work with the examiners to understand the regulations through web conferences, such as those offered by NASCUS (?) where they cover an area of compliance offered to both credit unions and examiners. (for example, McQueen participates for ALM issues).

General notes:

- Be clear on what is a regulatory requirement and what is a best practice recommendation.
- Log management is important to insure your policies and procedures are being followed. This can be expensive for the hours needed.
- When the group was asked if they have either stopped or not moved forward with any products or services due to the level of compliance requires, the answer only included ACH International wires.
- Randy K stated that until we account and budget for the expense of compliance to make this tangible, we can't monitor its impact. There are no standards in the compliance area for reducing this cost. He put a challenge to the group to do this together so we can look at where this expense can be reduced.

Group 3

(Scribe: Karen Sorensen)

What is your approach to keeping on top of whatever everyone else knows (or should know), and doing it faster and cheaper than your competition?

- It is important to have a general awareness. The credit unions in this group do not have a Compliance Officer. The compliance duties are divided amongst management at the credit union.

What is your approach to responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?

- Consensus of the group was that CU*Answers does a good job of keeping up with areas of compliance. They publish announcements and action plans. The compliance related dashboards are also very helpful.

What is your approach to executing once you have a solution?

- Delta County mentioned using Audit Link for a lot of their compliance tasks.
- An approach discussed uses the analogy of hurdles. You don't want to be too high over the hurdle. Do what is necessary to be in compliance and it is ok to not have the highest exam rating. Goal is to build relationships while driving revenue. Once you go over 250 million in assets, the level of scrutiny goes way up.
- Awareness and executing are the most important.

What is your approach to managing your relationships with examiners and third-party commentators?

- It is important to be upfront with the examiner. Point out what needs to be done better, what is being worked on, etc. Be pro-active with the examiner. Randy often uses the term "grasp". You need to show that you are on top of things.

General notes:

- It is ok to go to another credit union for their policies related to compliance.
- When preparing for an examination, think about things like, "what will get me a fine or put me in real trouble?", "what will put the credit union at risk?", or "is someone going to go to jail?".
- We had discussion about the reduction in the number of credit unions in their states. One of the reasons is that it is hard to keep up with all the compliance stuff.

Group 4

(Scribe: John Beauchamp)

What is your approach to keeping on top of whatever everyone else knows (or should know), and doing it faster and cheaper than your competition?

- Risk is not complying with the intent of the reg. not the letter of it.
- Manage your examiners, cannot let them run roughshod.
- Cannot be afraid to push back.
- Written up for tellers not putting tick marks on recons.
- Written up for merger loans not correct, - was in -material but cost money to defend.
 - Deduct from operating expense if have to do again ...
- Compliance person to controlling / out of control.
 - Battling with Member service person.
 - Make her show you the reg.
 - Sometimes best practices. (initials)
 - Week working on something that should take a couple hours.
 - Car loan paperwork out of control.

- Challenge reasons.
- If compliance person writing someone up examiners will jump on it.
- Ask examiner to show you reg... Can't you interpret this way instead?
- Generate reports proactively (BSA) so they don't ask for it.
- CUNA BSA school. Education has reduced write ups.
- Audit link – intent to comply with the law. Never been written up since.
 - Found, trusted employees were embezzling, Audit link is justified.
 - Audit link will check security settings etc.
 - Nice document from Audit link to give examiners.
 - Great service.
- Written up for open line of credit verbiage. Jim went DFI and sorted out.
- Sending stuff to attorney's is justified sometimes they're bonded vs. compliance person who has what?
- Can be a black hole for money if you let it.
- Risk assessments are becoming more popular – needed for everything.
- Iowa CU league created service very good broken down report, can dig deeper with Compliance officer.

What is your approach to responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?

- Trying not to have person on staff.
- Use audit link and network as much as we can.
 - Of course
 - Exam share (Sent to Jim V. Directly)
 - Exam protocol
- Helps avoid out of control as possible.
- Remember here for members and taking your eye off the ball has opportunity cost.

What is your approach to managing your relationships with examiners and third-party commentators?

- Exam protocol got from CU*A after nasty exam.
 - Set boundaries up front.
- Will record exams going forward. Don't know if they will consent.
- Will record exit interview so board can hear, examiner stepped back.
 - Tone changed completely more friendly.
- Invite board in for exit interview.
- Alternatively - Present to audit committee.
- Treated like criminals by examiner way over the top.
- Sometimes come from another CU bring it with them.
- Sometimes small things indicate a positive exam.
- Give audit link binder to examiners.
 - Examiners Impressed.
 - Nice tool.
- Give lots of paper / not me give flash drive.

Group 5

(Scribe: Julie Gessner)

- CEO raise of hands how many have a full time compliance officer- answer 1- all others are that person. Can overcome this by creating an alliance between credit unions and share.
- CUEs and CUNA are the two programs that Frankenmuth utilizes for yearly training and alternates

- Audit Link is an excellent resource to utilize- Comment that Jim is very busy and can't get to everyone fast enough. This is indicative of service at CU*Answers -when I need someone I can't get to them. I can't wait two or three days. AnswerBook- Tracking opportunity when we are working compliance related work or other- How can the escalation process work better?
- Compliance Auditors telling us we need to do something that we may not need to do. By challenging the decision respectfully and ask if this is a regulatory requirement by asking them to site in written report, same for best practice.
- Site written policies for verbiage that can be used to make effective business decisions to mitigate risk.
- Don't give up. Work with examiners to detail concerns and consult for assistance in overcoming obstacles. Educate yourself on the terminology of what things will be included in the exam.
- Set the bar on the expectations and provide them to the examiner when they open the door. You set the bar.
- Credit unions in this group find themselves having to educate the examiner. The examiners training is often the same as the training the credit union receives. Hiring of new examiners is not happening, Current examiners that are left may be old, tired and ready for a change.
- Realty is the examiner deals with changes at the NCUA level and are expected to keep up on everything else.
- In Michigan state regulators are reaching out to credit unions.
- Establish an exam protocol that is given to staff and examiners We use same document as CU*Answers- can this be sent to the group?
- Finding examiners want everything electronically. Other challenges are examiners asking for information like CPA reports that cu gets charged to provide,
- Putting a section in the board packet for compliance. This is communicated in a board planning calendar and reaffirms we are doing the things we need to do to measure compliance.
- Exam traffic to determine exactly what type of independent audits are necessary to that costs can remain at a minimum.
- By doing it for other credit unions we are able to recuperate the cost of training, provide a valuable service to other credit unions.

Group 6

(Scribe: Liz Winninger)

- Randy - I do not want to be the fastest to comply.
- Scott - leverage what you have
- Sally - what is the reproduction, sometimes it seems ignorance is bliss.
- Charles P - if you're not complying with the regulations, they will come down hard, but if we tell them how we are interpreting it and they will walk us through it.
- Sally - There is just so many people looking at this, it would be great to have a third party looking at our books. Can the network have a CPA firm and we can all use?
- Scott has a CU come in and do their BSA and in turn Scott's team will go to that BSA. What about hiring someone in SRS who is the CPA?
- Working with your examiners NCAA vs state. The state of MI said 2 people scheduled things during the weeks, How can we get a deeper understand of who our examiners are?

- If it's not a requirement then we aren't going to do it.
- Charlie spoke about his experience, the challenge they brought to the examiners and found that the CU was right but they wouldn't change the rating because it was already uploaded to the NCUA. Suggestion from table to appeal through the state. The State of Michigan believes they can do the job better than the NCUA. The idea from the table is to appeal the findings, as it is an abuse of power.
- Discussion around the timing of the pre-list, the cost of the audits, the examination of the files and how they were put together and classified.
- Could CUA have someone we could bring in to do reviews for us? We would rather have an examiner come in from the CUSO and pay them, then have someone come in from outside the CUSO.
- Wisconsin has a consultant come in and review their compliance. Could we do credit union to credit union or someone from within the network? Discussion around staff sharing, such as with IT people, but some CU's do not want to share. Why would we trust the league over a peer. If the league is going to send us someone they need to be educated, but we are buying from these people in the league rather than another CU. Why is the league so trustworthy and not our peers. Let's work with one another rather than the league - peer share program.
- In mergers it's either about the board or/and the jobs.
- Discussion around board vs advisory board. If you merge how do you create an advisory board vs a board, we want them to stay involved, how do we do it?

Group 7

(Scribe: Marsha Sapino)

What is your approach to responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?

- Kalsee-Try to understand it and how it will impact your organization
- Mountain river –prioritize
- Parkside-what is the impact to us?

General notes:

- Mountain river – the less time they spend in our shop the better. Jump when they say jump.
- Kalsee – do you jump just to pacify or do you see value?
- Mountain river- they are not big enough to for them to care.
- Park city – what do you use? Mountain River does it themselves.
- Park city – they use auditlink
- Kalsee – now that they are on CU*A they are exposed to new problems because the examiners know what the system can do.
- Kalsee – they utilize CURX
- Mountain river – show the examiners that you are making an effort. Build the relationship.
- Park city – hot buttons
- Kalsee – network with other CU's
- Mountain river – NCUA has never come to them
- Parkside – they only come if you are in trouble
- Mountain river – big push in Colorado for merging CU's

- Kalsee – do you feel the pressure?
- Mountain river – the regulators think that they should all become one CU
- Kenowa – examiners try to run their shop when it comes to mortgages. Bite back a little. This member wouldn't have a house unless we gave them that loan. That's the reality. What is a real problem? Where in the reg does it say that we have to do this. The examiner can have an opinion, but don't pressure us to make changes that we don't need to be changed.
- Park City- understand what they are talking about before you answer
- Kalsee-make your policies as vague as possible so that the examiners don't have ammunition.
- Park city-board review on policies? Parkside-we don't have to have board approval on all policies. It's not a federal chartered cu requirement.
- Mountain river – supervisory committee..we don't have people that are knowledgeable enough.
- Kenowa- Deal with the risk of getting dinged by the fed and apologize and say that they will fix it.
- Kalsee-if there is a requested action...follow up.
- Kenowa- supervisory committee will make sure they follow up on the exam. Are they?

Group 8

(Scribe: Jill Marsh)

What is your approach to keeping on top of whatever everyone else knows (or should know), and doing it faster and cheaper than your competition?

- Margaret – we are finding that we still want to loan to our members. We want to be compliant and not have a lawsuit. That's old school to us. We want less paper work.
- Connie – Regurgitating to them.
- Janelle – limitations that regulators put on that we are struggling with. It's those type of things that limit the progress of us lending to our members. They are trying to test you. You can come back with proof of communication. It's keeping the open communication with your partners. Examiners swing from CU to CU and we need to be prepared. We need to "play the game" keep up on everything so that you can prove that you know what you are talking about.
- Margaret – I did participations several years ago for five mortgages. I pulled out, I bought the mortgages back because it wasn't worth the selling out. So much grief for less than a million in loans. It's trusting, not just blindly believing your vendors are doing what they are supposed to. I come in, keep up on most everyone that is using the same participation loans.
- Janelle – Randy's bottom comment: We've always been open and friendly except for the last examiner that was a prick...he didn't show. You haven't responded, you must not agree. We had to communicate clearly and sit down and have a better conversation. He had zero people skills and he would have rather had a conversation via email. That didn't work for us. You weren't here. You didn't show, you didn't let us know that you were supporting. It's just one of those things that you have to deal with. You have to play the game and prove your knowledge.
- Dat – You want to know what is behind the plans and the procedures and the policies. It's very dangerous to take a policy from someone else, another partnership. You need to make sure you know the literature of the policy and that it applies to your CU. How will it affect our balance sheet. You have to educate yourself. We had an examiner come and audit a loan file and they told us I didn't follow policies to collect quarterly financial statements because I thought the buyer/seller had covered that on

their end. Comes to be that they did not. As the CEO you have to know what happens on both sides, not just within your CU.

- Margaret – when you, Dat, have your next examination, we all want to sit with you and watch. We've been told we had to stop lending. NCUA told us we had to stop lending. We were at 37 million. Why was there a fight?
- Margaret – the difference between examiner A and B – the next examiner comes in and says what the first examiner did was wrong and it needs to be changed like....
- Connie – When Mortgages were bad, you examiners need to get tougher. State charters are a little bit nicer than the federal examiners.
- Mike – they are like the wind. Set out priorities for first of year. We are getting back heavily in indirect lending. We are going to tell the examiners we are increasing that program. We have that conversation with the examiners beforehand. They won't be surprised when they come into the office. We give the NCUA and the State regular updates. We'd rather reach out to them than them reaching out to us. The little things we can't do anything about. We don't want to have them to find the same things two years in a row though.
- Janelle – we tried that once. We would have reversed all our allowances. If we shortened it – it would have emptied the accounts.

What is your approach to executing once you have a solution?

- Margaret – do you guys use Audit Link. Janelle does for certain services
- Mike - we have some Audit Link services as well.
- Janelle – Yes we have them monitor staff accounts for about 27 employees
- James – ACH audit by our CPA firm one thing they didn't like is when I was checking our IAT people. CU Answers only checks once a week on Saturdays. The data can be almost a week old when the auditors come in and they don't like that.
- Connie – CU Answers used to track International Wire Account Monitoring. We filled out an Idea form asking why CU Answers doesn't monitor this any more and we haven't heard anything back yet.
- Janelle - we are thinking about blocking western union because we are seeing fraud at western union and hitting debit cards.

What is your approach to managing your relationships with examiners and third-party commentators?

- Janelle – If the examiners come in their clean, they have to find something to critique you on. Examiners will start to go through personal accounts on the management team. They are on a mission to find something to smack you for. Occasionally I plant something for the examiners to find. I want to learn what they are zeroing in on. It shows me where they are looking.
- Janelle - it depends on what state, where in the state for your regulations. Circumstances will change. You won't always agree with them. You have to stock your coffee pots with Prozac when they come in. They are bipolar. They don't care about customer service. They are looking for numbers only. They come across someone that is maybe doing an illegal activity they almost apply it to the rest of the staff, one bad egg.
- Dat - Can CU's purchase loans from Banks? It would be cool to purchase a portion of a loan from the bank. It's kind of like asking the member to be part of the credit union.
- Janelle – maybe from a small community bank. But generally they don't comingle.

Group 9

(Scribe: Jim Vilker)

How are you planning to overcome mounting pressures related to compliance and examinations?

- Todd says his response to comply is that he always asks the examiners to support their recommendations with source that they refer too.
- Chris does not feel that they have to be the first to comply. Chris believes that you need to establish a relationship with examiners to keep compliance in line.
- Jeff felt the examiners are turning a blind eye to many compliance rules. NCUA requires larger credit unions to jump through many more hoops than smaller ones.
- Chris asked if someone didn't do something because of compliance. Todd stated he was slow to get back into mortgages. Chris is looking for a strategy to remain in the mortgage business as he has a large concentration already and is concerned with new regulations. Barb stated the best thing they have done is get into NMS as it produces \$70k in annual income.
- Barb believes she has great resources in CU*Answers.... Specifically Vilker

What is your approach to responding to new regulations and examiner comments with minimal disruption and maximum return on your investment?

- Chris will not do anything unless it is a DOR. Chris does not respond to all findings because in cases they are not relative. Chris does not feel that they have to be the first to comply. Chris believes that you need to establish a relationship with examiners to keep compliance in line. Chris will not do anything unless it is a DOR. Chris does not respond to all findings because in cases they are not relative. Chris does not feel that they have to be the first to comply.
- Jeff felt the examiners are turning a blind eye to many compliance rules. NCUA requires larger credit unions to jump through many more hoops than smaller ones.
- Jeff also has other credit unions call her. He is very interested in sharing employees with other CU*Answers clients.
- Chris actually calls the examiner if he believes they need to know what they are doing. He has fostered a good relationship and has made his exams.
- Dave tells him everything is wrong before they find it is wrong. They give him rhetorical questions knowing the answer as they are testing for a reaction.
- Dave asked if everyone knows how risk based net worth is calculated and says it is hard at best to understand.

Group 10

(Scribe: Pauline VanZalen)

- Evie - Since late 2010 has had some awful issues with the Auditors. Her CU is a Federally Chartered Credit Union. They are in Region 5.
- They have taken Patrick Sickels Plan - You have one person that the auditors contact for everything. That person will get the information and will provide the information that the auditors request within a reasonable amount of time.
- Get the auditors questions in advance by at least 30 days.
- This process has allowed the credit union more control over the process.
- Remember to: Document, Document, Document.

- Meeting Minutes have gone from one page to three pages, now has color and highlights etc. and is Board approved with signatures on the document.
 - Full explanations are listed on the report. Such as: This is what we are doing and how etc.
- We went from 8.0% capital to 6.0 % before these changes were made
- The CU has the right to have an attorney present and have set the tone of Control vs. the Auditors taking the control.
- Sara has done the same by setting up a schedule of when the auditor would be there so she could have everything ready ahead of time.
 - Sara has a good relationship with her examiners and has very helpful and she has conversations with them.
 - She is able to get notice before they show up so she can have everything ready on the flash drive.
- Mary – the NCUA will not tell the CU what dates are scheduled for their audit. They have called on Friday and will be there on Monday.
- Evie, Sara and Mary put everything on a thumb drive and give it to them.
- Evie does not feel that the examiners are out for the CU's best interest. She is in a different area than the others in the group. West Coast.
 - She feels that the amount of liquidation and the bartering that is going on is detrimental to the credit union.
- Scott – Has anyone posted anything to the exam share?
 - Mary has this same process in her area with the local CU's.
 - She contacted all of the CU's in her area and formed a group to better themselves as CEO's etc. Noted that small CU's are very different than the larger CU's.
 - Larger CU's asked if they could join their group. She learned that they were interested in solutions and that is where she found her participation.
 - They can't even give her a D.O.R. "She gets continue to be profitable". Always stating the what-if's.....
- Sara – The league in her area is great as they have workshops etc.
- Sharing Staff – Evie shares the following staff with other CU's, Marketing, Business Development, Bookkeeping and Collections. Shares with a Seattle CU and in Florida.
- CU shares based on a Barter System. An employee of a CU in California sits on the ALCO and in turn, her CU provides bookkeeping.
- Her motto: If it doesn't earn her money it is up for analysis. Their business is not the government and she is willing to share.
- She doesn't understand why CU's don't share and step up and say they are really good at this and offer to other CU's.
- Evie has one of her employees that has been adamant about staying abreast of changes. Sara that lives in the Kitchen. She feels that her CU become more efficient by using the software (CU*BASE).
- An out the ordinary loan opportunity for her CU They are putting a program together that would provide bicycle loans. With the price of bicycles in the \$5,000 range she is willing to try something new. Their CU has set a maximum amount available for this venture.
 - (i.e. 100,000.00 for the next 12 month) as a measurement of risk.

- Everything is measured against Risk.
- She uses CU*Base to measure Risk against Net Worth.
 - Mentioned that Jim Vilker has been at her shop and has been very helpful.
- She has to run the CU like a business. You measure Risk whether it is a loan, deposit or an investment.
- She is very lucky not to have had much turnover in staff. She has employees that have some expertise in each area and each area does their own compliance.
- Other CU's should not wait until it is necessary/needed to share expertise.
- R&D specialist – Would like to see CU's share collectively in the R & D so they share in development towards launch of a product. Mentioned Just Turn it on isn't enough because of all of the research and development that need to be performed on the CU side.
- Using the system she is able to show that products and services sold per member have gone from 2.5 to 6 and shows the auditors.

General Notes from the Group Interactions

- What if you put Compliance as a black and white expense item on your income statement?
 - Group project to make these things tangible, measurable, make a competition about between CUs, and then as a network start to innovate on it.
- There is no accounting or guidance on this, so it's hard to measure whether you are spending too much or not.
- We have gut feelings about business practice in the compliance arena, but we have little quantitative, objective analysis.
- Why doesn't NCUA measure the cost of compliance on the 5300? What if they did?
- If you've never been written up for anything, does that mean you are good? Really lucky? Or just too spending too much money?
- Capitulation sometimes is when you are silent rather than challenging something that needs changing.
- Randy proposed a network contest for next year's CEO Strategies event – who has the best cost accounting on compliance in our network?
 - 5 prizes, \$1,000 each