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EDITION

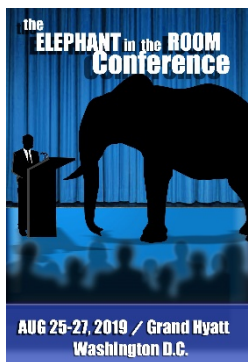
-  **NCUA** – Credit unions and NCUA found themselves in the news again when the New York Times ran a two-section story regarding taxi medallions and the impact on New York financial institutions and those that borrowed to buy the medallions. Bucky Sebastian used to warn that any action should be viewed as it would if it appeared on the front page of the Times or the Washington Post and these stories reinforced that directive. For years, taxi medallion loans were dependable – the market was controlled and prices and profits kept going up. But Uber and Lyft changed the equation. This changed the game forever and both the market and the regulators are just catching up.
-  However, the stories contained several inaccuracies that need to be corrected. The article cites the waivers granted to credit unions that made medallion loans and mentions that some of these occurred during the tenure of Chairman Dennis Dollar. There were waivers granted during this time, however the largest numbers of waivers were granted after 2009. Additionally, the first Uber ride took place in 2010...a full six years after Dollar left office. Blame can be placed at a number on a number of doorsteps, but let's be sure to pick the correct chronological doorstep. The loan to value ratios were not changed during this time.
-  The role of Congress in this issue cannot be overstated. Congress voted to exempt taxi medallion loans from the member business-lending cap -- they also have a role with regards to the current situation. Again, it is impossible to predict the future and one couldn't expect as much out of a regulator or a member of Congress. Therefore, when problems arise, the solution is not to point fingers and write letters, but rather to work to fix the problem. It appears that the market for taxi medallions will never return to its earlier levels, but there is a market for them. The goal is to determine that level and to work to address the underlying issues.

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- BA When it comes to agency business, the June NCUA Board meeting highlighted the differences between the views of the two Republicans on the Board (Hood and McWatters) and the lone Democrat (Harper) when the issue is risk-based capital. Board member Harper asked a number of questions – “close to 100” in the words of an NCUA staff person – of Examination and Insurance chief Larry Fazio. While this did nothing to change the final vote tally, it may signal that Board member Harper will not be (in the words of Oliver North) a “potted plant.”
- BA **FORE** - Kudos to Chairman Rodney Hood and former NCUA Director of External Affairs Nick Owens who joined President Trump for a round of golf at Trump National Golf Course.
- BA **FHFA** – The recent Court of Appeals ruling that the structure of the Consumer Finance Protection Bureau (CFPB) is constitutional should just answer the same question about the Federal Housing Finance Board (FHFA). The two agencies were similarly constituted and were often grouped together during litigation. This issue was largely put to rest once President Trump was elected. The GOP had less interest in the CFPB once former director Richard Cordray was replaced.
- BA In other FHFA news, Director Mark Calabria signaled his intention not to wait for Congress to address Fannie Mae and Freddie Mac when he declared that the “status quo is over.” Dr. Calabria and the White House are working on a plan should Congress choose not to act. And since Congress has kicked this can down the road for the last decade, it’s understandable to think that it will happen again. If it does, the FHFA is poised to at least put a proposal on the table.
- BA **FIELD OF MEMBERSHIP ISSUES?** – CUCollaborate has published a Field of Membership guide that boils down the multitudes of NCUA FOM and chartering rules into one handbook. It covers federal, state, single common bonds, multiple common bonds and community charters.
- BA They also offer a FOM eligibility engine called JoinCU. JoinCU eliminates the problems and friction caused by fields of membership. By doing so, JoinCU helps credit unions attract new members, deposits, and loans more efficiently and helps consumers find, join, and borrow from your credit union.
- BA For more information on either of these two innovative products, email me at Geoff@bacinoassociates.com.

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- BA 2020 ELECTIONS** – Yes, there are less than 240 days until the Iowa caucuses! And with 24 candidates on the Democratic side, each one of those days may feel like a year. From a polling standpoint, the field seems to be narrowing as the top 5 candidates are Vice President Biden, Senator Bernie Sanders, Senator Kamala Harris, Senator Elizabeth Warren and South Bend Mayor Pete Buttigieg. Others in the mix don't poll much higher than 4% and while it is possible that any of these outliers could still win, the focus now is on the top 5. Biden continues to lead almost every national poll and his lead ranges from +3 to +37. At this point, electability seems to be the operative word as Democrats place "beating President Trump" above any other issue in most polls.
- BA** A recent Quinnipiac poll of registered voters revealed a troubling issue for President Trump – 54% of respondents said that they would not vote for Trump; 31% said that they would and 12% were undecided.
- BA** Should the Democrats win the White House, what will the Senate and the House look like in terms of party breakdown? The House still appears to be a reasonably safe bet for the Democrats but the Senate still looks to be leaning Republican. Even with 22 GOP seats up for election versus only 12 Democratic seats, the map and a lack of credible candidates don't bode well for the Democrats. The Democrats' best hopes for pick-ups are in Colorado and Arizona where they hope to beat incumbents Cory Gardner and Martha McSally. However, they have to hold serve in Alabama where Doug Jones will have a tough race. Jones' fortunes may be looking up as Roy Moore has taken an early lead on the Republican side. Even President Trump has discouraged Moore from running again.
- BA POSTAL BANKS** – Senator Bernie Sanders (I-VT) and Rep. Alexandria Ocasio-Cortez (D-NY) have proposed legislation to authorize post offices to act as financial institutions. This idea has been bandied about before and frankly doesn't make sense as credit unions are designed to serve this underserved segment. Credit unions need to inform members of Congress that credit unions are already filling this void and that postal banks are unnecessary.
- BA CONGRATS!** – Congratulations are in order for BCU CEO **Mike Valentine**, Security Service FCU CEO **Jim Laffoon**, Digital FCU CEO **James Regan** and Mountain America CEO **Sterling Nielson** for their credit unions scoring high in multiple states in the recent Forbes "Best-in-state Banks and Credit Unions" ratings. And a special congrats to First Peoples Community CU CEO **Stacey Bingaman** for their top overall rating.



- BA BETTER REGISTER SOON!** – Don't forget to register for the Elephant in the Room conference coming up August 25-27th. Several prominent CEOs have communicated to me the need for such a conference – where topics that aren't often discussed ARE discussed. Be part of this groundbreaking event and don't miss the chance to add your voice. Register now at www.ElephantConference.com. Be sure to use the code "BR19" to receive an exclusive **\$250 discount** exclusively for devoted Bacino Report readers.