

Inside EasCorp



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EASCORP'S 2ND QUARTER FINANCIAL REPORT IS NOW AVAILABLE ONLINE



The Massachusetts Data Protection Law and EasCorp

In March 2010, a regulation implementing the new Massachusetts Data Protection law went into effect. The law is said to be one of the strictest in the nation and applies to all persons and organizations that own or license personal information about a resident of the Commonwealth of Massachusetts. In addition to their immediate compliance responsibilities, credit unions must oversee their service providers to ensure that they implement and maintain appropriate security measures for personal information on the credit union's behalf. Similar to the federal law (Gramm-Leach-Bliley), these assurances must be made part of service contracts entered into after the effective date of the Regulation. However, credit unions and their service providers have until March 2012 to include the appropriate safeguards in their service contracts as long as their existing service contract was made before March 1, 2010.

Because EasCorp and Vertifi serve many credit unions with members who reside in Massachusetts, and because of the nature of certain services provided, we have already taken steps to help you comply with the third-party oversight provisions (as they pertain to us) in the new regulation.

On March 1, EasCorp and Vertifi modernized the Privacy Addendum(s) used with contracts for services in which personal information is exchanged and stored. If you entered into a service agreement with either company since then, the new Privacy Addendum was in effect. In addition, both companies modernized their Privacy Policies, including the section titled *Security and Confidentiality of Member (Customer) Information Program* in order to conform to the appropriate contract standards within the new Regulation. The Privacy Policy is incorporated by reference in the Privacy Addendum and may be obtained online by anyone with

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Treasury to Make Changes to Purchasing of Paper U.S. Savings Bonds

On April 19, 2010, the U.S. Department of the Treasury announced it will discontinue issuing paper savings bonds through employer-sponsored payroll savings plans. According to the Federal Reserve Bank, "This change is part of a broad new initiative to increase the number of electronic transactions and reduce the costs associated with the U.S. Savings Bond Program."

The payroll program is scheduled to end **September 30, 2010**, for federal employees, and **January 1, 2011**, for all other (non-federal) employees. As a result of this change, your credit union may notice an increase in orders for paper savings bonds. You may order additional savings bond applications and informational materials through your servicing Treasury Retail Securities (TRS).

You may access the press release issued by the U.S. Department of the Treasury at <http://www.treasury.gov/press/releases/tg644.htm>.

The Massachusetts Data Protection Law and EasCorp, *continued from page one.*

an EasCorp- or Vertifi-authorized digital certificate at www.eascorp.org or www.vertifi.com within the Due Diligence sections. We urge you to review the Policy and maintain a copy in your files.

Although existing third-party service contracts entered into before March 1, 2010 do not have to be modified until March 2012, EasCorp and Vertifi are preparing to modify the Privacy Addendum(s) associated with pre-existing service contracts in the very near future so that affected service users are in compliance with the new Regulation well in advance of the deadline date.

Please notify the administrative and/or compliance personnel at your credit union to be on the lookout for these documents. If you have any questions, you may contact Alan Bernstein at 781.994.3316 (abernstein@vertifi.com) or Diane Johnstone-DeRosa at 781.994.3342 (djohnstone@vertifi.com).

Member Meetings Taking Shape

As you know, the National Credit Union Administration (NCUA) late last year proposed changes to Part 704 of the Rules and Regulations pertaining to corporate credit unions. Following a lengthy comment and review period, the Agency recently announced that a final Regulation will be presented to the NCUA Board for approval at its September 16 meeting. Publication in the Federal Register and implementation is expected soon thereafter.

EasCorp has been diligently preparing itself to comply with anticipated capital, ALM, and earnings standards under the new Regulation. EasCorp's Board adopted a preliminary plan, and it was presented for the first time at the Annual Member Meeting in April 2010. As the implementation date nears and the new standards become more certain, EasCorp is finalizing its plans and scheduling member meetings at various locations during the last week in September.

A schedule of meetings including dates, times, and locations will be sent in early August. Please plan to join us and take part in planning for EasCorp's future.

DeposZip® Surpasses \$500 Million in Deposits



EasCorp's CUSO, Vertifi Software, LLC, is pleased to announce that on July 8, DeposZip surpassed \$500 million in deposits taken since the program's inception in 2008. The sum consisted of 474,970 deposits.

DeposZip presently has 85,000 registered end users throughout the world and is projected to continue its impressive growth in the second half of 2010 with the recent addition of three new service users, including \$541 million Corporate America Family Credit Union of Elgin, Illinois; \$115 million Prince George's Community Federal Credit Union of Upper Marlboro, Maryland; and \$81 million Saco Valley Credit Union of Saco, Maine.

For more information on DeposZip, contact George Dow at 781.994.3302 (gdow@vertifi.com) or Eleanor Melchionda at 781.994.3323 (emelchionda@vertifi.com).

EasCorp's Online Resources



Quick tip: Purchasing Certificates

There is a quick and easy way to purchase a certificate of deposit online using Ease-Link. You can even pick your own maturity date. Here's how you do it:

1. From the Ease-Link Account Inquiry menu, select Purchase Certificates using the options at the left.
2. Scroll down or use the links at the top of the screen to view the current certificate offerings/rates.
3. Select the certificate type that you wish to purchase by clicking on the Product name (e.g., if you wish to purchase a one-year certificate, click on the Product [C0120] 350-369 Days).
4. This will bring you to the Product Details screen. At the bottom, enter your desired maturity date, the dollar amount of the purchase (in the Original Par field), and select the account you want to transfer the funds 'from'; the rate will automatically fill in for you. Click Update.
5. Your certificate order has been placed. You can view the order on the main Purchase Certificates screen under Open Orders until it is processed by EasCorp. Once processed, you will receive an email confirmation containing all of the certificate details.

2010 Credit Union Invitational Golf Tournament



Patient partner Kayla Biagiotti enjoys the post-play festivities.

On Monday, July 26, 100 golfers took to the links for the 2010 Credit Union Golf Invitational to help raise funds for Children's Hospital Boston. The tournament is one of two signature fundraising initiatives for *Credit Unions Kids at Heart*. Approximately \$20,000 dollars was raised for Children's, and we would like to thank everyone who golfed, sponsored a tee or green, was a program sponsor, or volunteered for making this year's tournament such a great success. Congratulations to the Tournament Champion—Grafton Suburban Credit Union.

FedACH® SameDay Service

The Federal Reserve recently introduced the availability of a new service—FedACH® SameDay Service. The new service enables processing, editing, distributing, and settling of select ACH forward payments during the current processing day. The items must be submitted by an originating depository financial institution (ODFI) by 2:00 PM ET to be settled on the same day.

SETUP

Both ODFIs and receiving depository financial institutions (RDFIs) are required to participate in order to effectuate this service, i.e., both an ODFI and RDFI have to be on the service for the same day settlement to occur. If an ODFI opts in (Institution A) but an RDFI does not (Institution B), any items originated by Institution A and received by Institution B will not be eligible for same day settlement. RDFIs have the ability to “opt-in” under a unilateral or multilateral agreement, meaning that they can either choose the institution(s) with whom they want to participate in this service, or be automatically set up to participate with all of the other institutions currently on the service.

HOW IT WORKS

There are 6 ACH Standard Entry Class (SEC) codes that are eligible for SameDay FedACH including: ARC (Accounts Receivable Check), BOC (Back-Office Conversion, for checks), POP (Point-of-Purchase, for checks), RCK (Returned Check), TEL (Telephone-Initiated Payment, another form of payment - debit transactions), and WEB (Web-Initiated Payment, another form of payment - debit transactions).

An ODFI has until 2:00 PM ET to submit items to the Federal Reserve. Items will be made available to the RDFI in either the ‘A’ or ‘B’ ACH cycle files, depending on the time the items are submitted. All forward items will settle to both the ODFI and RDFI at 5:00 PM ET, and eligible returns will settle at 5:30 PM ET. The service begins on August 2, 2010.

CONSIDERATIONS FOR ODFIS

All of the eligible transaction types would result in a credit for the ODFIs. This is advantageous for ODFIs because they will receive credit a day earlier than they do with the present method, which helps with cash flow. Moreover, participating ODFIs earn interest a day earlier and learn about returned items quicker, enabling them to hold/debit funds that might not be in the account the following day as in the current process. Note that ODFIs must rely on RDFIs to sign up for this service and in fairly good quantity to realize the greatest gain, and there is a fee to purchase this service (i.e., per item fees for eligible transactions). Plus balancing daily settlement transactions becomes more complex due to the need to research same-day transactions versus next-day transactions.

CONSIDERATIONS FOR RDFIS

All of the eligible transaction types would result in a debit for the RDFIs, and same day settlement may interfere with an RDFI’s cash management activities at the end of the business day. Credit unions that utilize investment accounts to manage cash flow will have to accommodate for the posting of transactions late in the day. What’s more, to properly perform same day settlement, some RDFIs may have to add an afternoon posting activity, requiring additional staffing. For those credit unions that are not able to receive these entries until the following day, it minimizes the timeframe for processing return items.

More information, including how to get started, can be found on the Federal Reserve’s website at www.frb services.org. If you have any questions about this new service, please contact Darlene Howlett at 781.994.3353 (dhowlett@vertifi.com).

New Product Users

DeposZip

Prince George's Community FCU
Upper Marlboro, MD

ALM Modeling and Consulting

GFA FCU
Gardner, MA

Student Lending Program

Jeanne D'Arc CU
Lowell, MA

International Payment Services

Saratoga's Community FCU
Saratoga Springs, NY

Statement Rendering

West Haven Municipal FCU
West Haven, CT

EasCorp

What together we can do.®

35 Corporate Drive, Suite 300
Burlington, MA 01803
800.428.1144

www.eascorp.org

EASCORP MANAGEMENT TEAM

Jane Melchionda
President/CEO

Cynthia Nelson, CFA
Senior Vice President, Asset Liability Management

Donald Cross
Vice President, Finance

Kathleen Loughlin, PHR
Vice President, Human Resources

Maureen Fabbri
Assistant Vice President, Risk Management

Kevin Peters, CFA
Assistant Vice President, Investment Services

Jonathan Rankin
Assistant Vice President, Asset Liability Management

Upcoming Events

ALM & Investment Academies

March 9-11, 2011, at the Babson Executive Conference Center,
Wellesley, Mass.

Image Cash Letter (ICL) Scorecard

We are pleased to report on the progress of Vertifi's Image Cash Letter (ICL) program.

Branch Capture

- 122 credit unions are currently participating
- 472 Branch Capture licenses distributed
- Collecting over \$1.5 billion in deposits every month

DeposZip® Remote Deposit Capture

- 59 credit unions
- Representing 22 states
- Collected more than \$524 million in deposits

Deposits are being received from all over the world.

Vertifi™

www.vertifi.com

VERTIFI MANAGEMENT TEAM

Alan Bernstein
President

Christopher Smith
Senior Vice President, Software Development

George Dow
Vice President, Business Development

Diane Johnstone-DeRosa
Vice President, Operations

Eleanor Melchionda
Vice President, Member Relations

Asim Mian
Vice President, CIS

Darlene Howlett, AAP
Assistant Vice President, eCommerce and Product Development

James Newson
Assistant Vice President, Payment Systems Operations

Edward Wilk
Assistant Vice President, Member Services and Support

Statement Rendering Facility

6D Gill Street
Woburn, MA 01801
781.932.8935

Your savings federally insured to at least \$250,000.



National Credit Union Administration,
a U.S. Government Agency