

Facing gridlock in Washington that reached historic proportions, the 112th Congress stands to be the least productive Congress since World War II. Even against these odds, your League and CUNA, along with 44 peer state and regional associations continued to pursue important legislative, regulatory and legal advances for credit unions, while continuing to provide your credit union with critical information, education, products and services. For more information on CUNA-League Membership, please contact your League or Jeff Carpenter, CUNA VP of Membership Development at jcarpenter@cuna.coop. The following is a summary of your CUNA-League **2012 Membership@Work**.

COMPREHENSIVE ADVOCACY IN THE CONGRESS, WITH AGENCIES AND IN THE COURTS

In spite of the morass in Congress, **President Obama signed two important pieces of CUNA-League supported** legislation including H.R. 4367 that revises Regulation E to require that ATM fee disclosures only need to be presented on an ATM's screen.

Ensuring protection against unintended information disclosure, the President also signed H.R. 4014, which will ensure that groups or individuals that supply information to the Consumer Financial Protection Bureau (CFPB) would not waive their right to privacy protections.

Given the gridlock in Washington, D.C., we fortified our strategy by concurrently pursuing legal and regulatory relief.

- Before it was clear that the ATM legislation would pass, our legal teams were **filing “friend of the court”** (amicus) briefs, spelling out how credit unions and ATM vendors that had done everything reasonable to comply with the law should be protected from liability for missing “fee decals,” which have been the target of a number of lawsuits brought against credit unions and vendors.
- While the legal team was filing briefs, your Regulatory Advocacy team was also petitioning the CFPB to use its authority to address the issue. With our high priority for 2013 of reducing regulatory burden, **CUNA and your League will continue to encourage the courts, CFPB, NCUA, and any other agencies to use their existing powers to ease credit union compliance burdens.**

MAKING A STATEMENT

The Hill listed the credit union victory over community banks on the Transaction Account Guarantee (TAG) program extension as a top 10 legislative win in 2012. The move sends a strong message that we are not going to sit idly by while banks seek broad expansion of power and fight any credit union advances. We have sent a message that mutually beneficial results will be required for banks to achieve new powers.

Leading from this renewed position of strength will be critical as we focus on our 2013 priorities: **protecting the credit union tax exemption**; **“reducing regulatory burden”** with both legislative and regulatory fixes; and **“charter enhancements”**, which includes our continued pursuit of **supplemental capital** and **expanded MBL authorities**.

SECURING OUR CONTINUED LEGISLATIVE SUCCESS

There were many lessons learned from our victories in Congress and our efforts on the MBL legislation. We're taking those lessons and applying them to ensure our continued legislative success.

Our work has us well positioned for future legislative success as we pursue our **535-seat strategy, known as a "Plan to Win"** – the goal is to have positive relationships with all 435 Members of the U.S. House and 100 U.S. Senators.

Through the Credit Union Legislative Action Council (CULAC) and CUNA's Political Activities Fund (PAF), CUNA, the leagues and credit unions spent more than \$4 million on behalf of 388 pro-credit union candidates on the ballot for the U.S. House and Senate in November.

- We had a **96% success rate in races with credit union resources, including 26 out of 27 Senate candidates.**
- In the end, we donated **51% to Republicans, 47% to Democrats and 2% to independents,** earning us the distinction as **"the most bipartisan PAC among the twenty largest PACs"** in terms of candidate giving, as tracked by the Center for Responsive Politics at www.opensecrets.org.

PROTECTING CU INTERESTS AND FIGHTING REGULATORY BURDEN

One result of the financial crisis has been a flood of proposed new regulations required by Congress. The Leagues and CUNA have been fighting this tide from day one, and these efforts are starting to show results as regulators are responding to warnings about the overwhelming regulatory burden being created.

- In 2012, CUNA submitted **108 comment letters to 10 different agencies, with CFPB and NCUA receiving the largest numbers respectively.** As a result, there were numerous "course corrections" by regulators in response to CUNA-League advocacy efforts such as:
 - delayed implementation and substantive changes in remittance rules
 - expanded exemptions from mortgage servicing regulations
 - new flexibility for credit unions on troubled debt restructurings
 - postponement of the loan participation and CUSO rules
- Your League and CUNA also serve as a watchdog over the NCUA's budget, insisting that the agency be prudent with your resources. CUNA made the movement's concern known when NCUA adopted a **6.1% increase** in spending for FY 2013 after substantial increases over the past 3 years, even as the FDIC reduced its FY 2013 budget. A foundation was laid for future CUNA-League efforts on this issue when **NCUA responded to CUNA-League concerns by providing additional budget transparency** through a completely new section of www.ncua.gov dedicated to informing you about its budget and subsequent expenditures.

PROTECTING CU INTERESTS AND FIGHTING REGULATORY BURDEN (continued)

- In response to complaints we hear about unsatisfactory experiences with the NCUA examination process, CUNA and leagues launched a National Exam Survey based on questions developed with the New Jersey Credit Union League for Region 2. The survey asked a number of questions about credit unions' experiences with their most recent exam; as of the January 15th deadline, CUNA and Leagues were **compiling the nearly 1,300 responses**, which will provide **compelling data to actively pursue remedies for challenges credit unions are facing with the examination process**.
- The efforts of your League and CUNA resulted in the publication of key sections of NCUA'S National Supervisory Policy Manual, which will help promote due process for all federally insured credit unions.

EXECUTING OUR ADVOCACY STRATEGIES — NO STONE LEFT UNTURNED

We moved Congress closer to passing Member Business Lending (MBL) legislation than ever before by employing a multi-faceted approach including:

- **Two National Hike the Hill** events and **24 League Hike the Hills** in Washington DC with more than 700 credit union and small business attendees;
- Built a broad and diverse **31-partners** coalition with such influential organizations such as the National Association of Realtors, Small Business Majority, Progressive Policy Institute (PPI), American's for Tax Reform, National Association of Homebuilders, National Association of Mortgage Brokers, Ford Motor Minority Dealers Association, U.S. Women's Chamber of Commerce, U.S. Hispanic Chamber of Commerce, and Women Impacting Public Policy;
- Placed "inside-the-beltway" advertising in key Hill publications including **The Hill, Politico, Roll Call** and **the National Journal**;
- Ran **thousands of radio advertisements** in **10 targeted states of US Senators** and on the **market leading WTOP** in Washington, DC to move to move Congress in support of MBL legislation;
- **Distributed 42 information pieces to Capitol Hill** to correct inflaming and misleading bank lobby provided information, to proactively position the issue as a small business issue and reinforce the value of credit unions in the marketplace;
- **CUNA CEO Bill Cheney personally visited more than 50 U.S. Senators**; and participated in numerous strategy meetings between CUNA and the Leagues; and
- **Defeated banker requested TAG** in an attempt to bring the bankers back to the bargaining table.

CUNA and your League will continue to take a multi-faceted approach as we move forward with our top 2013 priorities.

MEETING EXECUTIVE NEEDS FOR INFORMATION AND NETWORKING

CUNA Councils continue to provide unique education and networking opportunities for key disciplines including marketing/business development, technology, finance, lending, human resources and operations.

- 2012 memberships topped **5,500 members (a 580% growth since 1994)**, representing **more than 1,625 credit unions**. The six 2012 CUNA Council Conferences had record-breaking numbers with more than 1,300 attendees.
- **CUNA Councils published 23 white papers in addition to four “financial flashes,” in 2012 bringing the historic total to more than 300.** Key topics included:
 - *A New Era in Expense Management*
 - *Credit Union Benefits Programs: Meeting Employees’ and Your Credit Union’s Financial Needs*
 - *Lending Due Diligence in a Merger*
 - *Enter the Mobile Payments Era*
 - *Developing Strategies for SEG-Based Credit Unions*
 - *Mergers from an OpSS Perspective*
 - *In-House or ‘as a Service’? Today’s Technology Trends*
 - *Tempted by Tablets: Putting Handheld Computers to Work in Credit Union Operations*
- **CUNA Councils held 15 virtual roundtables in 2012**, discussing key issues such as Derivatives Accounting, Examiner Engagement, How to Understand the ROI of Management Tools, Up on Innovation: Take Your Credit Union Solutions to the Best Practice Level, Networking Thin vs Fat Clients, and Pre-Funding Employee Benefits.

ILLUMINATING AND FACILITATING CREDIT UNION PHILOSOPHY

The National Credit Union Foundation (NCUF) continues to illuminate the great work that credit unions are doing in financial literacy and serves as the conduit for assisting credit unions and their employees that are victims of disasters.

- NCUF believes that credit unions do outstanding work around building the financial capability of American families, but credit unions remain modest in touting their success, that is why NCUF compiled a financial capability report that illustrates the **financial education and capability building efforts** of the U.S. credit union system including: 12 credit union system case studies, key findings and specific information from every state which shares their unique financial education efforts.
- And as credit unions always do when their brethren are in need, the Foundation’s CUAid was activated in the wake of Hurricane Sandy to help credit union people affected by the disaster. With support from CUNA, Leagues and credit unions across the country, the funds exceeded **\$325,000, all facilitated and distributed through the credit union system’s own foundation – NCUF.**

POSITIONING CUS IN THE EYES OF THE PUBLIC

CUNA and the Leagues continue to ensure that consumers learn about and understand the unique and valuable role that your credit union, and the other over 6,900 credit unions play in the financial marketplace.

In the 4th Quarter CUNA provided national and local news media with stories and guests to articulate the availability, value and importance of credit unions in the market place:

- Bill Cheney was a guest on **Fox Business Network's Willis Report** to illuminate the 1 year impact of Bank Transfer Day
- Bill Hampel's **Fox Business Network** interview on the 2012 holiday spending forecast

The Hampel interview was driven by CUNA and Consumer Federation of America's (CFA) 13th annual projection of consumers' holiday spending plans which garnered widespread press coverage including: **ABC Radio**; **CNN**; **Bloomberg**; the **Washington Post**; and **CBS**.

The work of CUNA ensured that, CUs were positioned as a consumer-friendly option for mortgages, auto loans, small business loans other services were spotlighted in such outlets as the **New York Times** (mortgages), **The Huffington Post** (autos), **Reuters** (MBLs) and **Consumer Reports.org** (low-cost checking).

To leverage the momentum naturally created on the one year-anniversary of Bank Transfer Day, CUNA and your League created a number of resources such as:

- A fact sheet/talking points on how **CUs have performed since Bank Transfer Day**
- **State-by-state breakdowns** of the data on CU member growth and new checking accounts
- **A template news release** on CU member and checking account growth
- **Individual state versions of CUNA's CU Member Benefits Survey** (showing how much consumers save using CUs over banks)
- **A "PR 101" guide sheet** with basics on media outreach and pitching stories.

CUNA also distributed a **pre-recorded "radio news release"** on the one-year anniversary to 225 radio stations across the U.S.

All of this work, along with social media efforts, drove **nearly 385,000** visits to aSmarterChoice.org in 2012, representing a nearly 60 percent increase from the site's inaugural year of 2011, which included "Bank Transfer Day," and a near stampede by consumers to find a credit union to join. The 2012 visits were recorded by more than **250,000 unique visitors** (**up 27 percent** from the previous year) and most significantly, nearly **218,000 successful searches were conducted**.

STRENGTHENING THE COOPERATIVE BOND

CUNA's Co-op Alliances Committee believes that both credit unions and cooperatives can grow their respective businesses by adhering to the sixth co-op principle: "cooperation among co-ops." The Co-op Committee released **32-page white paper** that lists and provides website links to a number of additional resources that credit unions and other co-ops can tap to assist their collaborative efforts.

TRAINING YOUR TALENT

To compete in tomorrow's marketplace, credit unions must have the best trained staff, management and volunteers. CUNA and your League continue to be a key source for your training.

- CUNA held **49 face-to-face schools and conferences for 3,349 attendees**. December's Supervisory and Audit Committee Conference had record attendance with 330 attendees; and this year's "first of its kind" Lending Compliance Conference drew 144 attendees.
- **9,361 students found CUNA** eSchools and webinars to be an effective solution for getting training without having to travel, including: 17 eSchools with 1,182 attendees; and 195 webinars with 8,179 attendees. Notably the new eSchool format for the Fixed-Income Investment eSchool drew 167 attendees.
- CUNA launched its Enterprise Risk Management Certification, exceeding budgeted attendance numbers and most importantly resulting in **70 new Certified Enterprise Risk Managers**.
- Demonstrating your knowledge is important. CUNA awarded more than **24,480 certifications and designations** through 4th quarter 2012, including: 1,626 Volunteer Achievers, Certified Volunteers and Volunteer Leaders; 1,051 Compliance professionals and Certified CU Compliance Executives; 259 Board Financial Literacy Certificates; 421 Certified CU Financial Counselors; and 169 Certified Credit Union Executives.
- CPDOnline continues to provide powerful and convenient access to online education for credit union staff and directors; through 4th quarter 2012, students took **178,227 online courses and completed 155,803 online exams** across all credit union disciplines and programs.

KEEPING YOU COMPLIANT

While the ultimate goal is to prevent or mitigate burdensome regulations, the reality is that regulation never stops and therefore credit unions' need to comply won't either. CUNA and your League remain a constant source for your credit union to understand rules and regulations that impact you.

- CUNA's members-only compliance online resources received more than **3,000,000 visits in 2012**, with credit unions frequently visiting CUNA's CompBlog and CUNA's e-Guide to Federal Laws and Regulations.
- CUNA's Compliance Team made **443 CompBlog posts in 2012**, averaging more than one per day, keeping credit unions up to date on pending and new regulations, as well as long-standing rules and regulations.
- CUNA's monthly "Wrap-Up" highlights key compliance developments reported on the CompBlog during the month, as well as provides an article oriented towards helping smaller credit unions stay on top of regulatory developments. ♦