



Ronald Covey (center with glasses), testifying on behalf of CUNA as part of a broad panel of financial industry witnesses at a hearing on the condition of small business and commercial real estate lending, told federal lawmakers that lending to members who own small businesses is a central part of credit union business practices. Covey said that his credit union has an average loan size of under \$200,000 and currently lends a total of \$75 million in funds through 959 member loans. Also at the hearing, U.S. Small Business Administrator Karen Mills said her organization is discussing the expansion of its Community Development Financial Institution (CDFI) programs with both individual CDFIs and the U.S. Treasury Department. (CUNA Photo)

## New Model Would Boost Corporate Viability

CUNA's Corporate CU Task Force has studied reforms that would bolster the corporate credit union system and the group unveiled its recommendations during the CUNA Governmental Affairs Conference in Washington, D.C. the last week of February.

The changes proposed are dramatic and a key principle behind the task force work is that of holding the interests of natural-person credit unions above all other interests.

The task force report noted that risks related to the delivery of settlement, payment, and liquidity services must be well managed. CUNA's board accepted the report and recommen-

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## Member Business Lending is the Hot Topic

An ever-growing coalition of small business owners and trade association groups are joining CUNA and credit unions as they call to lift the member business lending (MBL) cap, and from recent indications, legislators and the Obama administration seem to be listening.

A total of 90 House members have signed on to support H.R. 3380, which would lift the member business lending cap of 12.25% to 25% of a credit union's total assets. The legislation, which is co-sponsored by Reps. Paul Kanjorski (D-Pa.) and Ed Royce (R-Calif.), has been promoted through a pair of dear colleague letters from the sponsors showing the Congressional and trade group

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# >> Governmental Affairs

## Mica: Create Another 100 Prosperous Years



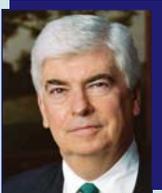
CUNA president and CEO, Dan Mica, looked back on 100 years of credit union success and told the assembled crowd that credit unions, with the right attitude, can create another 100 years of prosperity for their communities and their members.

Staying positive and, more practically, recognizing the increased opportunities that new technology can provide, can make even the smallest credit union look large to its members, Mica added. He also addressed the present status of credit unions and the near future, saying that financial regulators would likely move toward raising small business lending and adding alternative capital requirements for both credit unions and other financial institutions.

Mica also urged credit union representatives to remain “respectful but insistent” when discussing these pressing issues with their legislators, and, overall, urged credit unions to resist partisanship by speaking with a single, unified voice. “We should never be viewed as Democrats or Republicans, but as Americans,” he said.

Looking beyond politics, Mica added, “America is crying out for a basic philosophy to live by,” and credit unions can offer it to them, along with the basic financial services that they need every day. 🏠

### Heard at the GAC...



Chris Dodd

*“Credit unions are good for America. . . I leave the U.S. Senate without knowing what my future will be, but I know one thing—that is I will always remain a strong supporter of credit unions.”*  
— Senate Banking Committee Chairman Chris Dodd (D-Conn.)



Barney Frank

*“If mortgages were only made by credit unions, we wouldn’t be in this crisis.”*  
— House Financial Services Chairman Barney Frank (D-Mass.)



Michael Barr

*“The [Consumer Financial Protection Agency] will concentrate supervisory resources on big banks and nonbanks” to “ensure” that the financial marketplace that credit unions compete in is “fair and competitive. . .” and will “make banks and credit unions safer and sounder.”*  
— Assistant Treasury Secretary for Financial Institutions Michael Barr



James Clyburn

*“Credit unions should be exempt from the risk provisions of [the House regulatory reform legislation] because credit unions are different.”*  
— House Majority Whip James Clyburn (D-S.C.)



Spencer Bachus

*“The CEO of Toyota was on Capitol Hill yesterday and he said he’s not sure if they’ve fixed all their problems. . . the same could be said of Congress—we’re not sure if we’ve fixed all the problems that caused the recent financial meltdown. . . We need to be careful not to paint with too broad of a brush as we try to identify the culprits and enact solutions. All financial institutions didn’t cause the meltdown. All Wall Street firms weren’t part of the problem.”*

— House Financial Services Committee Ranking Member Spencer Bachus (R-Ala.)



Sen. Mark Udall

*“[I have heard] scores of stories nationwide that make me excited about the potential of [member business lending legislation]... [Congress should find] job creation policies that are deficit neutral... [and find] simple cost effective ways [to do such.]”*

— Sen. Mark Udall (D-Colo.)



Debbie Matz

*“The NCUA [and the credit union movement in general] have stronger reason for long-term optimism” and “can again think of the credit union industry’s longer-term potential [as the economy begins to recover.]”*

— National Credit Union Administration Chairman Debbie Matz



Eric Cantor

*“More than 600,000 businesses are started each year—about one per minute... Those individuals need [credit unions].”*

— House Minority Whip Eric Cantor (R-Va.)

# Mecham: CUs Must Advocate for CUs



Appearing at what would also prove to be his last CUNA Governmental Affairs (GAC) Conference as CUNA board chairman, Kris Mecham honored outgoing CUNA President/CEO Dan Mica by announcing a CUNA board resolution praising Mica for his “ability to promote credit unions with passion,

zeal, and reason” and to “encourage people to work together, with one voice, for the benefit of the credit union movement.”

Mecham, who will leave CUNA this July to take part in two years of mission work in Mongolia, also did his part in welcoming more than 4,000 credit union advocates to Washington earlier in the week, saying that the 2010 edition of the GAC gave credit unions “a one-of-a-kind venue to tell the credit union story.”

In his prepared remarks, Mecham reiterated the belief that credit unions did not play a part in “the financial meltdown that underlies the current drive in Washington for regulatory reform.”

“Instead,” he added, “we’ve been a safe haven, a reliable provider of loans, and a source for pro-consumer solutions.”

Credit unions must make sure that legislators recognize that they are the “epitome of Main Street financial institutions—people coming together to pool their resources, improve their financial standing, and strengthen their communities.”

“If legislators grasp this bedrock difference, positive policies will follow,” Mecham added. 🏠



Karen Mills

*“[Credit unions] are critical to growing businesses and creating new jobs” and “credit unions really know what is going on in their communities.”*

— U.S. Small Business Administrator Karen Mills



Paul Kanjorski

*“We need help to provide credit to businesses and provide jobs [without asking taxpayers to pick up the tab] . . . If we move on lifting the [member business lending] cap quickly, we’ll inject \$10 billion into the economy through small businesses and provide 108,000 new jobs.”*

— Rep. Paul Kanjorski (D-Pa.)



Alan Greenspan

*“[The Glass-Steagal Act] set up an artificial barrier... and putting it back on does not seem to me a constructive act.”*

— Former Federal Reserve Chairman Alan Greenspan



Ed Royce

*“There’s a growing understanding that credit unions can make a greater contribution—and they would be glad to do it if Congress would only cooperate by lifting the current cap on credit union business lending. I think this will happen.”*

— Rep. Ed Royce (R-Calif.)



Gigi Hyland

*“The credit union movement is not the credit union stationary bicycle. . . It’s the end of the world as we know it and it’s time for the movement to do something.”*

— National Credit Union Administration Board Member Gigi Hyland



Ed Perlmutter

*“We need to get money to small businesses so they can put people back to work... There’s a light at the end of the tunnel. . . You’ll serve a great purpose in getting us to that light.”*

— House Financial Services Committee Member Ed Perlmutter (D-Colo.)



Mark Fryzel

*“Congressional action (to authorize new capital sources) is required and NCUA has communicated to Congress that they may wish to explore giving this authority to credit unions... And if they do, we stand ready to implement the required guidelines to make acquiring alternative capital a safe and sound practice.”*

— National Credit Union Administration Board Member Michael Fryzel



Brad Sherman

*“Wall Street needed more capital—we gave them more than \$700 billion. Look at credit unions. No one is asking for a bailout or a federal investment of money. It doesn’t make sense how Congress can inject capital over here and serve as a barrier over there.”*

— House Financial Services Committee Member Brad Sherman (D-Calif.)

# 100s

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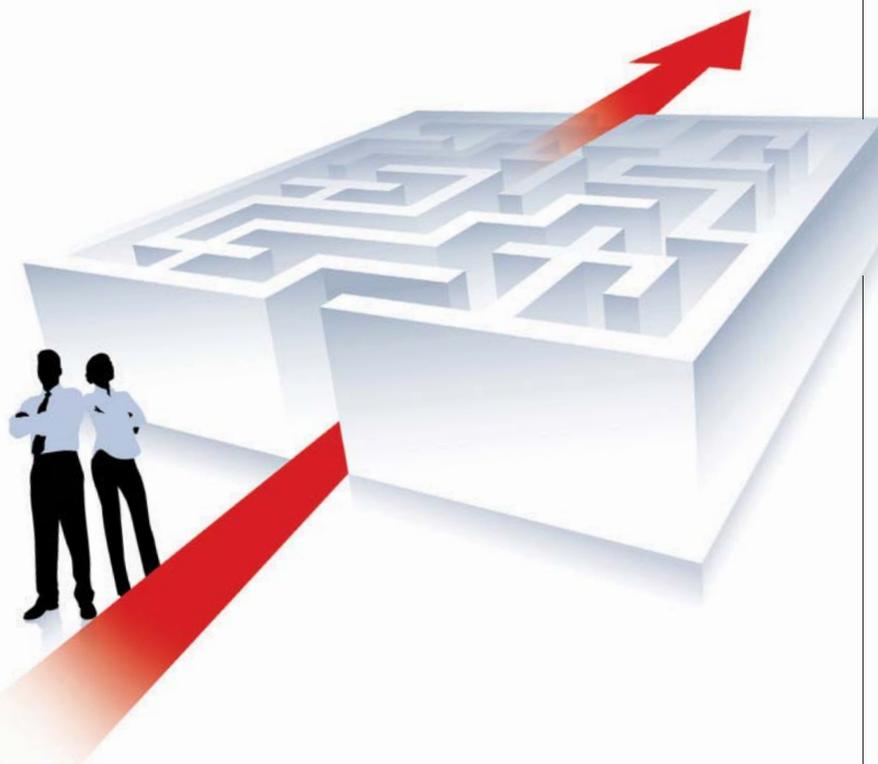
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# >> Special Report

## CU Leagues' Outstanding Activism Recognized

As CUNA's premier Governmental Affairs Conference ended Feb. 25, credit union system leaders paused to recognize some of the "outstanding efforts" that credit union leagues made "in the political and grassroots arena" during 2009.

The Credit Union Legislative Action Council (CULAC) raised over \$1.8 million and contributed over \$1.1 million to pro-credit union candidates during 2009, and the Arkansas CU League, the Montana CU Network, and the Louisiana CU League each received the CULAC Vanguard Award for their positive contributions to CULAC.

The Louisiana league, along with credit union associations from Kentucky and Kansas, received the CULAC Trustees Award for having the highest percentage increase in their donations to CULAC within the past year.

The Chairman's Award, given to the credit union league that exemplifies outstanding achievement in CULAC fundraising, was awarded to the Missouri CU Association.

Leagues that raised 100% of their CULAC goal during 2009 were also honored as part of CUNA's Capitol Circle. The leagues honored included the Arizona CU System, Georgia CU Affiliates, the Montana CU Network, the Mid-America CU Association, the Nebraska CU League and Affiliates, credit union associations from New Mexico, Kansas, Mississippi, Colorado, Oregon, Vermont, Missouri, and Wyoming, and credit union leagues from Arkansas, Delaware, Hawaii, Idaho, Iowa, Kentucky, Louisiana, Massachusetts, Maine, Michigan, New Hampshire, Ohio, Rhode Island, South Carolina, and West Virginia.

CUNA also distributed awards to credit union leagues participating in Project Zip Code, which has allowed credit unions to match a total of 73 million of their members by congressional district, state legislative district and county. 🏠

## Member Business Lending is the Hot Topic

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support for the legislation.

Legislators heard from both CUNA and credit union representatives recently, with St. Mary's Bank CU President/CEO Ronald Covey appearing before a joint House Financial Services Committee and Small Business Committee hearing late last month. Covey tapped his personal experience during the hearing, telling lawmakers that restricting MBLs for credit unions "does a great disservice to business owners everywhere, and stymies job growth." CUNA also directly commented on MBLs by submitting a statement to a Senate hearing on Senate Banking subcommittee on economic policy. The MBL legislation is, in itself, a jobs bill, and CUNA estimates that lifting the MBL cap would create \$10 billion in new business capital and could create as many as 100,000 new jobs nationwide.

Individual small business owners have also recently called on Congress to support increasing the member business lending cap by writing to their congressional representatives directly, and these legislators also met with credit union representatives that canvassed Capitol Hill during the recently completed Governmental Affairs Conference. CUNA itself has also taken its case directly to the U.S. Treasury, noting during a recent meeting with Treasury Secretary Tim Geithner that "there are no good public policy reasons not to lift the cap." 🏠

 **CUNA on Member Business Lending**  
[http://cuna.org/gov\\_affairs/legislative/issues/download/mbi.pdf](http://cuna.org/gov_affairs/legislative/issues/download/mbi.pdf)

## New Model Would Boost Corporate Viability

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dations of the task force, which is comprised of nationwide credit union leaders.

Late in 2008, the National Credit Union Administration proposed broad reforms of the corporate credit union system in response to stability challenges. The plan would adjust the current corporate capital requirements, impose new investment concentration limits, prevent corporate credit unions from investing in certain kinds of investments, and impose new restrictions on corporate credit union board membership and compensation.

The CUNA task force has recommended a new model to serve natural-person credit unions that would continue to provide payment and settlement services and act as an agent to provide investment and liquidity services to credit unions rather than providing those services on the corporates' balance sheets. All of these services could be provided through an individual entity, subsidiaries, or vendors.

Read more of the report using the link below.

 **CUNA Corporate CU Report**  
[http://www.cuna.org/initiatives/ncua\\_corp\\_action.html](http://www.cuna.org/initiatives/ncua_corp_action.html)



## CU: Review Your Check-Hold Disclosures

Credit unions need to take a good, close look at what they are doing with their check-hold disclosures to members. As of Feb. 27, the Federal Reserve Board drastically changed the playing field and consolidated all its check-processing operations into Cleveland, Ohio. That action eliminated all “nonlocal checks” under Regulation CC, which implements the Expedited Funds Availability Act, and disclosure statements about check-hold policies must be adjusted accordingly.



Mike McLain

“All credit unions need to review their current Reg CC disclosures immediately and send out any necessary changes by March 29,” explains Mike McLain, CUNA’s assistant general counsel. “When Reg CC was first adopted more than 20 years ago, the Fed had 45 check processing regions — today, it has one.

“Credit unions have been adjusting their policies as ‘nonlocal checks’ have shrunk, but now is the time to make sure your account-opening disclosures are up-to-date, existing accountholders have current availability information, and lobby signs are correct.”

March 29 is a magic date because Regulation CC says that depository institutions have to provide notice within 30 days after funds availability improves.

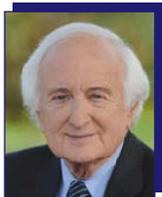
For lots more CUNA guidance, use the links here. 📄

**CUNA's "Regulation CC: A Refresher"**  
[http://cuna.org/cgi-php/offlink.php?nlink\\_id=32959](http://cuna.org/cgi-php/offlink.php?nlink_id=32959)

**Mass. League's "Regulation CC – Funds Availability Chart"**  
[http://cuna.org/cgi-php/offlink.php?nlink\\_id=32961](http://cuna.org/cgi-php/offlink.php?nlink_id=32961)

**CUNA's eGuide to Federal Laws and Regulations/Regulation CC**  
[http://cuna.org/cgi-php/offlink.php?nlink\\_id=32960](http://cuna.org/cgi-php/offlink.php?nlink_id=32960)

## Levin to Head Ways and Means



Sander Levin

Rep. Sander Levin (D-Mich.) was named acting chairman of the powerful House Ways and Means Committee. He was appointed last week to head the committee after then-chairman Rep. Charles Rangel (D-N.Y.) said he would take a leave of absence. Levin is a long-time supporter of CUNA-backed credit union legislation.

Ways and Means has jurisdiction over all tax, trade and economic growth policies, as well as entitlement spending, including Social Security, Medicare, welfare and unemployment compensation. 📄

## MBL Support Grows After CU Hill Visits

CUNA President/CEO Dan Mica last week thanked credit unions and the leagues for their hard work during the recently completed Governmental Affairs Conference (GAC), saying that the visits to federal legislators that were conducted during the GAC were “very helpful” to CUNA’s efforts on Capitol Hill.

In the wake of credit union efforts, pending member business lending legislation netted several new endorsements, including, notably, the endorsement of Senate Majority Leader Harry Reid (D-Nev.). Mica said that gaining Reid’s endorsement “is an outstanding achievement because generally members in leadership do not co-sponsor legislation.” He thanked the Nevada CU League for its efforts.

This endorsement “confirms the interest in this legislation at the highest levels of Congress,” Mica said.

The House version of an MBL bill is now co-sponsored by Reps. Carolyn Maloney (D-N.Y.), Chellie Pingree (D-Me.), Carolyn Kilpatrick (D-Mich.), James Langevin (D-R.I.), John Sarbanes (D-Md.), Elton Gallegly (R-Calif.), Gary Peters (D-Mich.), Larry Kissell (D-N.C.), Candice Miller (R-Mich.), Patrick Kennedy (D-R.I.), Alan Grayson (D-Fla.) Christopher Carney (D-Pa.), Steve Kagen (D-Wis.), Fortney Stark (D-Calif.), Gus Bilirakis (R-Fla.) and Neil Abercrombie (D-Hawaii).

Several of these new House sponsors signed on to a letter supporting the MBL cap increase, and this letter was forwarded by Rep. Paul Kanjorski (D-Pa.) to House leaders Nancy Pelosi (D-Calif.) and John Boehner (R-Ohio) last week.

Sens. Bernie Sanders (I-Vt.) and Arlen Specter (D-Pa.) also signed on to support S. 2919, the Senate MBL bill, following the recent GAC visits.

Credit union advocates told lawmakers that lifting the current MBL cap of 12.25% to 25% of a credit union’s total assets would inject up to \$10 billion in new capital into small businesses and create more than 100,000 new jobs.



From Maine, Republican Sens. Olympia Snowe (shown standing) and Susan Collins joined their Democratic House colleagues, Reps. Chellie Pingree and Michael Michaud, in greeting credit union delegations that met with the lawmakers in conjunction with CUNA’s GAC. During this congressional breakfast sponsored by Maine CU League, Snowe said credit unions help to play a “pivotal role in being the economic anchor of their communities” in Maine. (CUNA Photo)



# >> Notes Bearing Interest

## CUs Can Fight Elder Fraud

Credit unions can train staff to recognize several red flags that could signal fraudulent activity against an elderly member, and thus become a frontline defense against this form of financial abuse.

BITS, a financial service industry consortium and an arm of the Financial Services Roundtable, has released a new paper, entitled "Protecting the Elderly and Vulnerable from Financial Fraud and Exploitation." CUNA is the only credit union group represented in BITS membership.

The paper said an educated staff can spot potentially risky situations, such as changes in an older member's account



documentation, deposit or withdrawal patterns, and even his or her overall demeanor. Older Americans are sometimes targeted by relatives, businesses, real or false financial institution em-

ployees, or other financial service providers, the BITS paper says. The paper said that older people sometimes can be more trusting, gullible, or less financially sophisticated than their younger counterparts, which can make them preferred targets for exploitation.

A credit unions' loss prevention and legal departments can also play a role in fraud prevention, as can local law enforcement, BITS points out. BITS information also provides tips on how financial institutions can best interact with state and federal authorities to combat fraud. 🏠

 **BITS**  
<http://www.bitsinfo.org/>

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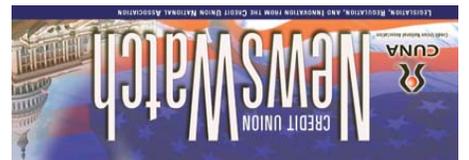


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