



**Moving
on in 2011**

Announcing plans to leave CUNA in 2011, President/CEO Dan Mica said, "From the day I joined CUNA, I put my whole heart and soul into the credit union movement. I am a true believer in credit unions and sincerely fond of the people who nurture and lead them." (CUNA Photo)

CEO stepping down after 15 years

Dan Mica will step down as CUNA president and CEO effective January 2011. CUNA COO and Chief of Staff Richard McBride will also leave CUNA at that time. McBride and Mica have been close associates for many years.

Mica praised credit unions saying they provide the best deal to consumers. "I am convinced that, in the future, credit unions will become of even greater importance to more and more consumers."

But, Mica added, his mentor, the late Rep. Paul G. Rogers, often counseled that an individual should spend no more than 10 years in any role. Mica said, "I followed that advice as a congressional staff member, as a member of Congress and in my position prior to CUNA. I love what I do here at CUNA, and I deeply care about the credit union movement – so I have stayed a bit longer than Paul's advice would allow." 🏠

Matz Takes Reins at NCUA

New National Credit Union Administration (NCUA) Chairman Deborah Matz wasted little time following her swearing in as the eighth leader of the board. By the end of her first week she called for "examiners to work with credit unions on a case-by-case basis" as they resolve issues related to the recently-passed CARD Act.

In a statement released Aug. 31, Matz said that while "all credit unions are expected to come into full compliance as early as reasonably possible, and to demonstrate their efforts to do so," credit unions should follow an alternative allowed by the Federal Reserve in the meantime.

Matz has continued to express concern about credit union CARD Act compliance hurdles. On Friday she called together CUNA and other credit union representatives for further discussions.

The CARD Act is one of many issues facing Matz as she rejoins the board, with the situation surrounding corporate credit union system stabilization and restructuring also in the forefront of the regulatory agenda.

While neither Matz nor the rest of the NCUA have given any indications as to how they will proceed on plans to revamp the corporate system, the board and Matz individually have encouraged credit unions to communicate concerns and suggestions to the board. The NCUA recently reported that it has received around 500 public comment letters on its corporate plan.

Member business lending and supplementary capital are

>> ▶ See page 6

Inside

2| CUNA
Accomplishments

15 years with Mica at helm

3| CARD Act
Update

A round up on CU issues

6| A Plan for
Corporate CUs

CUNA and NAFCU
form unified view

7| CUNA Board
Nominations

Oct. 17 deadline

>> Special Report

1996—present

Mica delivers CUNA victory



CUNA Accomplishments Under Mica Tenure

During his more-than-10-years of leadership in the credit union movement, Dan Mica's positive impact has been felt in every credit union challenge and even in the way credit unions are perceived by consumers and lawmakers alike. Below are some key accomplishments of Mica's tenure thus far. Use the resource link to read much more.

Preserved credit union access for millions of consumers

Dan Mica was the movement's leader and spokesperson at the national level during credit unions' two-year fight to enact H.R. 1151, the Credit Union Membership Access Act of 1998. Mica was a leader in the Credit Union Campaign for Consumer Choice, setting direction for CUNA and league legislative, political action, grassroots mobilization and communications strategy. Congress enacted the legislation by overwhelming margins and President Clinton signed it into law in August 1998.

Safeguarded an independent federal credit union regulator and system

Under Mica's leadership, CUNA was an early and aggressive advocate for the system's independence, starting with Treasury Secretary Paulson's first press conference unveiling the blueprint, where Mica personally stood up to challenge the proposal's impact on credit unions.

Protected credit unions' federal tax exemption

In the past 10 years taxing credit unions has not just been a priority for the American Bankers Association, it has been a "super-priority." They had arguably their best opening in years to try to tax large credit unions during then-House Ways & Means Committee Chairman Bill Thomas's 2005 hearings on credit unions, which put the CU tax exemption under scrutiny. Steadfastly throughout Dan Mica's tenure, CUNA and the leagues have continuously safeguarded credit unions' tax status by forging positive relationships not just with members of Congress, but potential candidates—even presidential candidates—as well as state legislators.

Secured legislation mitigating the costs to CUs of stabilizing the corporate system

CUNA, league and credit union grassroots efforts combined to win swift passage earlier this year of legislation to mitigate the cost of NCUA's corporate stabilization actions.

Raised political involvement to new levels and established credit unions as a powerful, ongoing, and highly visible presence in Washington:

The scramble to pass H.R. 1151 in 1998 exposed credit unions' political vulnerabilities. They had little recognition among members of Congress. National credit union groups were nowhere to be found on the lists of top lobbying organizations. And our grassroots presence in Washington consisted of little more than once-a-year Hill visits during the CUNA Governmental Affairs Conference. Today, that has all changed. CUNA is consistently ranked among Washington's "powerhouse" associations after creating and putting in place signature political programs.

Read much more using the link below.

Key Accomplishments
http://cuna.org/press/press_releases/pk_mica_082709



HR 1151



Breaking ground for CU House

A Decade in, Mica in Uncharted Territory for a CUNA CEO; Bankers Still Boil His Blood—Lawsuits Could Be Next



By SARAH INELL COOKE
CUNA's Dan Mica has been steadily outmaneuvered where an CUNA CEO is meant to be: in the White House. Mica's tenure has been defined by his fight to keep credit unions' federal tax exemption intact. From the start, it has been full steam ahead. The joint effort to pass H.R. 1151, the Credit Union Membership Access Act, was a vital time when the credit union movement was able to outmaneuver the banking industry. Mica's work has been largely obscured over the last decade as new challenges arise from the bankers in the courts to a single vital leg...

...involves questioning credit unions' and their regulator's integrity. "When I first came on, I thought five years would be a reasonable period of time," Mica recalled. "I quickly became a vocal believer in trade associations. I remain a strong believer in the credit union system." At the end of his first five years, he accepted another five-year contract that ended at the beginning of this year. Mica, whose 10th anniversary as head of CUNA is officially July 1, is such a believer he turned down an offer to head up a large bank's trading association that would have nearly doubled his salary. "I know what this commitment is to be made about the credit union movement." (Please see *NEWS WATCH* page 10)



CUNA's GAC over the years



Richard McBride (left) was Mica's chief of staff on Capitol Hill



>> Regulatory Affairs

Credit CARD Act Update

Portions of the new Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 that require creditors to deliver bills 21 days in advance of the due date and provide 45 days notice when changes are made to consumers' credit card agreements came into effect on Aug. 20, and CUNA continues to address credit union concerns by aggressively pursuing relief for credit unions on several fronts.

CUNA has asked the Federal Reserve Board to provide relief to credit unions from the requirements of the 21-day rule under the new Credit CARD Act as they apply to open end credit, but the Fed has said that it cannot grant any further relief than the "short period of time" approach addressed in the rule's supplementary information.

NCUA Board Chairman Debbie Matz has also asked for examiners to work with credit unions on a case-by-case basis as they adjust to the new rules.

While discussions with regulators and

legislators continue, as recently as Friday with the NCUA, CUNA has provided other outlets to help credit unions adapt to the changes posed by the CARD Act.

Among the items provided by CUNA are statement stuffers that seek to educate members on what the CARD Act will mean to them. These statement stuffers clearly outline what the new laws look to address, when the changes become effective, and what it will mean for consumers.

CUNA has also prepared materials to help answer any further questions that state leagues and credit unions may have regarding their compliance obligations under the CARD Act.

The rest of the CARD Act will not go into effect until Feb. 22, 2010. 🏠



Archived CARD Act Audio Conference

http://training.cuna.org/audio/TA6189_fct.html

CUNA FAQ on 21-day rule:

<http://www.cuna.org/download/nn081709.pdf>

CUNA Statement Stuffer:

<http://buy.cuna.org/detail.php?sku=28994>

Joint Liquidity Reg Not Needed for CUs

CUNA in a recent letter to the National Credit Union Administration (NCUA) said that while it supports "robust, ongoing liquidity risk management at all credit unions," new joint federal regulatory guidance on funding and liquidity risk management would be redundant to existing rules for credit unions.

While the proposed interagency guidance makes sense for banking organizations, CUNA in the letter said that sound liquidity risk management policies and processes are already covered by portions of the NCUA's Examiner's Guide.

The proposed guidance, which was issued by the NCUA, the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and Office of Thrift Supervision earlier this month, seeks to clarify and summarize principles of sound liquidity risk management previously issued by the agencies.

The key elements of this guidance are addressed in the NCUA's current examination procedures, including adequate sources of liquidity, contingency planning in the event of liquidity problems, monitoring and reporting on liquidity," noted Mary Dunn, CUNA senior vice president and deputy general counsel, who signed the letter.

According to CUNA, the NCUA has not provided a sufficient rationale for imposing the new requirements on federal credit unions, and should address any perceived liquidity risks directly with credit unions. 🏠



CUNA Comment Letters

http://cuna.org/reg_advocacy/comment_letters/comment_letters09.html

New FinCEN Guidance on CTR Exemptions

The Financial Crimes Enforcement Network (FinCEN) issued guidance last week that provides examples and answers to commonly asked questions regarding a Jan. 5 final rule on Currency Transaction Report (CTR) exemptions.

FinCEN's action was in response to a Government Accountability Office (GAO) recommendation for more guidance to help financial institutions determine whether a member or customer is eligible for exemption from CTR requirements.

The new rule made the following changes to the exemption system:

- ▶ Elimination of designation and annual review for most Phase I customers;
- ▶ Financial institutions may now designate an otherwise eligible non-listed business customer/member for exemption if it has conducted five or more reportable transactions in currency within a year (previously, eight or more reportable transactions were required);

▶ The waiting time for Phase II eligibility was decreased from 12 months to two months or less than two months if a risk-based analysis of the member's transactions was conducted; and

▶ Biennial renewals for Phase II exemptions were eliminated.

FinCEN's new guidance includes an easy-to-read chart to help financial institutions establish when a member or customer can be exempt. 🏠



FinCEN Guidance

http://www.fincen.gov/statutes_regs/guidance/html/fin-2009-g003.html

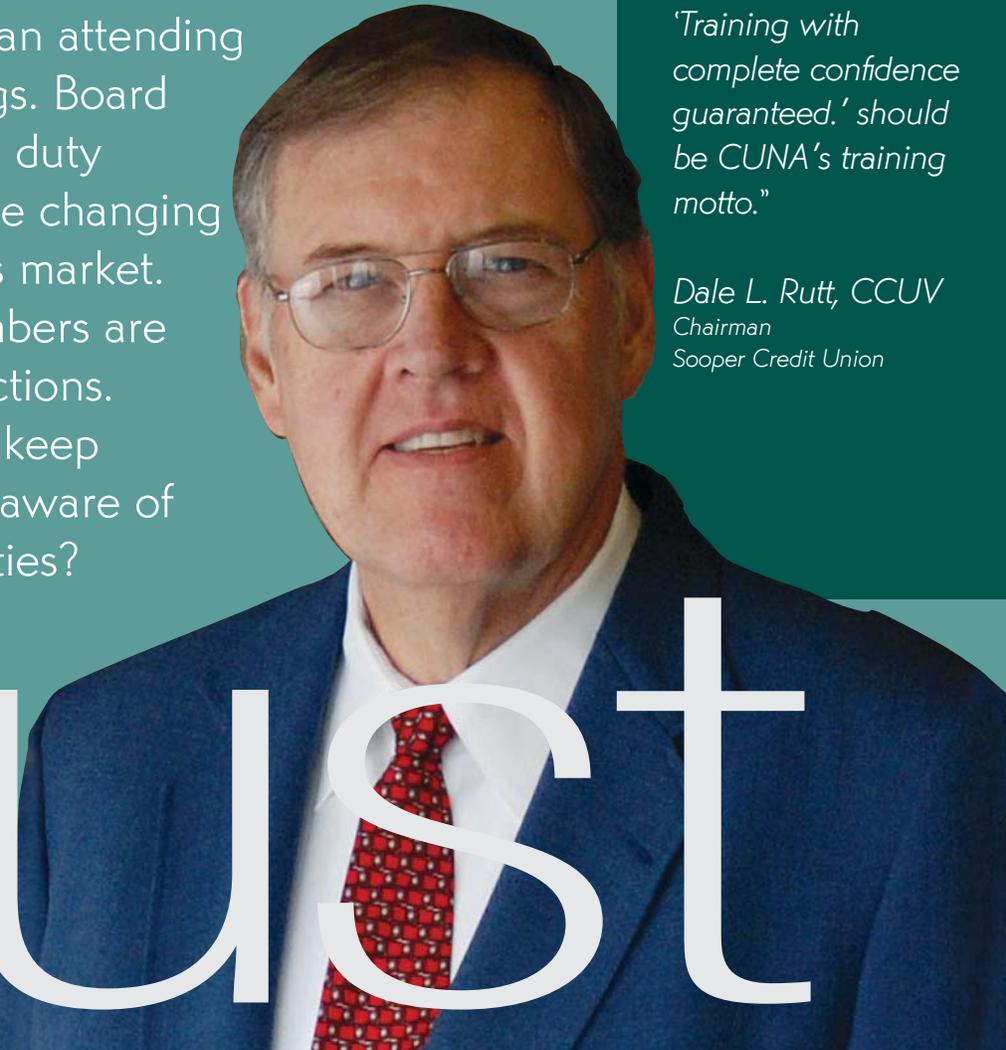
How do I keep my board in the know about credit union issues and their liabilities?

Being a board member

is much more than attending monthly meetings. Board members have a duty to understand the changing financial services market. Plus, board members are liable for their actions. So, how do you keep board members aware of issues and liabilities?

"As chairman I never hesitate to recommend CUNA training products to volunteers. I know that the volunteers will get accurate and complete information. 'Training with complete confidence guaranteed.' should be CUNA's training motto."

*Dale L. Rutt, CUV
Chairman
Sooper Credit Union*



trust

Visit training.cuna.org



Call 800-356-8010, press 3

E-mail cunaresources@cuna.coop

trusted board solutions

SUPERVISORY COMMITTEE & INTERNAL AUDIT CONFERENCE

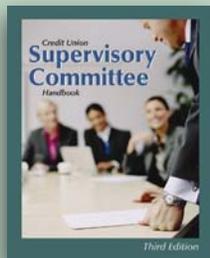
- December 6-9, 2009
Las Vegas, NV

Get the perfect blend of relevant auditing, compliance, and fraud topics and hear from experienced speakers to ensure to keep your credit union secure and strong.

Register before October 16 to receive

Credit Union Supervisory Handbook FREE!

Apply promo code 09SUPER during checkout.



CUNA VOLUNTEER INSTITUTE

- January 10-13, 2010
St. Pete Beach, FL

This institute will give you the tools to make confident recommendations and decisions in these challenging times.

CUNA TRAINING >>>ONDEMAND

More than 15 volunteer focused presentations ready to view at the next board meeting or individually on your own schedule. Choose from:

- Bank Secrecy Act for Volunteers
- A Board Governance Approach: What to do When Things Go Wrong
- The Basics of Risk Assessment
- The Supervisory Committee's Role in Finding Fraud
- 10 Ratios Every Volunteer Should Know
- Assessing the CEO
- Understanding the Audit Report
- And many more!

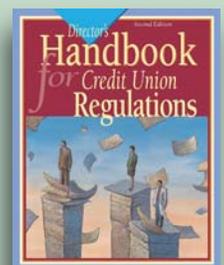
Just \$99 each until December 31, 2009!

PRINT RESOURCES TOO!

Credit Union Board of Directors Handbook
Just \$24.95



Directors Handbook on Regulations
Just \$29.95



Today's rapidly changing credit union climate has credit unions relying more heavily than ever on the leadership skills of their elected officials. VAP is your credit union's solution to find learning opportunities for both new and experienced volunteers.



Use all these learning opportunities to earn credit toward becoming a Certified Credit Union Volunteer (CCUV).



Your Trusted Resource



>> Governmental Affairs

CUNA, NAFCU Present a Unified Corporate CU Plan

CUNA and the National Association of Federal Credit Unions (NAFCU) joined together to present a unified credit union view of the future of the corporate credit union system to the National Credit Union Administration (NCUA).

The chairs of CUNA and NAFCU created a joint task force to address issues raised by the NCUA's Advanced Notice of Proposed Rulemaking on corporate credit union issues, which was released in January. The task force delivered a report with recommendations to the federal regulator last week, with the intent of maximizing credit unions' impact on the NCUA's rulemaking process concerning corporate credit unions.

Releasing the report, CUNA Chair Kris



Credit Union
National Association



union system have had an enormous impact on the credit union industry, and we want to make sure going forward that credit unions have as much input as possible on how to best enhance the system for the future."

The task force's detailed recommendations cover the major areas of the corporate credit union system: services, capital, structure, corporate governance, NCUA oversight and insurance of shares and deposits in corporates. The group believes its proposed changes will create a corporate system that natural person credit unions would support and use.

Use the link to read the full joint report. 🏠

 **Corporate Credit Union Restructure Policy Task Force**
http://www.cuna.org/download/pr_090309_att.pdf

Mecham said, "We undertook this as a collaborative effort because we wanted to develop recommendations that were comprehensive and strategic. We strived to address the challenges of balancing risk and the needs of natural person and corporate credit unions in our recommendations."

NAFCU Chair Brad Beal said, "The circumstances of the current corporate credit

Matz Takes Reins at NCUA

▶ From page 1

other current issues of note to credit unions.

The Obama administration's efforts for overall financial institution regulatory reform will certainly also be on the board members' minds, and it is expected that Matz will monitor the ongoing debate on the proposed Consumer Financial Protection Agency. Former NCUA chairman and current board member Michael Fryzel recently suggested that the NCUA could create its own consumer panel to specifically address credit unions.

The exact schedule for the NCUA's upcoming open board meeting, which will take place on September 24, has not yet been set. However, these issues are among those expected to be topics of discussion at upcoming board meetings, as well as at a series of NCUA town hall meetings, which will take place on Tuesday, Sept. 15, in St. Louis, Mo., Wednesday, Sept. 30, National Harbor, Md., and Monday, Oct. 5, in San Diego, Calif.

NCUSIF Confirms Premium Around 0.15%

The National Credit Union Administration (NCUA) recently reaffirmed to CUNA that the premium charged to credit unions to replenish the National Credit Union Share Insurance Fund (NCUSIF) will only be about 0.15%. CUNA recently acted to confirm that number with NCUA representatives following inaccurate reports stating an extra NCUSIF premium or special assessment is being considered.

The NCUA initially indicated that federally insured credit unions should expect a premium assessment of around 0.15%. The NCUA said at the time that this number should be approved by the NCUA Board in September. However, the board said, the premium could be driven higher by NCUSIF costs.

The agency said it is not planning to assess any separate insurance costs. "In light of this, our reading of the situation is that credit unions can still expect just the roughly 15 basis point premium to be levied by NCUA next month," says CUNA Chief Economist Bill Hampel. 🏠

▶ Congress Back: 'Hikes' Come On Strong

September could be a banner month for credit union advocacy in Washington, with a total of 24 states taking part in CUNA's "Hike the Hill" to discuss issues central to the credit union movement with their federal representatives. Congress returns to session this week after a month-long summer recess.

New York credit union advocates will be the first in line on September 9, and a joint delegation from Florida and Alabama is set to close out an active September on the 30th of the month.

Topics of discussion for credit unions will include member business lending, the Community Reinvestment Act, the proposed Consumer Financial Protection Agency, and interchange fees.

CUNA's Director of Grassroots Advocacy Elizabeth Furey reiterated the importance of interaction between credit union advocates and their state's legislators, adding that Hike the Hill is a "great opportunity" to have that sort of interaction.



>> Notes Bearing Interest

▶ The Front Burner

The most viewed news stories on cuna.org during August 2009 reveal the hottest issues for credit unions. Access the complete stories and register to receive daily credit union news headlines at www.cuna.org/newsnow/top10.

10 Letter to editor questions CU/bank merger

A letter to the editor appearing in the Saturday Kennebec Journal questioned Kennebec Valley FCU's proposed merger with Kennebec Savings Bank.

9 Dodd urges Fed to extend CARD Act deadline for CUs

Working closely with the Connecticut Credit Union League, Senate Banking Committee Chairman Chris Dodd (D-Conn.) urged the Federal Reserve Board to provide relief to credit unions regarding the 21-day rule under the CARD Act as it applies to open-end plans other than credit cards.

8 Eight former CU employees under prohibition orders

The National Credit Union Administration (NCUA) has issued prohibition orders against eight individuals.

7 Fed to CUNA: CUs have some leeway on 21-day rule

The Federal Reserve Board reiterated that credit unions will be allowed to be technically "inconsistent" with the 21-day requirement under the new Credit Accountability, Responsibility and Disclosure (CARD) Act for a "short period of time."

6 CFA asks Fed to extend CUs' open-end credit deadline

The Consumer Federation of America sent letters asking that credit unions be granted more time to comply with the 21-day Credit CARD Act notice requirement for open-end plans other than credit cards.

5 CUNA, CUs rebut USA TODAY item

CUNA provides resources so leagues and credit unions can answer questions that may be prompted by a USA TODAY article critical of some CU's payday loan alternatives.

4 CUNA doc helps CUs cope with CARD Act regs

CUNA is working for legislative or regulatory relief for the 21-day notice provisions for open-end credit plans, other than credit cards set, set to take effect Aug. 20. CUNA has created a compendium of information to help credit unions tackle the "horrendous" compliance challenges that loom ahead.

3 IRS issues a new UBIT opinion

The IRS released a new Technical Advice Memorandum stating that income derived by state-chartered CUs from shared-branching arrangements, management services to other credit unions, certain CUSOs, and sales of financial management services and certain insurance products are subject to UBIT.

2 21-day rule: CUNA urges CUs 'document everything'

Starting today, periodic statements sent to members on their open-end loans must be provided at least 21 days before the payment due date in order for a credit union to charge a late fee, report the account as delinquent to credit bureaus, or impose a penalty interest rate.

1 Credit CARD Act: CUNA addresses CUs' FAQs

CUNA has prepared a document to assist state leagues and credit unions with credit unions' questions regarding CARD Act provisions—especially on the 21-day periodic statements provision.

CUNA Calls for Board Nominations

Oct. 17 is the deadline for nominations for eight CUNA Board seats. Nominations and seconds currently are being accepted and voting will begin Oct. 22 and will close on Dec. 19.

To make a nomination, a credit union or league must complete a nomination form and obtain the consent of the candidate, as well as seconding nomination(s). All nominations and seconds must be submitted on the appropriate forms.

The eight directors will take office Feb. 27, 2009, for three-year terms to expire at the adjournment of the 2012 CUNA Annual General Meeting.

To become an eligible candidate for a CUNA director position to be elected by credit unions, an individual must be an employee or voting board member of the nominating credit union. The nomination must be in writing and must be seconded in writing by two other credit unions of the same size group from the district.

Nomination packets may be obtained by calling CUNA at 800/356-9655, ext. 4013; from CUNA's website at www.cuna.coop; or by e-mail to thanson@cuna.coop. Nomination or seconding forms will be accepted by mail, fax or e-mail. All requests for nomination forms will be kept confidential.

Positions up for election are:

- District 1, Class B;
- District 2, Class C;
- District 3, Class A;
- District 3, Class D;
- District 4, Class B;
- District 4, Class D;
- District 5, Class A; and
- District 6, Class C. 🏠

 **CUNA Call for Nominations**
<http://www.cuna.org/cuna/boardelec.html>



>> Notes Bearing Interest

Each Year, CUs Increase Reach of Youth Fin Ed

As Labor Day passes, even the latest-starting schools in the country have launched into a new year—and figures show credit unions will be right there to help educate students about financial matters. In fact, National Youth Involvement Board (NYIB) Chair Brandon Pugh has set a new goal for 2009-2010: He hopes credit unions will reach 400,000 students during the school year.

It's a lofty goal, but seems perfectly attainable based on NYIB data on credit union involvement in recent years. In the 2008-2009 cycle, credit unions taught financial management to 388,843 students in 12,652 presentations despite 19 fewer presenters reporting data for the year. The totals are an increase of 3.9% for students and 12.5% overall for 2007-2008 statistics.



Over five years, credit unions have been increasing their presentations by an average of 12.9% annually, according to the NYIB.

Pugh said recently of the new goal, "Past performance certainly puts 400,000 in reach.

With many state-level mandates taking hold and nationwide attention (to financial literacy) at its peak, credit unions should have plenty of opportunities. We look forward to seeing their reports come in at www.nyib.org." 📧

 **CUNA Personal Finance Initiative**
<http://www.cunapfi.org/>

Member Financial Literacy for Youth and Young Adults
http://buy.cuna.org/static/finlit_youth.html

 Celebrate 100 Years of CU History cuna.org/100years

A TRADITION OF PEOPLE HELPING PEOPLE



RETURN SERVICE REQUESTED

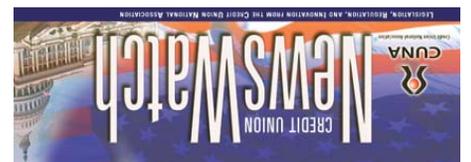


Published 23 times per year by Credit Union National Association, Inc., 601 Pennsylvania Ave., NW, South Bldg., Suite 600, Washington, DC 20004
Lisa McCue, Washington Editor
Phone: (202) 508-6766 • Fax: (202) 638-7716 • newswatch@cuna.coop
Address Changes:
CUNA E&S, P.O. Box 431, Madison, WI 53701-0431; or call (608) 232-8045
To get free instant e-mail delivery instead of regular mail, log on to www.cuna.org and click Permission E-mail Service. Create your profile and check the box for Newsletter - NewsWatch.
© Copyright 2009 Credit Union National Association, Inc. ISSN 0889-5597

FIRST CLASS TIME SENSITIVE MATERIAL

SEPTEMBER 8, 2009

A news service of the Credit Union System,
sponsored by your League, Credit Union National Association



PRESORT
FIRST CLASS MAIL
U.S. POSTAGE
PAID
MADISON, WI
PERMIT NO. 1949