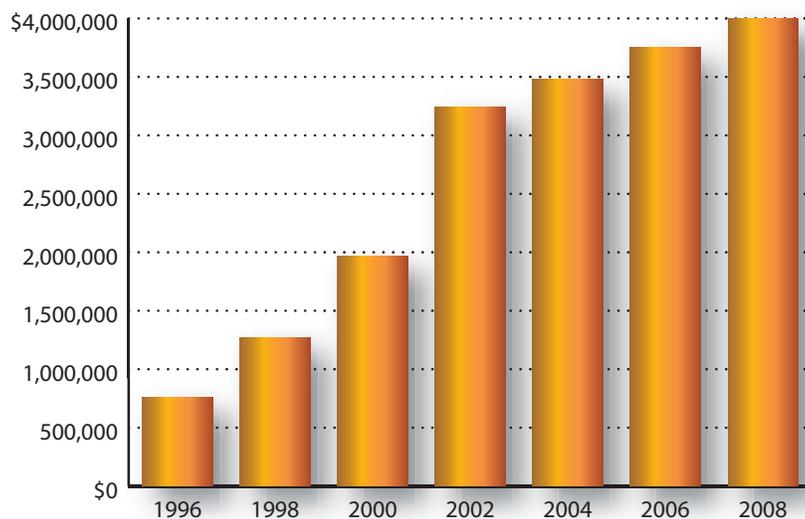


Credit Union Legislative Action Council Receipts By Federal Election Cycle



CULAC Shatters Contributions Record

For the first time, more than \$4 million was raised in an election cycle by the Credit Union Legislative Action Council (CULAC), CUNA's federal political action committee (PAC).

CUNA President/CEO Dan Mica greeted the news by declaring it "a significant milestone that places credit unions in the upper-tier, elite echelon of political action across the nation—an achievement I believe should make credit unions proud and confident for their future."

He attributed the record growth to the hard work and generosity of credit unions and the leagues.

Mica identified the following key points as among

>> ▶ See page 2

CUNA/CFA See Strong Desire to Cut Holiday Spending

The results of the CUNA-Consumer Federation of America (CFA) annual holiday spending survey are in and the numbers show a sharply increased desire among American consumers to spend less this season.

A whopping 55% of respondents told CUNA-CFA researchers that they were planning to cut back this year, and 27% of those indicated they want to spend "much less." Each year from 2003 to 2007 between 30% and 35% said they were planning to reduce spending.

CUNA Chief Economist Bill Hampel said the soaring increase in good intentions may result in decreased spending for the first time in many years.

Not surprisingly, the shaky state of the economy and peoples' concerns about their financial futures were cited as the foremost factor determining consumers' desire to cut back on holiday spending—36% of those who intend to reduce spending said that was their main reason.

Hampel said a primary factor fueling financial anxiety is concern about meeting monthly debt obligations.

CFA Executive Director Stephen Brobeck noted that a record 48% said this was a concern, with 23% indicating they were "very concerned." A year ago, only 40% said they were concerned, and that was amid rocketing gasoline and energy costs. >> ▶ See page 6

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CUNA calls new rules a "good first step."

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President-elect's team reviewing all agencies, including NCUA.

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Credit unions represent Main Street, says Mica.

7| The Front Burner

The top news of interest to credit unions during November.



CUNA Commends FinCEN's Broader CTR Exemptions

CUNA commended last week's announcement by the Financial Crimes Enforcement Network (FinCEN) that it was broadening rules for depository institutions to exempt eligible members or customers from currency transaction reporting as required under the Bank Secrecy Act (BSA).

CUNA called the new rules an improvement and "a good first step for a more efficient and effective reporting structure under BSA."

Among the changes that will be effective 30 days after publi-

cation in the *Federal Register*, credit unions, for instance:

▶ No longer will be required to review annually or make a designation of exempt person (DOEP) filing for depositors who are other depository institutions, U.S. or state governments, or entities acting with governmental authority;

▶ May designate an otherwise eligible non-listed company or a payroll customer after either two months time, down from the previous one-year requirement, or after conducting a risk-based analysis of the legitimacy of the member's transactions;

▶ No longer will be required to biennially renew a designation of exempt person filing for otherwise eligible Phase II members, but an annual review must still be conducted; and

▶ No longer will be required to record and report a change of control in a designated non-listed or payroll member.

Also, FinCEN's guidance on the definition of "frequent" transactions will be changed to five transactions per year instead of the current eight transactions per year. 🏠



New NCUA Executive Director is Old Hand

CUNA offered congratulations to David Marquis upon the NCUA's announcement last week that the current director of its Office of Examination and Insurance will become its new executive director at the beginning of the year.

Marquis will succeed Len Skiles, who announced he will retire from the agency at the end of the year after a 38-year career with the federal credit union regulator.

Marquis began his NCUA career as an examiner in Baltimore in 1978. During his time with the agency, Marquis has served as a supervisory examiner, associate regional director, and regional director as well as deputy director of the Office of Examination and Insurance.

President/CEO Dan Mica said CUNA looks forward to working with Marquis as the new executive director after the first of the year. He also wished Skiles the best in his future endeavors and said Skiles' almost-40 years at NCUA were defined by

"dedicated service... with an eye toward maintaining the strength and independence of the agency."

NCUA Chairman Michael Fryzel called Skiles "an integral part of NCUA for most of its history" and added that "he will leave behind a legacy of excellence."



David Marquis



Len Skiles

CULAC Shatters Contributions Record

▶ From page 1

those that led to the success of the last election cycle:

▶ Fundraising continues to be driven by growth in payroll deductions, a program in place only since 2005. As of Oct. 31, more than 2,800 employees at 113 credit unions, 22 state leagues, and CUNA were contributing to CULAC;

▶ CULAC distributed more than \$2.9 million in contributions this cycle to federal candidates and committees, and participated in 8% of the 470 U.S. House and Senate races on the November ballot;

▶ CULAC spent a record \$528,000 in independent expenditures in three races, one of which resulted in the defeat of an anti-credit union incumbent by credit union friend and Kansas State Treasurer Lynn Jenkins;

▶ More than 92% of CULAC-supported House and Senate candidates won election in November;

▶ CULAC ranked 14th among all federal PACs in direct candidate contributions, and 6th among trade association PACs. The partisan breakdown (52% to Democrats and 48% to Republicans) was tied with only one other organization as the most bipartisan among the nation's 20 largest PACs, based on figures provided by the Center for Responsive Politics).

Mica also noted that CULAC has always relied on grassroots, with an average contribution of just about \$26. 🏠



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CUNA's Mica Meets Obama Transition Team

U.S. President-elect Barack Obama's Transition Team turned its attention to credit unions last week when transition representatives met with CUNA President/CEO Dan Mica and senior staff in Washington.

Obama's Transition Team is reviewing all federal agencies, including the NCUA.

The team's members include former NCUA Board Member Debbie Matz; Scott Wallsten, economics professor at Stanford University; and Gregory Ross-ton, who is the team leader and deputy director of economic policy research also at Stanford.

Among the credit union topics discussed during the Dec. 3 meeting, according to Mica:

▶ The distinct characteristics of credit unions and the overall solid condition of the credit union system;

▶ The need for a strong, independent federal credit union regulator;

▶ How supplemental capital authority could benefit the credit union system;

▶ How lifting the member business loan statutory cap would further the new president's goal to increase the number of jobs created within the small business community;

▶ The need for Treasury to be unbiased about credit unions; and

▶ Why credit unions that need it should have access to assistance either through NCUA or Treasury.

The group also discussed the condition of corporate credit unions, fair value ac-

counting and examination issues.

Mica said Obama's transition representatives appeared to have a good understanding of credit unions and NCUA—and, of course, Matz's three years as an NCUA board member is a plus for credit unions.

"They raised a number of questions to which we responded," said Mica. "We also provided several background materials on facts about the credit union system and issues we are facing."

Mica said CUNA will follow up with the Obama Transition Team during the next few weeks. Afterward, the Transition Team will provide to the Obama Administration a confidential report reflecting views from CUNA and others, he added. ■

Obama Economic Team Needs to Understand CUs

CUNA has been watching with great interest as President-elect Barack Obama builds his economic team for his incoming administration. CUNA President/CEO Dan Mica says Obama's choices so far are highly experienced and well-regarded individuals.

The challenge to the credit union movement once the new president is sworn into office on Jan. 20 is to ensure that the new team has a clear understanding of the role of credit unions in serving 91 million Americans.

The CUNA leader said credit unions also must work to clearly define for the new administration the unique nature of credit unions as cooperative, not-for-profit financial institutions. He added that this goal includes "the vital issue of maintaining an independent regulator and insurance fund for credit unions." (*See related story above.*)

"Developing this understanding is no unusual task for CUNA and credit unions—it is something we have done with nearly every new administration. Yet, we are consistently successful in developing a solid working relationship with each administration and impressing upon each the need to support credit unions whenever considering action related to the financial system.

"We fully expect to be successful again and look forward to working with this new team," Mica pronounced.

Some of the key figures named as candidates for the Obama economic team are:

▶ Former Federal Reserve Board Chairman Paul Volcker to head a new Economic Recovery Board;

▶ Federal Reserve Bank of New York President/CEO Timothy Geithner as Secretary of the U.S. Treasury;

▶ Former World Bank Economist Lawrence Summers as Director of the National Economic Council;

Once instated as the country's chief executive, Obama must formally nominate his candidates for the positions he has designated. They, in turn, must go through a thorough vetting and confirmation process by the U.S. Congress. ■

▶ Seeking CU Comment...

These issues are open for comment by the general public. Credit unions are asked to submit a copy of their comments to CUNA:

▶ **Interim Final Rule: Share Insurance for Revocable Trust Accounts**

Agency: NCUA
Due date: Dec. 15

▶ **Rates and Loan Pools for SBA Loans**

Agency: SBA
Due date: Dec. 15

▶ **Share Insurance Signs to Reflect Increased Limits**

Agency: NCUA
Due date: Dec. 22

▶ **Use of Formatted Remittance Information for Certain ACH Payments**

Agency: NACHA
Due date: Jan. 9

 **Comment Calls**
www.cuna.org/reg_advocacy

Your Attendance at the GAC is Critical



Daniel A. Mica

President & CEO
Credit Union National Association



Be Bold. Be Heard. Be There.

Mark your calendars for the 2009 GAC.

February 22-26, 2009

Change – it's the new watchword in Washington. And it's coming. Come January, 10% of the Senate and 12% of the House will be new. The GAC is our opportunity to make a strong impact early and be sure this new Congress understands who credit unions are, how we're different, and what we do, especially in today's economy, to help our members and our communities. The country is gripped by a financial crisis. But there is a saying that "in every crisis, there is opportunity." For credit unions on Capitol Hill, this is our opportunity to show legislators we were not part of the problem and in fact are an essential part of the solution.

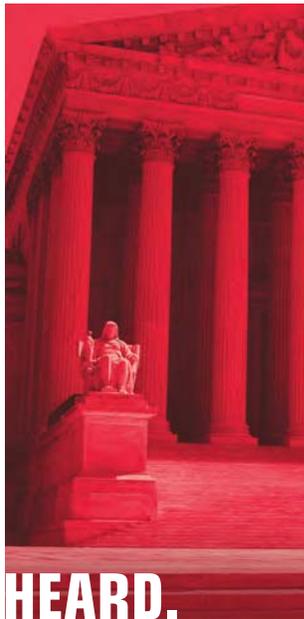
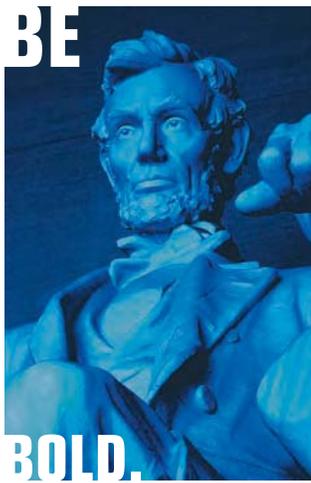
We can do even more to help the economy with the MBL cap lifted, with the growth potential that comes from capital reform, with more flexibility to reach out to new members. All of these changes are at the top of our priority list when credit unions meet with their members of Congress. We need as many as possible to come to the GAC and help us state our case. This is a unique opportunity and we must make the most of it.

Attend the '09 GAC, where credit unions make their voices heard!

Register at gac.cuna.org

gacinfo@cuna.coop

800-356-9655 ext. 5700



GAC Kick-Off Sunday Event

Gary Sinise & the Lt. Dan Band

The **Lt. Dan Band** was formed by actor/musician Gary Sinise and Chicago composer Kimo Williams. Sinise is best known for his role as Lt. Dan in *Forrest Gump* and for his starring role in the TV series *CSI: NY*. The band has completed six tours for the USO and performs regularly for troops stationed around the world.



Presented by CUNA Councils

Keynote Highlights



Paul Begala

CNN political analyst

Tucker Carlson

MSNBC senior correspondent

Unique Perspectives From Inside the Beltway

Paul Begala and **Tucker Carlson** will share their diverse political insights, with a face-off that will offer an entertaining and informative look at the new Congress and White House.



Steve Forbes

Chairman and CEO of Forbes Inc. and editor in chief of Forbes magazine

America's Economic Outlook and Opportunities

An influential pro-growth advocate and lauded economic commentator, **Steve Forbes** is one of the most highly respected businessmen of our time.



Al Roker

America's Most Loved Weatherman, host of NBC's *Today Show*, and best-selling author

Let a Smile Be Your Umbrella

To close the GAC on a lighter note, **Al Roker** brings to the podium the same charisma and sense of humor that have propelled him to number one in America's hearts.

HOUSING INFORMATION

Make your lodging reservations by visiting gac.cuna.org and click on housing. This link will take you to the Housing Bureau, where you can choose from 13 comfortable hotels near the convention center. Shuttle service is provided Sunday through Thursday for each of these official conference hotels.



CUNA GOVERNMENTAL AFFAIRS CONFERENCE
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>> Special Report

CUNA/CFA See Strong Desire to Cut Holiday Spending

▶ From page 1

Also named as factors contributing to lower spending plans this year: 22% said they had less money; 12.5% cited a desire to save or reduce debt; 10.5% pinned it on higher prices; and 9% said they have less income.

The CFA/CUNA report is based on the recent survey of more than 1,000 representative adult Americans by

Opinion Research Corporation.

Each year, CUNA and the CFA hold a major press event to announce survey results. The media attention is used also to bring consumers' attention to CUNA-CFA tips to avoid falling into a seasonal debt trap.

CFA's Brobeck pointed out a little planning can help consumers substan-

tially reduce their holiday spending without sacrificing holiday quality. Such steps as making a spending budget, comparison shopping, and quickly paying off holiday debts are among the best ways to keep spending in control, according to CUNA and the CFA.



CUNA Chief Economist Bill Hampel presents findings of the CUNA/CFA Holiday Spending Survey at the National Press Club in Washington, D.C. (CUNA photo)



A phalanx of television journalists prepare to cover the results of the annual CUNA/CFA holiday spending survey. (CUNA photo)

▶ Mica on FOX TV

CUNA President/CEO Dan Mica was among those that FOX Business Network tapped Dec. 1 for reaction to Fed Chairman Ben Bernanke's comments on the economy.

In a live interview with FOX Business News right after Bernanke concluded his remarks and Q&A session, Mica said the Fed chairman's comments reinforced what the country already knows—that the economy is troubled.

"I represent Main Street and you didn't have to wait until today for an official declaration of a recession. People out there have known for months...that we were having severe problems. People also know that it is going to be very tough next year. There isn't a small business on Main Street looking forward to the next year with any joy or glee."

Mica also predicted a busy 2009 in the U.S. Congress as federal lawmakers parse the government's actions in response to the financial meltdown.



CUNA's Dan Mica on FOX TV. (CUNA photo)



>> Notes Bearing Interest

▶ The Front Burner

The most viewed news stories on cuna.org during November 2008 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 Compliance: Disability Act changes affect CUs
Recent changes to the Americans with Disabilities Act (ADA) can affect a credit union's operations. Do know how, quizzes the CUNA's *Compliance Challenge*.

9 Nation's first CU turns 100 today
Today is the 100th anniversary of America's first credit union—St. Mary's Bank, located in Manchester, N.H.

8 Leagues analyze state election results
Results are coming in after Tuesday elections, and credit union leagues are reporting their successes.

7 Laptops stolen from auditors may have members' info
Two Oregon credit unions have notified members that laptops stolen from outside auditors may have contained their names, account numbers and balances for certain types of deposit accounts, but not critically sensitive information.

6 Six blocked from future CU activity
The NCUA has issued orders prohibiting six individuals from participating in the affairs of any federally insured financial institution.

5 NCUA accelerates to 12-month exam schedule
Extraordinary economic times and an incumbent need to be proactive rather than reactive in credit union regulation spurred the NCUA to approve an accelerated schedule for risk-based examinations.

4 NCUA issues 'red flags' exam guidance
The NCUA said Friday that for credit unions not in compliance as of Nov. 1 with the identity theft "red flags" rule, examiners will consider the credit union's progress and compliance efforts to date when developing appropriate plans for corrective action.

3 Compliance: FACTA address violations
The Fair and Accurate Credit Transaction Act (FACTA) identity theft red flag regulations require credit and debit card issuers to validate an address whenever they receive a request for a replacement or additional card. Is this true or false, asks CUNA's *Compliance Challenge*.

2 Mica to address CU challenges in live Nov. 19 webinar
The challenges presented to credit unions as a result of the financial crisis will be addressed in a special live nationwide webinar featuring CUNA President/CEO Dan Mica, Nov. 19 at 2 p.m. ET.

1 NCUA announces mortgage help plan for CU members
NCUA Chairman Michael Fryzel unveiled an initiative Tuesday to help credit union members, who are experiencing mortgage-related financial difficulties, preserve their home ownership.

2009 Will Bring a Bankruptcy Law Focus

There was a focus on bankruptcy in the 110th Congress and it will only be amplified in the 111th as the country is officially in a recession, says CUNA.

Ryan Donovan, CUNA vice president of legislative affairs, adds, "We fully anticipate Congress will take a very close look at the bankruptcy code."



Ryan Donovan

He said the Senate Judiciary Committee's announcement of a field hearing last week titled "Credit Cards and Bankruptcy: Opportunities for Reform" hearing can be viewed as a harbinger of things to come in Congress next year.

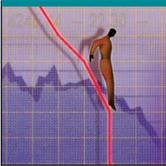
"While the focus of the bankruptcy discussion in Congress most recently has revolved around mortgage cram-down proposals, this hearing and others indicate there may be an appetite to go further in the new Congress," Donovan said.

As member-owned cooperatives, credit unions attempt to work with their members in an effort to help them either avoid the need to file for bankruptcy, or use it in a way that can put them back on the road to a sound financial standing.

On April 20, 2005, President Bush signed into law S. 256, the Bankruptcy Abuse Prevention and Consumer Protection Act. More recently, the Congress has floated proposals to roll back the landmark law, which CUNA strongly supported.

CUNA's three priorities in the 2005 legislation were: Protecting the ability of credit union members to voluntarily reaffirm their debts with their credit unions; inclusion of a meaningful "means test;" and inclusion of mandatory financial education provisions. ■

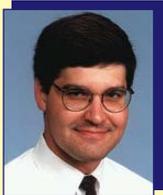
 **Legislative Issues A-Z**
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>> The Marketplace

CUNA Posts 3Q CU Profile Report

CUNA's third-quarter Credit Union Profile report has been posted on CUNA's website.



Mike Schenk

The newly posted profile report includes a credit union financial summary, based on recently released NCUA call report data; a summary of recent economic data; and a consensus forecast that was completed last week by CUNA economists.

"The third-quarter credit union financial results reflect a continuation of earnings pressures stemming, in large part, from declines in asset quality," said Mike Schenk, CUNA senior economist.

"The profile report notes, however, that credit unions have near-record

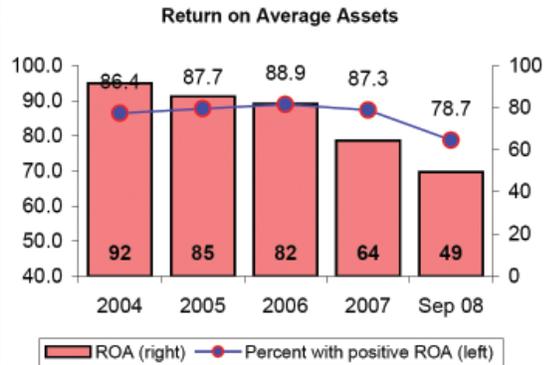
levels of capital and seem well-positioned to weather the current storm. More than 98% of credit unions are 'well capitalized' with Prompt Corrective Action net worth-to-asset ratios greater than 7%," Schenk said.

"CUNA's outlook calls for slower economic growth, with substantial deterioration in labor markets over the forecast horizon. The economic weakness will mean that short-term rates will remain low through 2009, and the resulting fairly steep yield curve should ease some credit union bottom-line pressures," Schenk said.

Compared to the previous consensus outlook, CUNA's new 2009 forecast reflects slightly faster credit union sav-

* Earnings are healthy but pressures are evident

Most obvious challenges in states with big real estate declines



ings growth, slightly slower loan growth, marginally lower asset quality and healthy but lower earnings, he added.

Credit unions can download the report by using the link.

CUNA Third Quarter CU Profile Report
<http://advice.cuna.org>

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Published 23 times per year by Credit Union National Association, Inc., 601 Pennsylvania Ave. NW, South Bldg., Suite 600, Washington, DC 20004
Contact: David Klavitter, vice president, editorial, editorial@cuna.coop
Phone: (202) 508-6767 • Fax: (202) 638-7716 • newswatch@cuna.coop
Address Changes:
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DECEMBER 8, 2008

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