



Tom Gaines, chairman of the CUNA Examination and Supervision Subcommittee and president/CEO of the Tennessee Credit Union League, tells the three-member NCUA Board that CUNA believes any potential capital deficiency among credit unions due to the financial meltdown is likely to be modest—given that overall credit union net worth is about 10.5%. (CUNA photo)

NCUA Will Consider 15% Budget Increase

The NCUA held its 2009 budget briefing and unveiled projections that anticipated a 15% increase to \$182.9 million, and an additional 85 staffers. NCUA Executive Director Len Skiles said the staff increase to accommodate program modifications is “necessary to address the current turbulent economic environment.”

The most significant NCUA program changes under consideration would add additional staff, implement a 12-month examination cycle, develop a national examiner team to conduct high-risk exams, and centralize credit union chartering in 2009.

The NCUA’s proposed budget includes \$12.8 million >> [See page 3](#)

Election Results Good for CUs

The strong involvement of CUNA, state leagues and credit unions had a big pay-off in the Nov. 4 federal election results. More than 90% of CUNA/league-backed candidates for the House and Senate won their bids.

Credit union forces provided contributions, campaign support, and foot soldiers to knock on doors and assist on phone banks for candidates of their choice.

CUNA also pushed the envelope a little further this election cycle by launching a first-time effort to unseat an incumbent in favor of a more credit union-friendly candidate. CUNA funded an independent expenditure (IE) in support of Kansas State Treasurer Lynn Jenkins (R)—a long-time credit union advocate—who defeated Rep. Nancy Boyda (D-Kan.).

In another closely watched race, the efforts of CUNA, the Pennsylvania CU Association (PCUA) and credit unions helped push credit union champion Paul Kanjorski’s (D-Pa.) reelection bid to victory.

The 12-term congressman, who is the original sponsor of the Credit Union Regulatory Improvements Act (CURIA, H.R. 1537) and other credit union legislation, was in an extremely tight race. He ultimately received 52% of the vote in Pennsylvania’s 11th Congressional District, prevailing over challenger Lou Barletta, the mayor >> [See page 2](#)

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>> Governmental Affairs

CUNA Looks Forward to CU Work Under Obama

CUNA has good relationships with leaders from both political parties and welcomes the election of President-elect Barack Obama as an opportunity to continue to work for progress on credit union legislative priorities, said CUNA Senior Vice President of Legislative Affairs John Magill last week after the country made its choice of president.



John Magill

Magill said of the election results, "Credit unions serve and represent the interests of their member-owners—the every-day Americans who are this country's voters. CUNA, in working to help credit unions better serve their members, maintains good working relationships with political leaders from both parties."

He added, "We look forward to working with President-elect Obama on credit union legislative priorities, such as freeing up credit through increased member business lending authority and by establishing a risk-based

capital system for credit unions."

Inauguration day is more than two months away—Jan. 20. However, both the House and Senate have announced intentions to return for a lame duck session the week of Nov. 17—and perhaps another such session in December.

A lame duck session is a good development for credit unions. "The Senate is where CUBTRRA now sits," Magill said, referring to the Credit Union, Bank and Thrift Regulatory Relief Act (H.R. 6312), approved by voice vote in the House on June 24.

"Clearly there is precious little legislative time left on the 2008 clock. But a so-called lame duck session in the Senate, will give us another shot at getting regulatory improvements through the Senate this year." The bill provides about a dozen improvements for credit unions. ■

CUNA Legislative Affairs
www.cuna.org/gov_affairs

Election Results Good for CUs

From page 1

of Hazleton, Pa.

PCUA President James McCormack said at least 70 credit union volunteers helped Kanjorski in his fight to retain his House seat. Also, CUNA worked with the Pennsylvania league and five credit unions to send direct-mail pieces to 18,000 member households containing 24,000 voters.

In the Midwest, the Minnesota CU Network (MnCUN) for the first time endorsed a candidate, Republican Erik Paulsen, who won Minnesota's only open seat. Paulsen's strongest opponent in the race considered a plan to remove the credit union tax exemption to fund small business health insurance benefits.



CUNA Senior Vice President of Political Affairs Richard Gose (right) discusses with Rep. Paul Kanjorski (D-Pa.) the elections during Gose's visit to Kanjorski's campaign in his district in Pennsylvania two weeks before Election Day. Gose spoke to credit unions about Kanjorski, a long-time credit union champion. It was the third trip CUNA staff have made to the district during the campaign. (Photo provided by Penn. Credit Union Association)

Political Affairs
cuna.org/pol_affairs

New e-Filing Program Deadline

An important Financial Crimes Enforcement Network (FinCEN) reminder notes that as of Jan. 1, the agency will require any electronic filing of Bank Secrecy Act (BSA) information to be executed through a new BSA Electronic Filing program.

FinCEN announced the new program in July and said it was part of its effort to make BSA filing requirements more "secure, efficient, and effective." FinCEN is retiring its BSA Magnetic Media Filing Program in favor of the new program.

The magnetic media filing has required credit unions and other financial institutions to submit BSA reports using tapes and diskettes. The more secure BSA e-Filing is a web-based system that is user-ID and password protected. Importantly, it does not require storage media.

Access the FinCEN website to find details on registration and see an overview of BSA e-Filing. ■

FinCEN BSA e-Filing
bsaefiling.fincen.treas.gov

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CURIA, H.R. 1537
www.cuna.org/gov_affairs

AS OF 11/10/08

CUNA to Congress: MBLs are Important to Recovery

If Congress lifted the member business lending cap to help the nation's economy, credit unions could provide \$10 billion of new credit to small businesses within the first 12 months of that action.

In a recent letter to key lawmakers, CUNA pointed out that amount would be in addition to the approximately \$30 billion already in outstanding business loans provided by credit unions.

The letter was sent to House Small Business Committee Chairwoman Nydia

Velázquez (D-N.Y.) and ranking minority member, Rep. Steve Chabot (R-Ohio) as the small business panel conducted a hearing on "Creating Opportunities for Small Business in Economic Recovery."

CUNA reminded that for over the almost 100 years of credit union history in this country, member business lending was unrestricted until the 1998 Credit Union Member Access Act (CUMAA, H.R. 1151).

"Credit unions with business lending experience are in a position to assist

small business owners. As a part of a comprehensive approach to make credit more available to small business owners, we encourage Congress to enact legislation eliminating the decade-old cap on credit union member business lending," the CUNA letter said.

"We know credit unions cannot be the entire solution to the problems we face," CUNA wrote, and pledged, "but credit unions stand ready, willing and able to assist in the recovery." 

 **CUNA's Complete Letter**
www.cuna.org/download/congress_letter_102808.pdf

NCUA Board: Report, Sign, and Incidental Powers

At its most recent open board meeting, the NCUA updated categories of activities for federal credit unions preapproved under incidental powers, proposed simplifications to share insurance sign requirements for federally insured credit unions participating in shared branching networks, and reviewed the third-quarter NCUSIF report.

The NCUSIF equity level is 1.28% and expected to be at that level at the end of this year. That precludes a possibility of an NCUSIF dividend, but also indicates also that a premium may not be required. However, additional losses and expenses will affect that decision.

Other important NCUSIF information includes:

The temporary increase in insurance coverage to \$250,000 will not require a premium or adjustment to the 1% deposit;

There are currently 246 CAMEL 4 and 5 credit unions, a slight increase from 211 at the end of last year. However, the percentage of total insured shares at those credit unions is double last year's percentage; and

The total insurance loss expense for 2008 so far is estimated to be \$152 million, and is expected to increase by \$13.5 million in between Sept. 30 and year end.

In the other board actions, the final incidental powers rule added examples of activities that are currently permissible for federal credit unions. The NCUA staff also clarified that, upon request, credit unions may seek a determination by NCUA whether a certain activity qualifies as an incidental power.

Regarding the share insurance sign proposal, the board approved a 30-day comment period for a plan to simplify requirements for federally insured credit unions participating in shared branching networks.

Both the incidental powers rule and the share insurance sign proposal are available on the NCUA website. 

NCUA Will Consider 15% Budget Increase

 *From page 1*

to hire and train 100 additional examiners, five problem case officers, five risk management officers, and additional support staff.

Tennessee CU League President/CEO Tom Gaines, commenting on CUNA's behalf at the briefing, suggested that the NCUA should carefully utilize existing resources and consider greater use of contracted help rather than hiring new employees in some cases.

CUNA backed up its briefing comments with a Nov. 7 comment letter to each member of the NCUA Board. CUNA wrote that it always supports sufficient funding for the agency, but urged cost efficiencies especially in light of current economic challenges.

Gaines, who is chairman of CUNA's Examination and Supervision Subcommittee, urged the NCUA to consider creating temporary relief programs for credit unions, in light of the economic downturn. He indicated that NCUA should work with CUNA and Treasury to ensure credit unions also have access to Treasury's programs, if necessary.

The NCUA Board is scheduled to consider the budget at its Nov. 20 open board meeting. 

 **NCUA budget presentation (pdf download)**
www.ncua.gov/ReportsAndPlans

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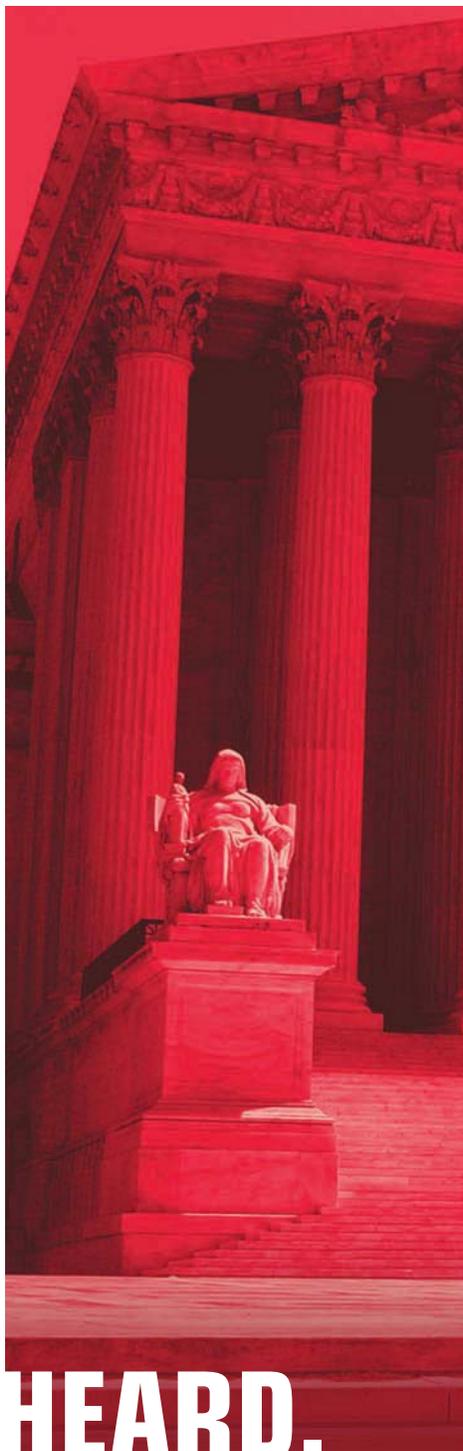


BOLD.

The **2009 CUNA GAC** is your time to step up, tell your story, and make a difference. This event also gives you the opportunity to hear from influential Washington policy makers and network with peers.



Register at gac.cuna.org



HEARD.

Uncertainty in the financial industry requires you to be vocal about what credit unions offer. In a year that will see a new Congress and Administration, the GAC is your opportunity to visit Capitol Hill and ensure lawmakers understand our tradition of people helping people.

Be Bold. Be Heard. Be There.

Mark your calendars for the **2009 GAC**.

February 22-26, 2009

gacinfo@cuna.coop



THERE.

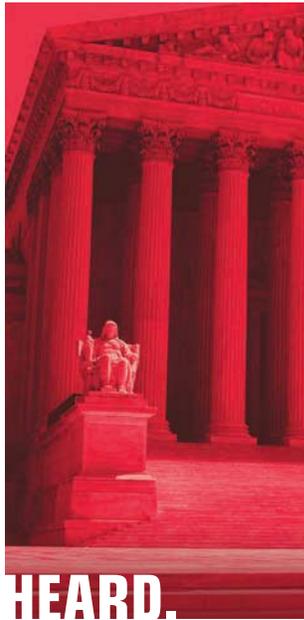
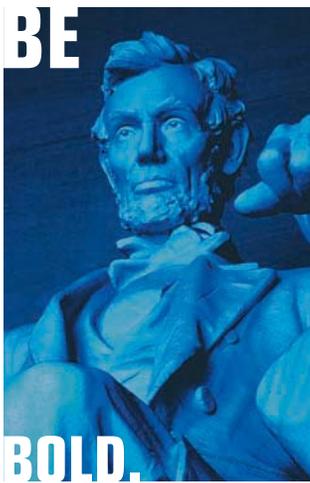
The greater the number of attendees, the bigger the impact you can make on the Hill. And this year's conference promises to be extra special, as we celebrate 100 years of America's credit unions and the 75th anniversary of CUNA and the Federal Credit Union Act.



CUNA GOVERNMENTAL AFFAIRS CONFERENCE

FEBRUARY 22-26 • WASHINGTON, D.C.

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

(more coming soon!)



Paul Begala

CNN political analyst

Tucker Carlson

MSNBC senior correspondent

Steve Forbes

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

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.

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.



"In response to the housing and credit crises that has gripped our nation, we know policy makers will be giving close scrutiny to the regulatory scheme and structure that governs the financial sector. At such a critically important juncture, it is essential that we make our voices heard. The GAC—where we bring together thousands of credit union representatives—presents a unique opportunity to have a powerful and lasting impact."

CUNA President and CEO Dan Mica

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 GOVERNMENT AFFAIRS CONFERENCE
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>> Regulatory Affairs

New Online CU Expands Cooperative Reach

CUNA welcomed last week's announcement that Realtors FCU, headquartered in Rockville, Md, was granted a charter to serve members and employees of the National Association of Realtors (NAR).

Realtors FCU will operate as an Internet-based credit union without physical branch locations.

The credit union plans to offer a wide range of products and services, to include share drafts, ATM services

and debit cards, Internet banking and electronic bill paying, courtesy pay, mortgage and home equity loans, and an audio response system. The credit union will have a national field of membership.

"CUNA offers its warm welcome and hearty congratulations to the National Association of Realtors on its success in establishing a credit union for its members," declared CUNA President/CEO Dan Mica. "The technological

innovation that will allow the new Realtors FCU to provide online credit union access to its 1.2 million members across the country is laudable in that it expands the reach of cooperative financial institutions."

The charter was presented Friday at the NAR annual convention in Orlando.

Tom Dorety, president/CEO of Suncoast Schools FCU, Tampa, Fla., attended the presentation on behalf of CUNA as its chairman. ☝

NCUA Working for Non-Interest Account Coverage

The NCUA is actively pushing for parity for credit unions by requesting credit union inclusion in the U.S. Treasury Department's expanded deposit insurance coverage of non-interest bearing deposit accounts.

"Based on the belief that the policies of the National Credit Union Share Insurance Fund (NCUSIF) should be generally consistent with those of the (Federal Deposit

Insurance Corp.) FDIC, I believe that there should be full share insurance coverage for non-interest-bearing transaction accounts temporarily through 2009," NCUA Chairman Michael Fryzel stated recently.

The agency head sent a letter to Treasury Secretary Henry Paulson requesting a parallel guarantee for credit unions "in order to avoid any unintended impact on

the credit union system."

The FDIC program for insured banks and thrifts includes the FDIC guarantee for all funds in such non-interest bearing deposit accounts. Under the program, for the first thirty days all insured banks and thrifts would be covered. After that time, the accounts at institutions that do not opt out and thus agree to a 10-basis point insurance assessment will be covered.

Earlier, CUNA President/CEO Dan Mica wrote to the NCUA board to warn that federally insured credit unions will be competitively disadvantaged unless federal regulators move quickly to provide full share insurance coverage for non-interest bearing transaction accounts. ☝

► Compliance: Hope 4 Homeowners Lenders

The Federal Housing Administration's (FHA's) new Hope for Homeowners (H4H) Program lets lenders refinance certain delinquent mortgages to help borrowers hang onto their homes.

All FHA-approved lenders are allowed to originate mortgages under the temporary H4H program—so credit unions that offer FHA loans are qualified. Participation is voluntary.

The program was created by the Housing and Economic Recovery Act of 2008, signed into law in July. Roughly 80 lenders had been cleared to participate as of the beginning of October—with thousands more inquiring about the program.

The H4H Program allows certain borrower facing mortgage difficulties to refinance into a 30-year fixed-rate FHA-insured mortgage. H4H is effective

for endorsements on or after Oct. 1, 2008 through Sept. 30, 2011.

The program asserts at least 11 eligibility requirements for borrowers, including:

- ▶ The mortgage involved is for their primary residence, and they have no ownership interest in any other residential property, such as second homes;
- ▶ Their existing mortgage was originated on or before Jan. 1, 2008, and they have made at least six payments;
- ▶ They are not able to pay their existing mortgage without help; and
- ▶ As of March 2008, their total monthly mortgage payments due were more than 31% of their gross monthly income.

🖱️ **H4H Webpage**
www.hud.gov/hopeforhomeowners

🖱️ **Daily Credit Union News**
www.cuna.org/newsnow

🖱️ **Watch video and learn more online**
www.cuna.org/power



>> Notes Bearing Interest

▶ The Front Burner

The most viewed news stories on cuna.org during October 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 CUs poised to prosper during downturn, says CUNA
Conservative lending practices, favorable rates and a liquidity base primarily comprised of member deposits have well positioned U.S. credit unions to weather what economists are now calling a pending recession.

9 NCUA confirms Nov. 1 enforcement of Red Flags rule
CUNA confirmed with the NCUA Thursday that it has no plan to delay the effective date for enforcement of the Identity Theft Red Flags rule for federal credit unions.

8 'Good Morning America' on bank fees: Check out a CU
On a consumer financial segment aired Tuesday morning on "Good Morning America" titled "Bank Fees Out of Control," viewers were encouraged to check out credit unions as an alternative to banks.

7 NCUA changes revocable trust coverage
The NCUA Friday announced changes to simplify its rule determining the coverage available on revocable trust accounts—commonly called payable-on-death accounts or living trust accounts.

6 NCUA ad campaign focuses on share insurance
The NCUA said yesterday it will embark on a national advertising campaign to ensure members know their money at federally insured credit unions is backed by the full faith and credit of the U.S. Government.

5 Senate passes rescue with deposit insurance boost
The U.S. Senate voted 74-25 last night to approve a multi-billion dollar financial rescue package that included a temporary increase in federal share and deposit insurance coverage.

4 Two CUs closed, total now 13
The NCUA has liquidated a \$6 million-asset credit union in West Virginia and a \$1.8 million-asset credit union in Texas, bringing the total number of federally insured credit unions to be closed this year to 13.

3 NCUA updates graphics for \$250K insurance
The NCUA said yesterday it has updated its collection of printed and online materials that communicate increased federal share insurance to consumers.

2 'Red Flags' delay for state-chartered CUs
Just about a week after federal credit union, bank and thrift regulators approved the examination procedures required to determine a financial institution's compliance with rules regarding identity theft "red flags," the Federal Trade Commission said it will suspend enforcement of the rule for six months until May 1, 2009.

1 \$250K NCUSIF coverage effective immediately
Friday's passage of the Emergency Economic Stabilization Act of 2008 will require the NCUA to immediately increase share insurance protection to \$250,000 on all types of accounts until Dec. 31, 2009.

Resolutions Accepted for CUNA Annual Meeting

In preparation for the CUNA Annual General Meeting (AGM), CUNA's Corporate Governance Committee is asking member credit unions and leagues to submit resolutions no later than Jan. 9, 2009.

Resolutions deemed appropriate by the committee will be presented for discussion and vote at the AGM on Feb. 23 in Washington, D.C. Adopted resolutions will move forward as recommendations to the CUNA Board.

Suggested resolutions can be sent by:

- ▶ Mail: Office of the Corporate Secretary, CUNA, P. O. Box 431, Madison, WI 53701-0431
- ▶ E-mail: thanson@cuna.com
- ▶ Fax: 608/231-4874

 **CUNA Governance**
www.cuna.org/cuna

Live Mica Webinar to Address CU Challenges

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 on Nov. 19 at 2 p.m. ET.

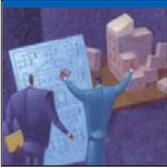
The Internet-based video conference—open to all CUNA-affiliated credit unions at no charge—will focus on the financial crisis and how credit unions can leverage their "white hat image" to help minimize the impact of the crisis on credit union members, as well as the nation itself.

"We are developing a vision for how credit unions can work for their members and the nation, through the Congress and the regulatory agencies, to help them through these difficult times," Mica said.

"The Congress will have a 'working majority,' meaning that if they decide to do something, they can move very fast. We are going to need to be ready to act in any number of ways."

Use the link below to learn more and to register for the Nov. 19 webinar. 

 **Live Mica webinar information**
<http://tinyurl.com/6b8qyf>



>> Serving the Community

Celebrate 100 Years of CUs

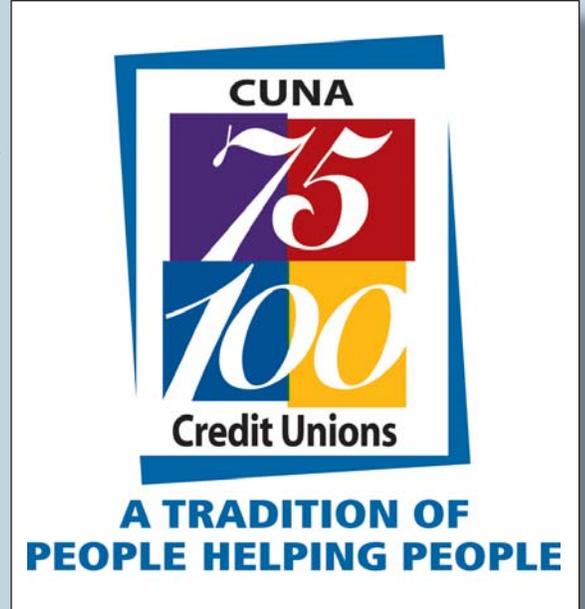
Credit unions have embarked on a year-long celebration in honor of their centennial in the United States and their innumerable contributions to consumer finance. In that spirit, CUNA provides resources to help credit unions and their members celebrate.

The anniversary is not pegged to a single hard date but encompasses a rolling series of events.

For example, the first U.S. credit union, St. Mary's Bank CU, was organized in Manchester, N.H., in November 1908. A few months later, in April 1909, the first credit union law was passed in Massachusetts. June will mark the 75th anniversary of President Franklin Roosevelt signing the Federal Credit Union Act of 1934, which established a federal framework for credit unions.

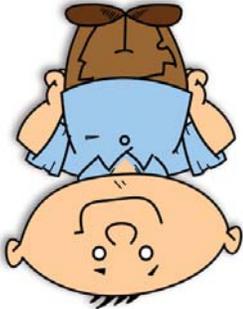
"Today, as we have throughout our history, credit unions like ours are playing an invaluable role by providing stability in financial services to consumers, maintaining a ready source of affordable credit, and offering our members a safe and sound depository for their savings," said CUNA President/CEO Dan Mica. "Credit unions are built on a tradition of people helping people—a tradition that continues today and that captures the spirit of America."

For more information and celebratory resources, visit CUNA website using the link below. 



 **Credit Unions 100 Year Anniversary**
www.cuna.org/100years

 www.lookoutforthebigguy.org
Look Out for the Little Guy



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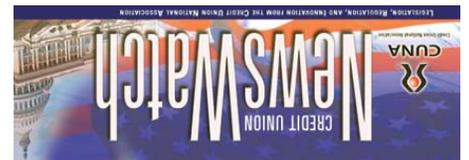


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FIRST CLASS TIME SENSITIVE MATERIAL

NOVEMBER 10, 2008

A news service of the Credit Union System,
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