



CUNA staffers and other credit union supporters distributed more than 4,000 chocolate coins to commuters on the House and Senate sides of Capitol Hill last month. The coins urged recipients to visit www.lookoutforthelittleguy.org. (CUNA photo)

'Little Guy' Reminds Lawmakers about CUs

In the final days before the summer recess, Capitol Hill commuters—especially congressional staff—were greeted last month with chocolate coins celebrating the “Little Guy” and his website.

The coins, developed by CUNA as part of its “Change the Conversation” program, were emblazoned on one

side with the words “Credit Unions are big on people, not profit.” On the other side, the coin stated: “For another treat, visit www.lookoutforthelittleguy.org.”

“Our mission in the ‘Change the Conversation’ program is to talk about credit unions in clear, undistorted >> [▶ See page 6](#)

Mica: Corporates Are Feeling Strain, but Remain Strong

CUNA President/CEO Dan Mica pointed out that an Aug. 11 story in *The Wall Street Journal* about corporate credit union balance sheets reports what corporates have been telling their member credit unions for some time—that they do have some investments that are feeling the strain of the mortgage crisis, but the unrealized losses are expected to recover over time as the housing market improves.

Mica’s comments were in response to the front page *Wall Street Journal* story entitled “Mortgage-Market Trouble Reaches Big Credit Unions.”

Mica said NCUA also has been on the case, as evidenced by its June Letter to Credit Unions, which addressed the impact of the current mortgage market on corporate credit unions. It pointed out steps corporate credit unions have been taking to address their continued safety and soundness in the downturn in the housing market.

Mica also reiterated, as NCUA’s Kent Buckham and the corporate representatives did in the story, that CUNA is confident the likelihood of significant realized losses is very remote. Also, the investments at issue continue to pay interest and principle on schedule.

In addition to NCUA, the national rating agencies and the corporates’ financial auditors have

>> [▶ See page 7](#)

Inside

2 | Opposition to Interchange Bills Continues

CUNA sends letter to all U.S. House members.

3 | Hood Explains CU Share Insurance in Video

Production is a recap of national CUNA radio show broadcast.

6 | Mica: 2009 to be a Busy, Busy Year

CUNA leader tells *Washington Post* columnist.

7 | The Front Burner

The top news of interest to credit unions during July.



>> Legislative Affairs

CUNA Drumbeat Against Interchange Bill

Last Wednesday, CUNA sent a letter to all members of the U.S. House of Representatives urging them to reject a bill that could exacerbate the pain of higher auto fuel prices for consumers by setting arbitrary limits on interchange fees.

Also, CUNA continues its work to oppose a bill that would give merchants an antitrust exemption to negotiate interchange fees.

Although that bill, The Credit Card Fair Fee Act (H.R. 5546), narrowly squeaked by the House Judiciary Committee last month with a 19-16 vote, recently four members of the U.S. House of Representatives urged leadership to commence a full House vote on the measure.

CUNA believes that the tight committee vote and a short remaining legislative calendar will combine to preclude a final vote on an interchange bill this year. However, CUNA President/CEO

Dan Mica has said that CUNA does not assume the effort to impose government intervention in setting interchange fees is dead.

Mica has pledged CUNA will remain active on the Hill in “beating the legislative drums against floor consideration and passage.”

Just last week, CO-OP Financial Services joined the effort of CUNA and others to oppose and educate legislators about H.R. 5546.

CO-OP President/CEO Stan Hollen said, “At a time when economic conditions are straining earnings at virtually all credit unions, a material decline in interchange income would likely result in reduction or elimination of rewards programs and increased fees to members.”

 **Legislative Issues for CUs**
www.cuna.org/gov_affairs

Changes to Student Loan Bill Made for CUs

Two CUNA-sought changes were included in a federal higher education bill approved by the House and Senate prior to the August recess. The changes involved provisions in an original bill that could have adversely affected university-sponsored credit unions.


The bill in question is the Higher Education Opportunity Act, which reauthorizes the Higher Education Act of 1965. The 2008 bill significantly amends the law that governs federal higher education programs, including financial assistance for students.

The House and Senate had approved slightly different versions of the legislation and CUNA won changes in a “conference report” version of the legislation prepared for final approval.

CUNA was concerned that the bill as originally passed by the House would prohibit university-sponsored credit unions from using the name of their educational institution in marketing the lender’s private educational loans.

“We sought and received language that should provide credit unions that are named for a university sufficient latitude to market their student loans—provided that they do not imply that the loan is made by the university and not the financial institution,” said Ryan Donovan, CUNA vice president of legislative affairs.

Also, CUNA won an exemption for credit unions to a 50% rule that the act granted national and state-chartered banks. Specifically, the bill would impose a 50% limitation stating that an eligible lender cannot have as its primary credit function the making or holding of federal student loans.

The bill provided an exemption for national banks with assets under \$1 billion and CUNA secured that exemption for credit unions. 

▶ New Mortgage Foreclosure Protections for Servicemembers

Credit unions should be aware that a recently enacted housing law provides some immediate protection to servicemembers having trouble making mortgage payments, CUNA has advised.

The Housing and Economic Recovery Act was signed into law late last month. It is meant, in part, to mitigate burgeoning mortgage foreclosures in a stressed housing market.

That new law amends the Servicemembers Civil Relief Act (SCRA) by:

▶ Offering nine months of protection (formerly 90 days) from mortgage foreclosures for returning servicemembers after they separate from active duty. This provision remains in effect until Dec. 31, 2010; and

▶ Extending the SCRA’s six percent interest rate cap for one year (formerly 90 days) beyond the period of military service if the debt is a mortgage, trust deed, or other security in the nature of a mortgage.

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>> Regulatory Affairs

Hood Explains CU Share Insurance in Video

NCUA Vice Chairman Rodney Hood appears in an online presentation that explains credit union share insurance.

The presentation is derived from comments Hood made last spring on "Home and Family Finance Radio," presented by America's Credit Unions. He answers questions—that the agency says consumers have been posing lately—in a three-minute audio/video presentation now playing on CUNA's consumer website, www.creditunion.coop.

In the presentation, Hood explains in clear, familiar terms, how credit union savings are federally insured by NCUA, the role of NCUA as the federal savings insurer of credit unions, and the scope of federal share insurance.

Watch the complete video online using the link below. 🏠

👉 **Online video**
www.creditunion.coop/download/video/Hood/ncua_insurance.html



Compliance Challenge

Q: ABC FCU maintains an account for Jennifer. Jennifer and her partner, Jasmine, were married in California, which permits same-gender unions. Jennifer wants to add Jasmine to her account as a beneficiary. Would Jasmine be considered a "qualified beneficiary" and therefore entitled to separate share insurance coverage up to \$100,000?

A: No. A qualified beneficiary is, for instance, a spouse, child, grandchild, parent, or sibling of an accountholder.

The NCUA has adopted the definitions of "marriage" and "spouse" as set forth by the Defense of Marriage Act (HR 3396). Under the act, "marriage" is defined as a legal union between one man and one woman and "spouse" refers only to individuals of the opposite gender.

So Jasmine would not be considered Jennifer's spouse and therefore would not be considered a qualified beneficiary. Instead, her interest in the account would be aggregated with the owner's other individual accounts and insured up to a maximum of \$100,000.



👉 **CUNA COMPLIANCE**
www.cuna.org/compliance

Fryzel is Official; No August Meeting

The Honorable Lee Preston, judge of the Cook County Circuit Court, administered the oath of office to his longtime friend Michael Fryzel in Chicago, making Fryzel's confirmation as NCUA chairman official.



Michael Fryzel

At the July 30 event Fryzel expressed his thanks to President George W. Bush and said he is grateful "for this opportunity to serve." Fryzel said in a statement, "To be the NCUA chairman is a tremendous honor and I pledge to work to the best of my ability to fulfill the trust that has been placed in me."

Fryzel has said his priorities as NCUA chairman are "vigilant and thorough supervision, emphasis on safety and soundness, and dedication to protecting the consumer."

"The credit union industry, now entering its second century, has proven itself valuable to America's consumers and as such has a right to expect fair, consistent, common-sense regulation," he said. "It is my commitment to conduct my chairmanship in that manner."

As is customary for the NCUA, there is no August open board meeting. 🏠

▶ 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:

▶ Require Creditors to Provide Certain Consumers with Risk-Based Pricing Notices

Agency: Federal Reserve Board
Due date: Aug. 18

▶ Proposed Changes to Eligibility Requirements for Underserved Areas

Agency: NCUA
Due date: Aug. 18

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



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KEYNOTESPEAKERS



THE ART OF LEADERSHIP

Bill Strickland

President/CEO,
Manchester Bidwell Corporation



CU 20/20: Insight into the American Credit Union Movement

Dennis Dollar

Former NCUA Chairman and Principal Partner,
Dollar Associates, LLC

WEDNESDAY PRECONFERENCE WORKSHOPS, OCTOBER 8

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BUILDING A BETTER BOARD

Tim Harrington, CPA,

President,
T.E.A.M. Resources



NET PROMOTER SCORE: MANAGING AND MEASURING MOMENTS OF TRUTH

Denise Wymore,

Consultant and Author
of *Tattoos: The Ultimate Proof of a Successful Brand.*

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>> Legislative Affairs

Mica in *Post*: 2009 to be a Busy, Busy Year

In the Aug. 12 “In the Loop: On K St” column of *The Washington Post*, CUNA President/CEO Dan Mica predicted 2009 is going to be a “very, very busy year” for lobbyists.

The column, entitled “In a Harsh Climate for Lobbyists, the Forecast Calls for...More Lobbyists,” noted that both the Republican and the Democratic presidential candidates have had harsh words about lobbyists during their campaigns.

“But K Street’s response is not to flee in fear. Instead, it’s getting ready for one of its busiest periods ever,” wrote columnist Jeffrey H. Birnbaum.

CUNA’s Mica concurred: “It’s going to be a very, very busy year; we might as well brace ourselves for it.” The article noted that Mica is asking CUNA’s state affiliates to boost their budgets so they can bring more people to Washington to press for their causes.

“It doesn’t matter which one is president,” Mica said of Republican John McCain and Democrat Barack Obama, “There is

going to be a tremendous need for lobbying.” Birnbaum attributed that increased need to two factors; the attacks from the “presidential wannabes” and a likelihood that the Democratic majority in Congress will increase and bring a tougher environment for corporate interests.

In a second reference in the column, CUNA shone in a section that was otherwise about the receptions, late-night parties, and hospitality suites that will be sponsored by some organizations during the presidential nominating conventions.

“But not every lobbying event will be frivolous. Seeking positive publicity, the Credit Union National Association will give away a house at each convention to the family of a disabled military veteran,” the *Post* piece reported. ■

The Washington Post

[washingtonpost.com](http://www.washingtonpost.com)
<http://www.washingtonpost.com/wpdyn/content/article/2008/08/11/AR2008081102039.html>

▶ Housing Bill Signed, Assurance for Quick Implementation

After some concern that there would be a lag in the implementation of the Housing and Economic Recovery Act, Senate Banking Committee Chairman Christopher Dodd (D-Conn.) professed confidence that the mortgage refinancing program would be operational by Oct. 1, as intended by the new law.

The act was signed into law late last month by President George W. Bush and is meant to ease the country’s mounting mortgage foreclosure problem.

Dodd called together the heads of the Federal Reserve Board, Treasury Department, Federal Deposit Insurance Corp. and U.S. Department of Housing and Urban Development (HUD) after a HUD spokesman had doubted the agencies’ ability to meet the October implementation deadline.

HUD Secretary Steven Preston expressed confidence that the rules would be ready on time and said his agency would start July 30 to begin working out details.

Meanwhile, House Financial Services Committee members Maxine Waters (D-Calif.), Mel Watt (D-N.C.), Brad Miller (D-N.C.) and the committee’s chairman, Barney Frank (D-Mass.), have strongly urged many in the mortgage industry to hold off on foreclosures for potentially qualified homeowners for the next several months while the new Federal Housing Administration (FHA) rescue program gets under way.

The program is designed to help at least 400,000 borrowers who have fallen behind in their payments due to a combination of unaffordable mortgages and falling home prices.

‘Little Guy’ Reminds Lawmakers about CUs

▶ From page 1

terms, rather than those used by the banking industry and others,” said CUNA’s Communication Vice President Pat Keefe.

“For example, we point out that credit unions represent only 6% of the financial services marketplace—compared to the 94% held by the banking industry,” he said.



The Little Guy chocolate coin. (CUNA photo)

Nearly 4,000 chocolate coins were distributed to Capitol Hill commuters on both the House and Senate sides.

The Little Guy represents the working men and women of America from all walks of

life who are credit union members—the owners and focus of credit union service. Credit union members are who Congress should be thinking of when considering issues affecting credit unions, said Keefe.

Learn more about the Little Guy online. ■

Look Out for the Little Guy website
www.lookoutforthelittleguy.org



>> Notes Bearing Interest

▶ The Front Burner

The most viewed news stories on cuna.org during July 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 Hood explains federal CU share insurance in video
NCUA Vice Chairman Rodney Hood appears in a new online presentation that explains credit union share insurance.

9 Fed fair-lending plan changes key definition
The Federal Reserve Board Monday approved a final rule for home mortgage lending practices. The rule is intended to better protect consumers and facilitate responsible lending, while keeping credit available to qualified borrowers.

8 Washington CUs kick off viral marketing campaign
The Washington Credit Union League has kicked off a viral marketing campaign, "Change is Beautiful," featuring webisodes with a well-known actor.

7 Court rules against NCUA in Pa. FOM case
CUNA Monday expressed disappointment in a federal court ruling that NCUA's record was not sufficient to sustain its decision granting a six-county area community credit union expansion in Pennsylvania.

6 ATM security camera photo in robbery prompts lawsuit
A lawsuit filed Friday against an Orlando-based credit union has prompted the credit union to require more specific information from police when they request access to its security camera surveillance videotapes.

5 NCUA liquidates \$12.8 million asset CU
New London Security FCU, New London, Conn., was liquidated Monday by NCUA.

4 Overdraft opt-out clause identified as CUs' biggest concern
About 155 credit union representatives tuned in for a CUNA audio conference Monday on proposed credit card and overdraft protection regulations.

3 CU's \$1.99/gal. gas promo draws 2-3 mile line
Digital FCU ran a promotion with a Worcester, Mass., gas station offering \$1.99 per gallon gasoline Tuesday that resulted in hundreds of people showing up in their cars, causing lines stretching for miles.

2 Study: Gens X, Y more likely to switch PFIs
Generation X and Y may be the future of retail banking, but they are the most likely to switch primary financial institutions (PFIs) because of fees or poor service, according to a poll by Maritz Inc.

1 Leagues, CUNA reassure members their money is safe
Credit union leagues nationwide are reassuring members their money is safe after media reports regarding the IndyMac bank failure triggered concerns among consumers about the security of their deposits.

CUNA Seeks Hearing on BSA Woes

CUNA, commenting on NCUA's routine review of its regulations, urged the federal regulator to encourage the U.S. Congress to conduct hearings on the struggles credit unions and other financial institutions face in their efforts to comply with Bank Secrecy Act (BSA) requirements.

The CUNA recommendation was part of a comprehensive letter to the NCUA, which responded to the agency's request for comment on its rules implementing BSA, the national flood insurance program, the Freedom of Information Act, and records preservation.

Each year the NCUA and other federal financial regulators review one-third of their regulations to identify areas that could be simplified and made less burdensome.

Access CUNA's complete comment letter online. 

CUNA comment letter
 www.cuna.org/reg_advocacy/comment_letters/comment_letters08.html

Mica: Corporates Are Feeling Strain, but Remain Strong

▶ From page 1

attested to the fact that corporates remain safe and sound, he added.

"Nevertheless, we are keenly aware of the public impact that front-page headlines in *The Wall Street Journal* can and do have," said Mica. "I am in contact with leaders of the corporate credit union system today, and will be talking to them about continued and clear communication about the issues raised in the article."

NCUA Letter to Credit Unions
 www.ncua.gov/letters/2008/08-CU-17.pdf



>> Political Affairs

CUNA Urges Support from Party Platform Builders

CUNA urged both Democratic and Republican parties to include credit union priorities in their party platform documents. CUNA also called attention to credit unions' close work with Homes for Our Troops to build a home for a disabled veteran in each of the two major party convention cities.

"It is representative of the effort credit unions make to serve their members every day," wrote CUNA President/CEO Dan Mica in separate letters to the Republican Party Platform Committee and the Democratic Party Platform Committee, as those bodies worked to hammer out their final party platforms.

The CUNA letter underscored the safety and soundness of the credit

union movement and noted that credit unions are well capitalized with an overall capital-to-asset ratio of 11.1%. About 70% of credit union home mortgage loans are held on credit union books, not sold off to the secondary mortgage market.

"The plague of nonperforming home loans is a bank problem, not a credit union problem," Mica pointed out to the platform builders.

The CUNA letters also urged the parties to support the credit union tax status, an independent federal regulator



for credit unions, and statutory changes needed to improve credit union service to members.

"Credit unions remain trusted institutions, owned and controlled by their members," Mica wrote, adding, "As you complete your work on the party's platform, we ask that you consider including a state-

ment recognizing the positive and vital role of credit unions in the lives of their members and financial services industry as a whole." 🏠

Homes for Our Troops
www.cuna.org/initiatives/homesforourtroops

Look Out for the Little Guy
www.lookoutforthelittleguy.org



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