



## Don't Strip NCUA Power to Protect Members

*CUNA witness Tom Dorey, president/CEO of Suncoast Schools FCU, Tampa, Fla., on May 11 tells the House Financial Institutions and Consumer Credit Subcommittee that the CU Charter Choice Act (H.R. 3206), as drafted, adds no value to the process of a credit union conversion to a mutual thrift charter. "If this subcommittee is really interested in ensuring a fair and objective conversion process, we would suggest you look at ways to help NCUA rather than stripping them of their already limited ability to protect members—which this bill does." For updates, check [www.cuna.org/newsnow](http://www.cuna.org/newsnow). (CUNA Photo)*

## Bankers' Two Faces Keep CUs in Limbo

In the wake of a suddenly canceled NCUA Board vote on field-of-membership (FOM) policy, CUNA President/CEO Dan Mica blamed banker hypocrisy for continued uncertainty for credit unions wanting to serve more working families.

Mica said the agency's decision to postpone May 25th consideration of the issue keeps credit unions in an extended state of limbo on the important matter of service to those of modest means.

The NCUA said only that it had withdrawn the item for further review. The agency had proposed the interpretive ruling in January in response to bankers' lawsuits challenging the approval of the addition of underserved areas to the membership of a community chartered credit union.

Mica criticized the bankers who he said have forced the entire FOM proposal by their hypocritical actions regarding credit union service to

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## Senate Bill Most Likely to See Action

The full Senate approved its comparatively narrow Financial Services Regulatory Relief Act of 2006 last week, and CUNA Legislative Affairs Vice President Dean Sagar said recent events may make it more likely that the Senate version of regulatory relief becomes the frontrunner for any possible final action this year.

The bill passed the Senate Thursday night with only minor changes from what was reported out of the Senate Banking Committee earlier this month. It contains only four substantial provisions specific to credit unions, as well as a myriad of technical changes to language in the Federal CU Act. Banks and thrifts received similar attention.

The full House passed a much more comprehensive relief measure in late 2005. But even with the Senate's action last Thursday, there is no guarantee the two Houses of Congress will meet in conference committee by the end of this year to hammer out differences in their respective bills.

Sagar said a recently released report by the Office of Federal Housing Enterprise Oversight (OFHEO) may have put GSE reform back at the top of the priority list of the House

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# >> Governmental Affairs

## PCA, MBL Reform Remain Vital to CU Members

Support for the CU Regulatory Improvements Act (CURIA, H.R. 2317) continues to grow. Just after the anniversary of its introduction in the House, CURIA got the official backing of its 121st co-sponsor when Rep. Janice Schakowsky (D-Ill.) added her name to the list May 18.



Dean Sagar

With the state of regulatory relief measures for all financial institutions in a state of flux right now, CUNA's VP of Legislative Affairs Dean Sagar says it's important as ever that credit unions keep up their information campaigns with federal lawmakers.

Credit unions must continue to talk about the importance of such things as prompt corrective action (PCA) reform

and modernization of member business lending (MBL) rules because of the positive consequences these issues have for everyday credit union members, Sagar said.

"As credit unions know, the House has passed a broad financial institutions regulatory relief

bill and the Senate passed a much narrower one. Each contains important regulatory improvements for credit unions, but neither addresses PCA reform of MBL limits," Sagar said. "The importance of these issues does not diminish with time—it only increases," Sagar added.

The CUNA lobbyist said recent events may make it more likely that the Senate

version of regulatory relief becomes the frontrunner for any possible final action this year. Sagar said a recently released report by the Office of Federal Housing Enterprise Oversight (OFHEO) may have put GSE reform back at the top of the priority list of the House Financial Services Committee. ■

**CURIA, H.R. 2317**  
[www.cuna.org/initiatives/member/curia\\_video.html](http://www.cuna.org/initiatives/member/curia_video.html)

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### ▶ Hearing Shines Light on CU Financial Lit Efforts

Navy Federal CU President/CEO Cutler Dawson told federal lawmakers May 18 that his credit union—and all credit unions—are dedicated to providing members with tools for financial literacy.



Cutler Dawson

Before a House panel investigating the financial services needs of members of the U.S. military, Dawson said credit unions' dedication to providing members with tools for financial literacy extends beyond those with military memberships and applies equally to credit unions across the country.

Dawson also recounted for the House Financial Services subcommittee the great lengths to which Navy Federal goes to fulfill the unique financial needs of military service-members and their families. Those services include operating in overseas locations where its members are

serving; conducting personal financial management training and predeployment counseling through Navy and Marine Corps programs and its own branch offices-reaching close to 100,000 members just last year; assisting members in financial difficul-

ties through budget counseling and debt management services at no cost to members, and more.

During a question-and-answer period, Dawson addressed the phenomenon of pay-day lenders gravitating to military bases, calling the high-cost lenders "a spiral of doom."

Rep. Maxine Waters (D-Calif.), during the Q-and-A, offered her opinion that the military has a responsibility to embrace credit unions and that it should make payday lenders off limits.

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### CURIA Co-Sponsors Count



**The newest CURIA co-sponsor is U.S. Rep. Janice Schakowsky (D-Ill.)**

[http://www.cuna.org/initiatives/member/curia\\_video.html](http://www.cuna.org/initiatives/member/curia_video.html)

# CUNA Backs Pass-Through Insurance Coverage

In a recent comment letter, CUNA said NCUA should adopt pass-through insurance coverage for employee benefit plans so all participants are covered equally, but added there should be a strong membership connection between the credit union and the plan participants.

Responding to the NCUA's request for comment on its interim final rule issued in March to implement statutory changes to share insurance rules, CUNA backed the agency's plan to offer pass-through coverage, provided that the credit union is at least adequately capitalized under prompt corrective action requirements.

The NCUA specifically requested comment on whether it should impose a requirement that a plan trustee or employer sponsoring the benefits plan should be a member of the credit union, or alternatively whether a certain percentage of the plan's participants should be members.

CUNA acknowledged a need for membership restrictions and offered another possible approach: to extend pass-through coverage to nonmembers, provided such plan participants are eligible for membership.

The NCUA's interim final rule also outlined the recent statutory changes in share and deposit insurance rules, which, in part, increased the ceiling for certain retirement accounts to \$250,000 from \$100,000 as of April 1. 🏠

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## Bankers' Two Faces Keep CUs in Limbo

working families underserved by other financial institutions.

"Out of one side of their mouths, they complain credit unions do not do enough to serve persons of modest means. Out of the other side, they spout legal challenges to stop credit unions from extending service to the people who really need it most," Mica said.

Mica said it was good that the NCUA opted to be careful and present a well-reasoned final rule, but added that perhaps the agency should have taken more time to develop its original proposal so credit unions wouldn't be in a continued state of uncertainty. 🏠

🏠 **BANK ATTACKS: CUs Fight Back!**  
[www.cuna.org/initiatives/bank\\_attack](http://www.cuna.org/initiatives/bank_attack)

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## Senate Bill Most Likely to See Action

Financial Services Committee. The OFHEO report said, in part, that Fannie Mae employees manipulated accounting so that executives could collect millions of dollars in bonuses.

Sagar said Financial Services Chairman Michael Oxley (R-Ohio), who is retiring after this year, would "clearly opt to chair a GSE bill conference if he thinks there is a chance the Senate will act, since it would have far broader consequences and political significance than even a broader reg relief bill."

If the House chooses to simply adopt the Senate bill, credit unions and other parties will be denied an opportunity to promote changes to the bill.

🏠 **Issues: Reg Relief**  
[www.cuna.org/gov\\_affairs](http://www.cuna.org/gov_affairs)

## Capitol Hill Fetes New CUNA Staffer



*U.S. Rep. Wally Herger (R-Calif.) hosted a "going away" reception for new CUNA Senior Vice President of Legislative Affairs John Magill on May 17 at the Capitol Hill Club in Washington, D.C. About 300 attended the event, including Senate and House members, and staff members from both houses of Congress. Among those attending were (from left) U.S. Rep. David Drier (R-Calif.) and chairman of the House Rules Committee, and U.S. Rep. Herger, Magill's former boss. Herger is also chairman of the House Ways and Means Human Resources Subcommittee. (CUNA photo)*

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# success!





# >> Notes Bearing Interest

## 2006 Elections Action Center Launched

"If credit unions don't vote, credit unions don't count. It's time to be counted."

Those few lines are more than a slogan to CUNA. They are the political reality which shapes the world in which credit unions operate, according to Trey Hawkins, political director for CUNA.

In its latest initiative to make it easier for those in the credit union movement to make their voices heard, CUNA's grassroots experts have developed a new section on their website called 2006 Elections Action Center.

The new section provides dates for primary and general elections, posters and statement stuffers for Get Out the Vote (GOTV) efforts, an electronic newsletter *Election Watch*, and links credit unions and Leagues can attach to their websites for voter registration and absentee balloting.

"Our goal with the 2006 Elections Action Center is to encourage as many credit union members as possible to engage in the political process this fall," Hawkins said.



**If Credit Unions Don't Vote, Credit Unions Don't Count!**  
IT'S TIME TO BE COUNTED.



Election Day is November 7, 2006

Make your trip to the polls even easier!  
Apply for an early or absentee voting ballot by visiting [www.cuna.org/2006elections](http://www.cuna.org/2006elections) today!

He added, "Given all of the issues affecting credit unions in Congress and state capitals today, from protecting our tax exemption to modernizing how we serve our members through regulatory relief, it's time for credit union members to stand up and make their voices heard at the voting booth." 🗳

**Get Out the Vote**  
[www.cuna.org/pol\\_affairs/election](http://www.cuna.org/pol_affairs/election)

## CUNA Touts to Lawmakers CU Service

CUNA last week sent a letter to every member of the House and Senate calling attention to the results of a Forrester Research survey that showed credit unions are tops in serving consumers.

The CUNA letter also referred to a May 22 front page story from *American Banker* which noted retail banks "did poorly" in the rankings.

The Forrester survey asked 5,000 consumers which type of financial provider "does what is best for its customers, not just the firm's own bottom line."

Credit unions received more than 67% positive responses, matched only by USAA insurance which received 68%—and scored twice as high as the nearest bank named in the Forrester's survey. It was the third consecutive year credit unions beat out banks by a wide margin on customer advocacy and loyalty rankings.

"We at the Credit Union National Association feel the Forrester survey is more strong evidence that credit unions are fundamentally different from for-profit banks both structurally—as not for profit cooperatives—and philosophically—as institutions whose mission is service to members," noted the CUNA letter signed by President/CEO Dan Mica.

The CUNA package to each lawmaker also contained the Forrester release on its research which noted: "Customer advocacy is the perception on the part of consumers that their financial services firm does what's best for its customers, not just the firm's own bottom line."

"For the third consecutive year, USAA retained the top spot in Forrester's rankings, followed by credit unions, GEICO, AAA, State Farm, and Vanguard. Bank of America, Morgan Stanley, National City, Citibank, and JP Morgan Chase, round out the bottom of this year's list." 🗳

## ▶ Second Renewal Review Seeks Opinions

Credit unions can access web information and survey forms to provide input on the second five-year review of the Renewal process, which substantially revised the governance structure of CUNA in 1996.

Chairman Juri Valdov recently appointed the Renewal Review Committee to conduct the review.

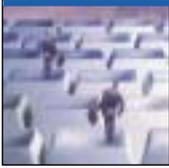
The committee will meet during the next several months with the goal of producing a final report to the CUNA Board in the fall of 2006. All CUNA/league member credit unions

are invited to submit comments, issues, or suggestions to the committee as it begins its work.

The primary purpose of the current Renewal Review Committee is to review district boundaries and credit union size groups for purposes of CUNA director elections. However, the committee may review any related issues, according to Valdov.

Affiliated credit unions can offer input via CUNA's website.

**Renewal Review 2006**  
[www.cuna.org/initiatives/renewal](http://www.cuna.org/initiatives/renewal)



# >> Special Report

## Bankers Rake in Profits, Grouse about Insurance Fund

Bankers continue to rake in record profits, yet grouse about who will fund the Deposit Insurance Fund (DIF) that keeps consumers' savings safe, Dan Mica, President/CEO of CUNA, said last week, noting an announcement that bank and thrift earnings shot up 9.5% from a year ago.

"The latest profit report from the Federal Deposit Insurance Corp. (FDIC) for banks and thrifts is merely more evidence that bankers' carping about the credit unions is just more hot air," he stated.

"With record quarterly profits of \$37.3 billion—9.5% more than the previous mark set last year—banks and thrifts are swimming in cash," he said.

"How could credit unions possibly be having any impact on this industry—except standing in the way of even more earnings?"

Mica said of the earnings results: "For bankers, it is clear: It's all about the money, nothing more."

"Further, even while they make piles of money, bankers are squabbling over who pays premiums to ensure the FDIC's DIF remains in compliance with the mandated-by-law ratio of reserves to insured deposits," he continued.

"They squabble, because they want nothing to get in the way of future record profits—not even the soundness of their own federal deposit insurance fund," Mica said. 🏠

## ▶ CUNA Files FOM Brief in Pennsylvania



Eric Richard

Eric Richard, CUNA general counsel, said bankers have used their recent field of membership lawsuit in Pennsylvania to "throw a lot of stuff

at the wall in the hope that something will stick."

Richard said a CUNA and credit union brief filed May 22 in the suit, in contrast, focuses on key elements of the law that apply to the situation.

The CUNA brief is in response to a suit filed by the American Bankers Association challenging the NCUA's decisions to approve community charter applications for three credit unions in Pennsylvania.

The bankers earlier this month requested that the Pennsylvania court permit "discovery" of regulatory documents pertaining to its field of membership lawsuit. CUNA noted such a move would be unnecessary and not a proper action in the situation.

In its statement to the U.S. District Court, CUNA wrote that the NCUA's approach to handling community charter applications is an "informal agency action" under the Federal Administrative Procedure Act.

As such, CUNA argued, the court must apply a narrow standard of review to NCUA's action, and the court cannot substitute its judgment for that of the federal regulator. Instead the law requires that the court give the NCUA's action a "presumption of regularity" and the court may not set NCUA's action aside if there is a rational basis for it.

 **CUNA News Now Updates**  
[www.cuna.org/newsnow](http://www.cuna.org/newsnow)

### National Credit Union and Bank Rate Index Comparison

Product	Credit Union Ave %	Bank Ave %	Best Average Rate
<b>Savings</b>			
Regular Savings	0.89	0.68	CUs by 0.21
Interest Checking	0.56	0.53	CUs by 0.03
Money Market	1.69	1.06	CUs by 0.63
1-Year CD	4.26	3.94	CUs by 0.32
<b>Consumer Loans</b>			
Regular Credit Card	12.19	14.6	CUs by 2.41
48-Month New Car	5.84	7.35	CUs by 1.51
48-Month Used Car	6.11	8	CUs by 1.89
36-Month Unsecured	11	12.57	CUs by 1.57
<b>Mortgage Loans</b>			
Home Equity LOC	7.57	7.98	CUs by 0.41
1-Year ARM	5.54	5.93	CUs by 0.39
30-Year Fixed	6.71	6.72	CUs by 0.01

SOURCE: DataTrac. All data current as of 05/23/2006. Based on 18,525 institutions. Note: Average rates are listed; individual rates will vary. For comparisons updated daily, visit [www.cuna.org/newsnow/market.html](http://www.cuna.org/newsnow/market.html)



# >> Serving the Community



*CUNA President/CEO Dan Mica explains to the Financial Literacy and Education Commission CUNA's partnership with the National Endowment for Financial Education to produce the High School Financial Planning Program. (CUNA photo)*

CUNA President/CEO Dan Mica told the Treasury Department's Financial Education and Literacy Commission (FLEC) that promoting financial literacy among members is both long-standing tradition among credit unions as well as an important part of the credit union philosophy. Mica addressed the commission's May

## Financial Literacy is a CU Tradition

16 meeting—its first since releasing a 150-page national strategy for financial literacy in April.

“CUNA and credit unions have both a traditional and historical commitment to developing greater financial interest among their members,” Mica told the Commission meeting, which included Comptroller of the Currency John C. Dugan, NCUA Chairman JoAnn Johnson, and Assistant Treasury Secretary for Financial Institutions Emil Henry, Jr.

He added that one of CUNA's original purposes was to foster education and understanding of financial services among credit union members. “In fact, financial education—and cultivating financial literacy—are parts of the culture of credit unions,” Mica said.

He pointed to several CUNA and credit

union programs for fostering financial education and literacy among consumers, particularly young ones. He highlighted the partnership with the National Endowment for Financial Education in offering the High School Financial Planning Program since 2000 to more than 400,000 high school seniors in more than 2,000 high schools nationwide.

Mica's presentation to the FLEC was part of a program featuring “best practices” on financial education from various segments of industry and government. Other presenters included representatives from the Department of Defense, Wells Fargo Bank, and the American Bankers Association. 🏠

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