



At the conclusion of their Nov. 29 monthly meeting, NCUA Board Member Rodney Hood (left), NCUA Executive Director Len Skiles, NCUA Board Chairman JoAnn Johnson, and NCUA Board Member Gigi Hyland. (CUNA photo)

New NCUA Board Members Rodney Hood and Gigi Hyland met or exceeded expectations of what they would bring to the Board, producing a lively and energetic open meeting last week at the agency's headquarters in Alexandria, Va. Agenda items for the Nov. 29 meeting ranged from the agency's 2006 operating budget to disclosure requirements for courtesy overdraft services to a request for a conversion to community charter. Hood and Hyland showed a deep level of preparation by staff—for which they expressed appreciation—on each agenda item.

For more than a year and a half, Chairman JoAnn Johnson has led the agency with fewer than the three members allowed by law. Most recently she was solo at the helm during the House Ways and Means Committee hearing on credit union taxation and during an open board meeting in October.

At last week's board meeting, the agency unanimously approved a 1.89% budget increase to \$150.79 million and held the Overhead Transfer Rate >>

▶ See page 2

## Record Profits Won't Curb Banks' Appetite for CUs, Says Mica

CUNA President/CEO Dan Mica predicted the banking industry will continue to bash credit unions, despite earning another quarter of record profits.

Just days before the Thanksgiving Holiday, the Federal Deposit Insurance Corp. (FDIC) said commercial banks and savings institutions reported record net income of \$34.6 billion for the third quarter of 2005—a 4.2% increase over the second quarter, and 1.4% more than the previous earnings record set in the first quarter of this year.

"Bankers should stop complaining and realize they have much to be thankful for," said Mica. "Their juicy profits are the makings of more gravy for a banking industry already stuffed with record profits from 14 of the last 15 years."

The FDIC said strong growth in non-interest income at larger institutions, particularly from trading and servicing activities, provided much of the earnings improvement. Bank profits were up despite higher provisions for loan losses and net loan charge-offs, both of which increased for the first time in three years. >>

▶ See page 7

### Inside

#### 2 | Congress Returns from Recess

Little in store for credit unions through year-end.

#### 3 | The Newest Board Members

Meet NCUA Board Members Rodney Hood and Gigi Hyland.

#### 7 | NewsWatch Quick Quiz

What's the most profitable industry in America?

#### 8 | Media Abuzz About CUs

An annual event and a new program pique press.



# >> Governmental Affairs

## Busy Congress Unlikely to Address CU Issues Before Year-End

Congress returns to session Dec. 6 after a two-week Thanksgiving recess that lawmakers had hoped would be their end-of-year adjournment. But while their crammed calendar has made it necessary to return for part of December, there is only an “outside chance” the Financial Services Regulatory Relief Act (H.R. 3505) or other legislation of specific interest to credit unions will see action before the end of the year.

That is the assessment of Gary Kohn, CUNA’s vice president of legislative affairs and senior legislative counsel, who also names deposit insurance reform as unlikely to see any action before 2006.

Of particular interest, the CU Regulatory Improvements Act of 2005 (CURIA, H.R. 2317)—with 103 official backers in the House—will likely have to queue behind the broader H.R. 3505 before action can be taken.

According to the Office of the House Majority Leader, House votes are expected on Dec. 6-8 and on Dec. 13-15. Currently no votes are scheduled past the Dec. 15 date, but an extension remains a possibility.

The Senate is expected to follow a similar schedule. 🏠

**Governmental Affairs**  
[http://www.cuna.org/gov\\_affairs](http://www.cuna.org/gov_affairs)

▶ from page 1

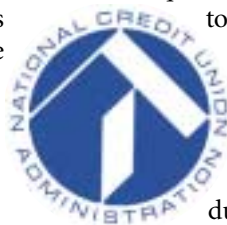
### Three on Board at NCUA

at 57% for 2006. The agency also voted to increase the asset dividing points by 4.25% and decrease the operating fee scale by 1.95%.

Agency staff stated that there will be no premium paid by credit unions in 2006, and no refunds like last year when federally insured credit unions received a \$9 million one-time operating fee refund for excess cash not used during the 2004 operating cycle.

Before casting her vote in favor of the budget, Chairman JoAnn Johnson noted that the NCUA, unlike some government entities, has never adopted a “spend it or lose it” approach to its finances. She had staff affirm that a budget increase of less than two percent was adequate in light of the fact that the current rate of inflation is well over 3%. Hood and Hyland questioned staff about the procedures and practices used to project the annual figures.

The NCUA Board also voted unanimously in favor of two regulatory changes. In one, the NCUA board approved an employment restriction to prohibit senior examiners who had continuing, broad responsibility for examining a credit union for two or more months in



their last year at NCUA from working at that credit union for one year. In another, the agency revised its Truth in Savings rules to set disclosure requirements for bounce-protection plans. The rule has a July 1, 2006 compliance deadline and requires credit unions that offer the service to disclose related fees at the time of account opening, on periodic statements, and in any advertising of the account.

The issue of serving members of modest means also came up during the board meeting as the regulators considered, and approved, an application by JAX FCU, Jacksonville, Fla., to convert to a five-county community charter.

JAX had been approved earlier this year to provide services for an underserved area within the expanded community. Board member Hood commented on the number of low- and no-cost products the credit union was already offering, as well as its financial education programs for both youths and for retirement savings. Hyland questioned how JAX would track its service to members of modest means in the future. 🏠

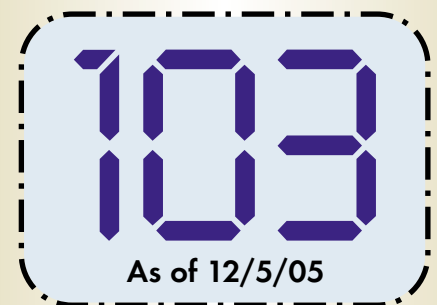
**NCUA Board Meeting Summaries**  
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# Meet the New NCUA Board Members

*NewsWatch* introduces you to the new NCUA board members who, for the first time, joined Chairman JoAnn Johnson for the Nov. 29 board meeting. Rodney Hood and Gigi Hyland took time to answer some getting-to-know-you questions.

Hood was sworn in to his NCUA position on Nov. 15, and named vice chairman of the agency on Nov. 30. His is a former associate administrator with the Rural Housing Service at the USDA. Hyland took her oath of office Nov. 21 and has 14 years of credit union experience, most recently as general counsel for Empire Corporate FCU, Albany, N.Y.

*NewsWatch: How would you define the role of regulator?*

**Hood:** My primary and foremost role is to ensure the safety and soundness of America's credit unions. We must provide a regulatory environment that maintains a safe and sound credit union system, and empowers credit unions to serve Americans from all walks of life. There should be a foundation of regulatory flexibility while adhering to the underlying principles of safety and soundness.

**Hyland:** My primary role as a regulator is to preserve the financial integrity, safety, soundness, and vitality of federally insured credit unions in an ever-changing financial services environment.

*What are credit unions' worst compliance burdens that could be addressed by NCUA?*

**Hood:** I look forward to listening to those we regulate and understand the concerns and potential compliance burdens. I will focus on NCUA having an effective regulatory structure without burdensome and unintended consequences.

**Hyland:** While I am familiar with the compliance burdens on corporates, I'm eager to listen to credit union officials' concerns and balance the need for regulation and flexibility. In my mind, enabling credit unions to provide the financial services members want and expect without undue restrictions or burdens is essential to maintaining a thriving credit union system.

*What is the biggest challenge facing credit unions today?*

**Hood:** The nation's credit unions must have every opportunity within the bounds of the Federal Credit Union Act and the agency's regulations to provide access to financial services for their membership and explore innovative ways to continue to meet the ever-changing financial needs of their members. I believe diversification of fields of membership and visionary credit union leadership are vital elements in addressing challenges and the future direction of the credit union system.

**Hyland:** Undoubtedly, these are trying times for credit unions. Credit unions are being admonished to validate their efforts to serve all segments of their charter, they are being challenged to have their boards and management reflect the diversity of their membership and their tax-exempt status is under significant scrutiny. I believe that credit unions and NCUA must be mindful of the current challenges and work to address them.

*In what ways and in what venues will you interact with credit union CEOs and staff?*

**Hood:** I believe an open dialogue is



Rodney Hood



Gigi Hyland



important with those we regulate so we may understand the effect of regulatory decisions on credit unions. My door is open and I seek input from credit unions, members, and consumers on issues affecting affordable financial services across America. I look forward to the opportunities ahead for visits with the thousands of dedicated staff and volunteers of credit unions across the United States. It is my goal to be a thoughtful and fair regulator. (*NewsWatch* note: Hood last week announced his first "listening tour," visiting credit union representatives in Mississippi.)

**Hyland:** I will work closely with all stakeholders to ensure the financial integrity and vitality of credit unions. From my experience in the credit union system, I know first hand that communication is key between the regulator and regulated. It is important to work in tandem to ensure safety and soundness.

*If you had six leisure hours, what would you do to fill them?*

**Hood:** I would be spending quality time with family and friends in my home state of North Carolina.

**Hyland:** Many in the credit union system know my fondness for cooking and good food. I would spend the hours preparing and then enjoying a gourmet meal with friends and family.

**Regulatory Advocacy**  
[http://www.cuna.org/reg\\_Advocacy](http://www.cuna.org/reg_Advocacy)

# WHAT CAN YOU DO TO HELP STAMP OUT THE BANKERS' ANTI-CU MESSAGES?

**COME TO THE 2006 CUNA GOVERNMENTAL AFFAIRS CONFERENCE!**

Don't let the bankers deliver a false message about credit unions. **You** have the opportunity to represent more than 87,000,000 members who care about the credit union movement...**you** can put your own stamp on what it means to be a credit union... **you** can do it at the GAC's sessions and breakouts. And, you'll have the chance for a

*special delivery* visit to Capitol Hill, where you can make the case for pro-active credit union legislation and tell lawmakers what makes us unique. Bring your entire team to the GAC...be pro-active...pro-educational...and pro-political. Together, we can deliver *our* message. And the bankers' message? Return to sender!

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"As things now stand, we're effectively subsidizing credit unions at the expense of public education."

—Harris Simmons, CEO of Zions Bank and incoming chairman, American Bankers Association

"Credit unions today are nothing more than tax-exempt banks."

—Keith Leggett, senior economist, American Bankers Association

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**STEP 1: Hotel Reservations** (see below)

**STEP 2: Conference Registration** (next page)

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Housing is now open.

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Visit [www.cuna.org](http://www.cuna.org), click on GAC 2006 and click on Housing Information/Reservations — 24 hours a day, 7 days a week. This will link you to the CUNA Housing Bureau web page. Once on the web page, just follow each easy step.

OR

Call **800-492-7886** Monday through Friday from 9:00 a.m. – 5:00 p.m. EST.

- A \$200 per room deposit, payable by major credit card, is required for **ALL** reservations at the time of booking. A \$50 per room cancellation fee will be charged for all cancellations at any time.
- Your credit card will be charged immediately, and the room confirmation will come directly (via e-mail) from the Housing Bureau.
- Your initial method of payment for your deposit cannot change at a later date. If it does for any reason, it will be considered a cancellation and a \$50 fee will be charged.
- Hotel rates listed are subject to a 14.5% sales tax.
- You can also fax your reservation to: 847-940-2386.
- A limit of 10 room reservations per call will apply to all hotels.
- To give more credit unions the opportunity to stay at the conference headquarters, under no circumstances will any one group or organization be allowed to book more than 10 rooms at the Hilton Washington & Towers regardless of how many calls or online reservations are made.
- Any cancellation made prior to or on Thursday, January 5, should be directed to the CUNA Housing Bureau and will be charged a \$50 per room cancellation fee. The remaining deposit of \$150 will be refunded.

#### HOTEL A:

Conference Headquarters  
**Hilton Washington & Towers**  
 1919 Connecticut Ave., NW  
 Hotel: \$198/Single  
           \$218/Double  
 Towers: \$228/Single  
           \$248/Double

#### HOTEL B:

**Capital Hilton\***  
 16<sup>th</sup> & K Streets  
 Hotel: \$208/Single  
           \$228/Double

#### HOTEL C:

**Courtyard by Marriott**  
 1900 Connecticut Ave., NW  
 Hotel: \$179/Single  
           \$196/Double

#### HOTEL D:

**The Judy's Normandy Hotel**  
 2118 Wyoming St., NW  
 Hotel: \$153/Single  
           \$168/Double

#### HOTEL E:

**Omni Shoreham Hotel\***  
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 Hotel: \$193/Single  
           \$213/Double  
           \$233/Triple  
           \$253/Quad

#### HOTEL F:

**The Churchill Hotel**  
 1914 Connecticut Ave., NW  
 Hotel: \$165/Single  
           \$185/Double

#### HOTEL G:

**Marriott Wardman Park Hotel\***  
 2660 Woodley Rd., NW  
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           \$225/Double  
           \$255/Triple  
           \$285/Quad

#### HOTEL H:

**Hilton Embassy Row\***  
 2015 Massachusetts Ave., NW  
 Hotel: \$195/Single  
           \$225/Double

\* Shuttle bus service will be provided between these hotels.

When making your room reservations either by phone, online, or fax, please be ready with the following information:

- |                                                                                           |                                                                       |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 1. Name of conference—CUNA's Governmental Affairs Conference                              | 7. Names of all occupants in room                                     |
| 2. 1 <sup>st</sup> , 2 <sup>nd</sup> , and 3 <sup>rd</sup> choices of hotels listed above | 8. Arrival time                                                       |
| 3. Arrival and departure dates                                                            | 9. Credit card type, name on credit card, number, and expiration date |
| 4. Number of rooms required                                                               | 10. Individual's organization                                         |
| 5. Type of room needed—single or double, smoking/non-smoking                              | 11. Address of each person                                            |
| 6. Number of persons staying in room                                                      | 12. Telephone number of each person                                   |
|                                                                                           | 13. Fax number of each person                                         |
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**CPE Credits: You can earn 15 group-live CPE credit hours for the GAC.**

## CAPITOL HILL VISITS

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# GAC CONFERENCE REGISTRATION FORM

Hilton Washington  
February 26 - March 1, 2006

Attendee's legal name \_\_\_\_\_

Name preferred on badge \_\_\_\_\_

Title \_\_\_\_\_

Check One:  Credit Union Staff  League Staff  
 Credit Union Director  League Director  Other

*PLEASE NOTE: Those leagues or organizations registering attendees (e.g., directors) must provide the attendee's CU name and CU address.*

CU name \_\_\_\_\_

CU mailing address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

CU phone number ( \_\_\_\_\_ ) \_\_\_\_\_

CU fax number ( \_\_\_\_\_ ) \_\_\_\_\_

Attendee E-mail (required) \_\_\_\_\_

*Important confirmation and program information will be sent electronically to the attendee e-mail address. If you would like an additional confirmation forwarded, provide the contact e-mail here: \_\_\_\_\_*

## CUNA/LEAGUE AFFILIATED:

Yes  No

**Please note:** Affiliation with CUNA/League is required for attendance, but limited exceptions may apply. Please contact CUNA prior to making travel arrangements to confirm eligibility.

## FOR DIRECTORS AND VOLUNTEERS ONLY:

*(Provide the following if you want program information mailed to your home.)*

Home mailing address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Home phone number ( \_\_\_\_\_ ) \_\_\_\_\_

## IN CASE OF EMERGENCY, please contact:

Day contact name \_\_\_\_\_

Day phone ( \_\_\_\_\_ ) \_\_\_\_\_

Night contact name \_\_\_\_\_

Night phone ( \_\_\_\_\_ ) \_\_\_\_\_

Check here if you have a disability that requires special services.  
Please describe \_\_\_\_\_

Check here if this is your first CUNA Governmental Affairs Conference.

If CUNA requires more registration information, who may we contact?

Name \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

## CPE CREDITS:

Check here if you are interested in receiving CPE credits.

## SPOUSE/GUEST INFORMATION:

Guest full name (As preferred on badge — only if attending conference.) \_\_\_\_\_

Guest mailing address  Home  CU

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

*(Important confirmation and program information will be sent electronically to the attendee contact e-mail addresses.)*



## REGISTRATION INFORMATION

### PAYMENT AND FEES:

Postmarked by January 20      Postmarked after January 20  
Conference Registration Fee  \$729       \$779  
GACDC06

### Spouse/Guest Program GASDC06

Tours & Social Events  \$350       \$375  
Social Events ONLY  \$250       \$275

Total amount enclosed \$ \_\_\_\_\_

### TAX EXEMPTION/ CONFERENCE AIRLINE:

Federal credit union tax exemption information and airline discount procedures will be sent with confirmation.

### SUBSTITUTION/REFUND POLICY:

Substitutions will be accepted and refunds will be issued until February 6, 2006, minus a \$75 administration fee. All cancellations and substitutions must be submitted in writing either by fax 608-231-4327, or e-mail at [gacinfo@cuna.com](mailto:gacinfo@cuna.com). No refunds will be issued after February 6, 2006.

### CONFIRMATION:

Upon receipt of your registration, a confirmation letter will be sent to your attention via e-mail. Spouse/guest program registrants will also receive a confirmation letter via e-mail. Tour selections will be sent closer to the program date.

### FOR MORE INFORMATION:

For registration information, call 800-356-9655, ext. 5700, or e-mail [gacinfo@cuna.com](mailto:gacinfo@cuna.com). For specific program information, visit [www.cuna.org](http://www.cuna.org) and look for GAC 2006, or call 800-356-9655, ext. 6763.

## THREE WAYS TO REGISTER

### FAX: 608-231-4327

Charge \$ \_\_\_\_\_ to my  Visa  MasterCard

Credit card # \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Expiration date \_\_\_\_\_

Print name as it appears on card: \_\_\_\_\_

Signature \_\_\_\_\_

### MAIL:

Mail registration form with payment to:  
Credit Union National Association, Inc.  
P.O. Box 78546, Milwaukee, WI 53278-0546

Payment MUST be sent at the time of registering. Checks payable to Credit Union National Association, Inc.

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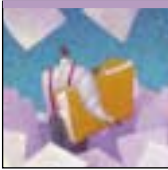
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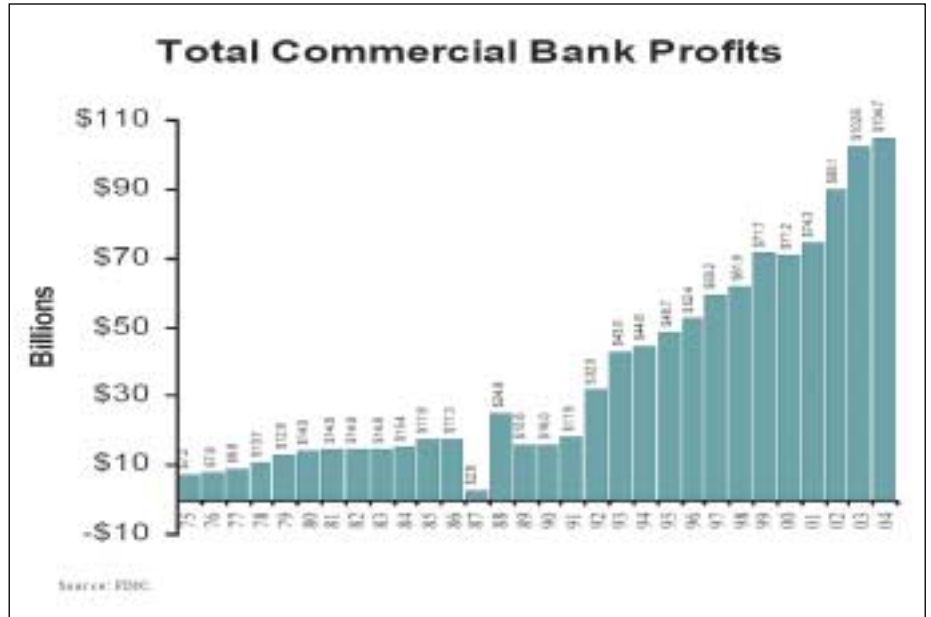
# >> Notes Bearing Interest

▶ From page 1

## Record Profits Won't Curb Banks' Appetite for CUs, Says Mica

The FDIC also said its Bank Insurance Fund (BIF) reserve ratio declined from 1.26% to 1.25% during the third quarter. The agency said it expects the BIF will fall below its statutorily mandated target of 1.25% by the end of this year or early next year, which could cause the FDIC to impose premiums on all BIF-insured institutions.

Last month CUNA expressed public policy concerns about safety and soundness after the FDIC issued a release saying it had no plans to assess additional premiums to shore-up the bank fund if the reserve ratio dropped below 1.25%.



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

## NewsWatch Quick Quiz

### Quick!

What's the most profitable industry in America?



A. Utilities



B. Banks



C. Software and services

The correct answer is: B. Banks.

The U.S. banking industry earned 17.0 cents per \$1 of sales during the last five years—more than any other industry, according to figures\* published in the *USA Today*.

By comparison, the utility industry earned 5.2 cents per \$1 of sales, while the software and services industry earned 7.5 cents per \$1 of sales.

Bankers claim credit unions have an advantage—but they are already way out in front!

\* Source: American Petroleum Institute

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



# >> The Innovators

## Media Abuzz About CUs

Consumers this season are hearing more about credit unions thanks to a media buzz created by CUNA's new Home Loan Payment Relief (HLPR) program and the association's much anticipated annual holiday spending survey—now in its sixth year.

CUNA President/CEO Dan Mica has spent the past month conducting a blitz of interviews with radio stations across the nation about the new \$1 billion low-cost mortgage HLPR program. It offers rates of 1% below the national interest rates.

Overall, Mica had interviews with more than 20 radio networks and stations in a number of major metropolitan areas, including Atlanta, Washington, Seattle, Pittsburgh, Boston, New York, In-

dianapolis, Minneapolis and more. Those stations reach nearly 15 million listeners, said CUNA Communications Senior Vice President Mark Wolff.

So far, more than 70 credit unions have voluntarily committed funds to the program, which was launched Oct. 31.

"I think our media outreach efforts have created some buzz, both in terms of making consumers aware of the HLPR program and showing that credit unions are a trusted information source on financial matters," said Wolff.

More than two dozen media representatives attended a Nov. 21 press conference in Washington to learn the findings



More than a dozen television cameras lined the back of the room to cover the CUNA/CFA consumer holiday spending news event at the National Press Club in Washington, D.C. (CUNA photo)

of the groups' sixth annual Holiday Spending Survey. Among the media organizations attending the event were ABC, NBC, CNN, FOX, CNBC, MarketWatch, Bloomberg, Dow Jones, Scripps Howard Newspapers, and Cox-TV.

To learn more about how to participate in HLPR, visit CUNA's website. 🏠

**Credit Union HLPR Mortgage**  
<http://www.cuna.org/initiatives/hlpr>



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Address Changes: CUNA ER&S, P.O. Box 431, Madison, WI 53701-0431; or call (608) 232-8045  
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