



The Nov. 3 tax hearing revealed the glass remains full for America's credit unions. But more work remains long after Chairman Bill Thomas (R-Calif) vacated his seat in the emptying hearing room. "I would not remove credit unions' tax exemption, but would not put a period there," he said. (CUNA photo)

There are messages coming out of the House Ways and Means hearing on credit union taxation that should not be forgotten nor dismissed, according to CUNA President/CEO Dan Mica.

"Each question raised in the early November hearing deserves thoughtful review," Mica says of the panel's inquiries that concentrated on transparency and accountability within the credit union movement. "To the extent that we have better ways to answer them or can present our answers in a more focused manner, we will need to do so."

Mica advises credit unions not to overreact to the intensity and directness of those questions from House members, but not to hide from it either.

"The credit union movement does an excellent job in fulfilling its mission: We exist to help people, not to make a profit. Our goal is to serve all members well, including those of modest means. We reach out to members or potential members who are unserved or underserved by other financial services >> ▶ See page 3

House Panel Endorses Reg Relief

Regulatory relief for credit unions and other financial services providers took another important step forward last week when the House Financial Services Committee easily and unanimously approved The Financial Services Regulatory Relief Act of 2005 (H.R. 3505).

The committee voted 67-0 for the broad bill that contains at least 13 provisions for credit unions. The committee stuck to a legislative game plan that kept the bill uncontroversial by reflecting a similar bill that was overwhelmingly passed by the House last year, but died because of lack of Senate action.

The 2005 measure is expected to receive approval in a full House vote either by the end of this year or, more likely, the beginning of 2006. The Senate has yet to introduce a similar bill, a step that is necessary for the provisions to be enacted into law.

CUNA President/CEO Dan Mica commended Chairman Michael Oxley (R-Ohio) and committee members for passing the much-needed relief legislation, saying the action represents a significant victory for credit unions.

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How fast did U.S. banks and thrifts grow?



>> Governmental Affairs

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House Panel Endorses Reg Relief

"But we're not done yet," Mica added. The credit union provisions in the bill include such things as a new net worth rule that would allow credit unions to continue pooling their capital after mergers. It does

2317). CUNA will continue to seek those changes through CURIA.

The broad-based bill passed by the committee also includes authority for: an increase to 15 years in the limitation on certain credit union loans; check cashing and money transfer services offered within the field of membership; voluntary mergers involving multiple common bond credit unions; and voluntary mergers and conversions involving multiple-bond credit unions without numerical limitations.

Visit CUNA's website for more details about the bills.

"We're not done yet."

— CUNA President/CEO Dan Mica

not include, however, a risk-based capital plan or an increase in member business lending authority, as proposed in the CU Regulatory Improvements Act (CURIA, H.R.

Legislative Issues: A-Z
http://www.cuna.org/gov_affairs

Hood and Hyland, Safe and Sworn In

NCUA Chairman JoAnn Johnson administered the Oath of Office to Rodney Hood and Gigi Hyland last week, marking a ceremonial ending to a long wait by the credit union movement to have all three board positions filled at the agency. It has been more than a year since the agency had a full panel of members—just in time for the agency's Nov. 29 board meeting.



Gigi Hyland



Rodney Hood

Hood and Hyland had a chance to talk a little about credit union issues during a question and answer period at a Senate Banking Committee hearing on their nominations in October.

Just 10 days before a House Ways and Means Committee hearing on credit union tax status, Hood warned that any trend toward adding federal taxes to credit unions would pose a threat to safety and soundness. And Hyland described the appropriate role of a regulator as one that draws a line between listening to the concerns of those being regulated and then using independent judgment regarding the resolution of different matters.

Hood, a Republican from North Carolina, leaves his position as associate administrator of the Rural Housing Service at the U.S. Department of Agriculture to join the NCUA Board. Hyland, a Democrat from Virginia, has 14 years of credit union experience and most recently served as general counsel at Empire Corporate FCU, in Albany, N.Y. 🏠

Regulatory Advocacy
http://www.cuna.org/reg_advocacy

Safety and Soundness an Issue in BIF Premium Decision

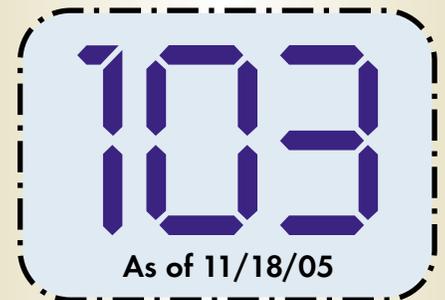
The FDIC earlier this month issued a release projecting that the Bank Insurance Fund (BIF) would fall below its statutorily required ratio of 1.25%. However, the agency has no plans to assess a premium on insured banks, in part, because the FDIC is "hopeful" Congress will pass deposit insurance reform legislation this year that would mitigate the projected decline by doing such things as providing an "assessment credit" for banks that contributed to the recapitalization fund in the 1990s.

"'Hopeful' is kind of a funny term to use in risk management," noted CUNA Vice President of Communications and Media Outreach Pat Keefe at the time of the agency announcement.

CUNA Senior VP John McKechnie added that CUNA is concerned that the agency's decision to forego an insurance premium to replenish the bank insurance fund might be imprudent.

"Extreme caution needs to be taken at any time deposit insurance levels fall," McKechnie said. "There are public policy issues related to this FDIC decision that bring up safety and soundness concerns."

CURIA Co-Sponsors Count



For a complete list of co-sponsor names, visit CUNA's website at <http://capwiz.com/cuna/issues/bills>

▶ from page 1

'No Period Here'

providers," Mica says. "But if we have to do a better job in making our story known, then we must take a good, hard look at the best ways to do that."

"My initial thoughts in regard to a response to this challenge is that we take a short period to let the dust settle, take a meticulous look at what lawmakers have asked, and address the best way to build a thoughtful and complete response to the questions of how we meet our mission."

Mica says there are other important messages to take away from the tax-status hearing. One of them is an endorsement of the effectiveness of credit union activities leading up to the hearing.

"I am convinced beyond a shadow of a doubt that credit union activities in dealing with their members of Congress, particularly those on the Ways and Means Committee, were helpful in gaining statements of support from members of Congress at large and members of the committee in particular," says the credit union leader.

The hearing has also provided the movement, Mica notes, with a clear list of true credit union supporters in Congress, as well as "a better road map" of concerns expressed by those supporters and by long-term antagonists.

NCUA Chairman JoAnn Johnson also recently addressed the post-hearing topic of credit unions documenting their work to serve millions of Americans of modest means.

"America's credit unions are known for their good work in reaching into the depths of communities, especially those who have been left behind to predatory lenders, and serve as the financial partner folks can count on for mainstream financial services," Johnson said. "However, the real challenge of this good work is documenting and singing your own praises of the service, when it is second nature to so many in the credit union community." 🏠



The House Ways and Means Committee room is packed with credit union representatives to witness the Nov. 3 hearing on credit union taxation. CUNA President/CEO Dan Mica highlighted the effectiveness of credit union activities leading up to the hearing. (CUNA photo)

Top 20 Political Action Committee (PAC) Contributors to Federal Candidates, 2005-2006*

PAC Name	Total Amount
Intl Brotherhood of Electrical Workers	\$873,650
Credit Union National Assn	\$753,969
National Auto Dealers Assn	\$731,350
American Fedn of St/Cnty/Munic Employees	\$708,673
Laborers Union	\$699,650
National Beer Wholesalers Assn	\$684,500
American Bankers Assn	\$673,364
United Parcel Service	\$654,224
Assn of Trial Lawyers of America	\$637,500
American Dental Assn	\$632,071
SBC Communications	\$615,800
Machinists/Aerospace Workers Union	\$594,000
International Assn of Fire Fighters	\$567,705
Teamsters Union	\$564,800
National Assn of Letter Carriers	\$561,500
Ironworkers Union	\$551,750
Carpenters & Joiners Union	\$523,500
Northrop Grumman	\$481,000
National Assn of Realtors	\$476,300
Bank of America	\$475,500

Totals include subsidiaries and affiliated PACs, if any.

*For ease of identification, the names used in this section are those of the organization connected with the PAC, rather than the official PAC name. For example, the "Coca-Cola Company Nonpartisan Committee for Good Government" is simply listed as "Coca-Cola Co." Based on data released by the Federal Election Commission on 10/11/05.

Political Affairs
http://www.cuna.org/pol_affairs

DON'T LET BANKERS DELIVER FALSE MESSAGES ABOUT CREDIT UNIONS.



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!

VISIT WWW.CUNA.ORG





Register today

STEP 1: Hotel Reservations (see below)

STEP 2: Conference Registration (next page)

HOTEL RESERVATIONS

Housing is now open.

ONLINE HOTEL ROOM RESERVATIONS AVAILABLE

Visit 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*
 16th & K Streets
 Hotel: \$208/Single
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HOTEL C:

Courtyard by Marriott
 1900 Connecticut Ave., NW
 Hotel: \$179/Single
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HOTEL D:

The Jury's Normandy Hotel
 2118 Wyoming St., NW
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HOTEL E:

Omni Shoreham Hotel*
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 \$213/Double
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HOTEL F:

The Churchill Hotel
 1914 Connecticut Ave., NW
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HOTEL G:

Marriott Wardman Park Hotel*
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 Hotel: \$225/Single
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Hilton Embassy Row*
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 Hotel: \$195/Single
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* 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
2. 1st, 2nd, and 3rd choices of hotels listed above
3. Arrival and departure dates
4. Number of rooms required
5. Type of room needed—single or double, smoking/non-smoking
6. Number of persons staying in room
7. Names of all occupants in room
8. Arrival time
9. Credit card type, name on credit card, number, and expiration date
10. Individual's organization
11. Address of each person
12. Telephone number of each person
13. Fax number of each person
14. E-mail address for each person (required for confirmations)

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CPE Credits: You can earn 15 group-live CPE credit hours for the GAC.

CAPITOL HILL VISITS

CAPITOL HILL VISITS ARE AN IMPORTANT PART OF THE GAC EXPERIENCE. BE SURE TO JOIN YOUR CREDIT UNION COLLEAGUES FOR HILL VISITS ON WEDNESDAY, MARCH 1.

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.)

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Home phone number (_____) _____

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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 _____

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SPOUSE/GUEST INFORMATION:

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

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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 \$ _____

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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. 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. For specific program information, visit www.cuna.org and look for GAC 2006, or call 800-356-9655, ext. 6763.

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Print name as it appears on card: _____

Signature _____

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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.

WEB SITE:

Visit www.cuna.org. Look for GAC 2006.

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12

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Parent # _____

Authorization _____

Order # _____

Confirm date _____

Please be advised that CUNA reserves the right to photograph any and all program attendees and guests during program activities and meetings and reprint such photographs, in whole or in part, for future CUNA promotional uses.



>> Notes Bearing Interest

Katrina Brings Compliance Challenges

Two months have passed since the Gulf Coast area of the United States was devastated by Hurricane Katrina, and for a while it seemed that financial services regulators were issuing disaster-specific regulatory advice—guidance, changes, tweaks—every day. The volume of notices has made it difficult, at times, for credit union officers and managers to keep up.

CUNA's "What's New in Compliance" website keeps credit unions on track by posting the releases on guidance issued by the agencies. And its November *Compliance Challenge* helps sort out the crush of information by focusing on three Katrina-related issues.

Compliance Challenge asks: Is it true the U.S. Treasury Department has

encouraged depository institutions to ease ID requirements when cashing government benefits checks? Can a member who lost a home and relocated due to Hurricane Katrina take an early distribution from an IRA account without incurring standard early withdrawal taxes? Can a credit union seriously impacted by the hurricane defer or reduce loan payments to any member who has suffered a loss because of Katrina?

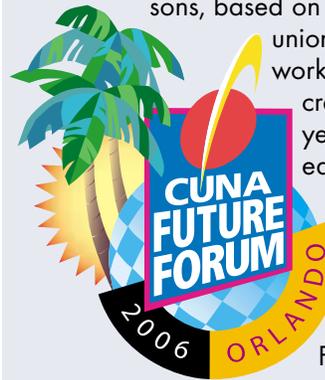
For the answers to these and other compliance issues, visit CUNA's website. 

Compliance Challenge
<http://www.cuna.org/compliance>



2006 CUNA Future Forum Switches to June

CUNA has scheduled its 2006 Future Forum for June 11-14, 2006, at the J.W. Marriott Orlando Grande Lakes in Orlando, Fla. The meeting previously had been held in the fall months. CUNA President/CEO Dan Mica said the change was made for two reasons, based on input from credit unions.



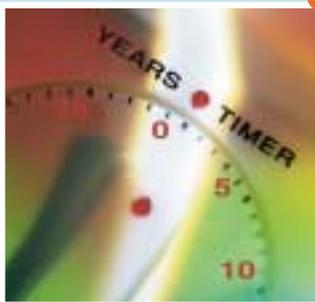
The June date works better for the credit union business year, being much earlier in the budget cycle. And the new date facilitates more participation by families of Future Forum participants.

CUNA Future Forum
http://training.cuna.org/on_site/ff_2006/

NewsWatch Quick Quiz

Quick!

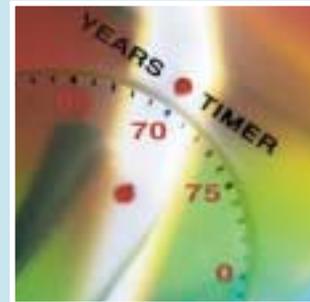
How fast did U.S. bank and thrift assets grow by the size of the entire CU movement—\$685 billion in assets?



A. Less than one year



B. 12 years



C. 70 years

The correct answer is: A. Less than one year.

During a one-year period from July 2004 to July 2005, the Federal Deposit Insurance Corp. reported assets at banks rose by more than \$800 billion—growth that exceeded the asset totals of all U.S. credit unions! With \$10.5 trillion in

assets, U.S. banks and thrifts command 94% of the market compared to credit unions' 6%.

And still, bankers express their "concern" about the growth of credit unions. What concern of the bankers could possibly be justified

in light of their fat profits and overwhelming growth? The nation's banks and thrifts are facing little, if any, direct competitive threats—especially from credit unions.

BANK ATTACKS: CUs Fight Back!
http://www.cuna.org/initiatives/bank_attack



>> Serving the Community

National Youth Week Theme Announced

“My Money, My Credit Union—Where I Belong” is the theme for the fifth annual National Credit Union Week, April 23-29, 2006.

The theme was chosen to help young members understand the credit union difference and explains that as members of a not-for-profit cooperative, they earn better rates on savings and loan products, pay lower fees and receive personalized service.

“This year’s theme emphasizes that credit unions are not-for-profit financial cooperatives—a

difference that sets credit unions apart from other financial institutions—to young members,” said CUNA President/CEO Dan Mica.

During Youth Week, credit unions across the nation focus on young people’s financial needs and provide financial literacy education. The event acts as a focal point for teaching the benefits of saving and goal setting.

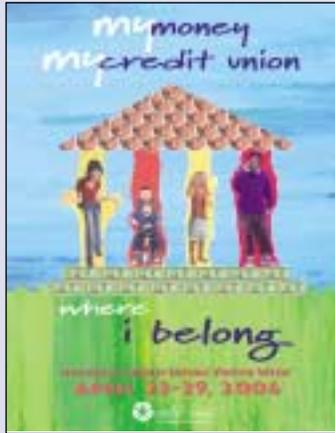
As part of the event, credit unions also can participate in CUNA’s third annual National Youth Saving Challenge. The challenge encourages

young members to open new accounts and make savings deposits throughout the week. Last year, thrifty youngsters deposited more than \$4.62 million into their savings accounts during the week, more than triple the \$1.39 million deposited during the challenge’s first year. The 280 credit unions participating last year reported deposits from nearly 36,000 young members and welcomed more than 4,500 new-member accounts.

Visit CUNA’s website for Youth Week educational and promotional materials, free planning resources, celebration suggestions from credit unions, success stories, general press releases and media tips to alert local media about the event. 🏠

National Youth Week

http://www.cuna.org/initiatives/youth/youth_week.html



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NOVEMBER 21, 2005

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