

Capitalizing on Inauguration



CUNA's John McKechnie (left) and House Speaker Dennis Hastert (R-Ill.) talk about credit union issues during a CUNA-sponsored event as part of Inaugural activities in Washington, D.C. (CUNA photo)

CUNA participated in a number of events during the 55th Inauguration, which provided an opportunity to gather information about key issues of importance to credit unions, communicate credit unions' concerns about vital issues to lawmakers, and raise the profile of America's credit unions with members of Congress and administration officials.

CUNA Board Executive Committee members and other credit union guests witnessed President George W. Bush

and Vice President Dick Cheney take the oath of office during ceremonies at the Capitol in Washington, D.C. Afterward, the CUNA representatives returned to CUNA's office at 601 Pennsylvania Avenue—situated directly on the inaugural parade route—to watch the music and scenes march past on the street below.

After the parade, CUNA guests dined at Credit Union House on Capitol Hill before heading off to several inaugural balls happening throughout the city. 🏠

Millions Experience CU Brand

Millions of people tuned in to the 2005 Hula Bowl All-Star Football Classic in Maui, Hawaii, which was sponsored by America's Credit Unions under an agreement by CUNA with the game organizers. America's Credit Unions was one of eight featured sponsors for the 59-year-old Hula Bowl, which aired live on ESPN-2.

Credit unions sponsored more than 50 football players and were featured with the statistical information of the players, and the America's Credit Unions logo was featured on the game center field. The agreement also included 30-second commercials during the game.

In exchange for the branding and sponsorship, CUNA agreed to help support fundraising activities in support of the Hula Bowl, although CUNA has no financial obligation to meet as part of the three-year agreement.

CO-OP Network CEO Robert Rose—whose organization sponsored three players—noted that CUNA's involvement in the Hula Bowl was "a great opportunity to spread the word that credit >>



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>> Legislative Affairs

Timing of Bankruptcy Reform in the Works

Senate leadership is working with Senate Judiciary Committee staff on the timing of introducing a bankruptcy abuse reform bill and is seeking additional original co-sponsors for a bill, according to CUNA's Gary Kohn, vice president of legislative affairs.

CUNA had anticipated Sen. Charles Grassley (R-Iowa) to introduce the reform bill last week. The anticipated Senate bill would be substantively identical to the bill the House passed late last year, which leadership said is long overdue and needed. Leaders said they have a "passion" for passing a bankruptcy bill quickly, said Kohn.

CUNA's top three priorities in bankruptcy abuse reform legislation are:

- ▶ Protecting the ability of credit union members to voluntarily reaffirm their debts with their credit unions;
- ▶ Inclusion of a meaningful "means test;" and
- ▶ Inclusion of mandatory financial education provisions.

At the same time, CUNA recognizes that bankruptcy is a legitimate way for many who truly need an extraordinary means to address their indebtedness. 🏠

Legislative Issues
http://www.cuna.org/gov_affairs

Banking Committee Sets 2005 Priorities

Among the legislative priorities of the Senate Banking Committee this year are several initiatives and oversight areas in which CUNA is interested.

These issues will receive the most attention from Chairman Richard Shelby (R-Ala.) in the upcoming months.

The first among the committee's key priorities is considering regulatory reform of the housing government-sponsored enterprises, Fannie Mae and Freddie Mac. The committee will also consider a thorough series of terror finance and money laundering issues—including a review of the national money laundering

strategy. Ensuring the nation's "critical infrastructure," which includes credit unions is also a top priority for the chairman.

Also listed as top priorities: Pressing forward with efforts to reform the deposit insurance system and regulatory relief.

Finally, attention will be given at full or subcommittee level for issues including financial accounting standards, reform of the Real Estate Settlement Procedures Act, implementation of the Check 21 Act, oversight of the Gramm-Leach-Bliley Act and Internet gambling. 🏠

CUNA, WOCCU Endorse Remittances Bill

CUNA and the World Council of Credit Unions Inc. (WOCCU) are again endorsing Sen. Paul Sarbanes' (D-Md.) International Remittances Consumer Protection Act (S. 31), which was reintroduced in the new Congress Jan. 24.

The legislation extends certain consumer protections to international remittance transfers of funds originating in the U.S.

The bill closely mirrors consumer disclosure practices credit unions already voluntarily offer, and seeks to expand credit unions' ability to offer remittances, money orders and check cashing services to better serve consumers—including non-members in their fields of membership.

CUNA and WOCCU believe that under the legislation, it would be possible for member credit unions to implement the requirements of this legislation, and the groups fully support the intent of this legislation to provide greater disclosures and consumer protections, particularly in the immigrant communities.

Hispanic Resources
<http://www.cuna.org/initiatives/hispanic>

▶ Top 20 Political Action Committee (PAC) Contributors to Federal Candidates, 2003-2004

PAC Name	Total Amount
National Assn of Realtors	\$3,771,083
Laborers Union	\$2,632,250
National Auto Dealers Assn	\$2,584,800
Intl Brotherhood of Electrical Workers	\$2,333,350
National Beer Wholesalers Assn	\$2,288,000
Assn of Trial Lawyers of America	\$2,170,499
United Parcel Service	\$2,139,929
National Assn of Home Builders	\$2,062,500
Credit Union National Assn	\$2,060,178
American Medical Assn	\$1,964,575
SBC Communications	\$1,959,616
American Bankers Assn	\$1,958,013
United Auto Workers	\$1,949,700
Service Employees International Union	\$1,929,000
Machinists/Aerospace Workers Union	\$1,922,250
Carpenters & Joiners Union	\$1,882,060
Teamsters Union	\$1,740,627
American Federation of Teachers	\$1,701,122
American Hospital Assn	\$1,687,151
Wal-Mart Stores	\$1,655,500

Totals include subsidiaries and affiliated PACs, if any.
Based on data released by the Federal Election Commission on 12/13/04.



>> Regulatory Affairs



Lending Regulation Promotes Flexibility

The NCUA's proposed rule codifying recent legal opinion into its lending regulations provides federal credit unions with additional flexibility and helps these credit unions better serve their members, CUNA told the agency in a Jan. 25 comment letter.

CUNA believes the proposal is "sound public policy."

It would revise NCUA lending rules providing that loans with a partial government guarantee, insurance or ad-

vance commitment to purchase a portion of the loan could be made in accordance with the maturity and other terms and conditions set by the government program, rather than under the restrictions on loan maturities, rates of interest, security and prepayment penalties that would otherwise apply under the Federal Credit Union Act.

The proposal would also clarify that a loan for a house trailer, recreational vehicle or boat, that is secured by a first

lien and qualifies for the home mortgage interest deduction, would be eligible for a maximum maturity of 20 years.

Finally, a third change would permit loans secured by manufactured homes to be considered real estate loans and, therefore, qualify for the longer 40-year maturity limit. ☝

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

CUNA Supports Treasury Check Conversions

CUNA supports a Treasury Department plan establishing a legal framework for using electronic images in presenting Treasury checks, CUNA's Mary Dunn, associate general counsel, told the agency in a recent comment letter.

An interim final rule, which took effect in October, permits credit unions to present Treasury checks for payment by providing an electronic image of the check instead of a paper check.

CUNA believes the rule to be reasonable and appropriate, and consistent with

the Check Clearing for the 21st Century Act.

Dunn told Treasury that although there currently are not problems with sufficiently protecting members' information, there is no need to address this potential in regulation at this time.

However, Dunn said Treasury should continue monitoring the situation and, if need be, issue a new proposal to resolve any problems that present themselves.

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

▶ When Is Email SPAM?

Question:

Under what circumstances is an email from a credit union considered "commercial" SPAM? How does it compare to a credit union's "transactional" or "relationship" email?

Answer:

CUNA's Compliance Team evaluated the Federal Trade Commission's regulations implementing the CAN-SPAM Act and identified a set of criteria that determines whether an email message is "commercial." Email designed primarily for advertising and promoting products and services are subject to the new SPAM law, set to take effect March 28.

An email is primarily "commercial" if:

- 1) It only contains ads or promotions for products and services; or
- 2) It contains both types of information ("commercial" and "transactional" or "relationship") and the recipient reasonably read the subject line as commercial email, or the non-commercial materials don't appear at the beginning of the email message.

This issue of *Compliance Challenge* also contains a list of top 10 New Year's resolutions to help credit unions maintain a top-notch compliance program throughout 2005.

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

By the Way

▶ Approximately 27.4 million potential new members were added to federal credit unions' fields of membership in 2004, NCUA announced this month. The potential members are mainly people of modest means...

▶ The Small Business Administration reported that 195 credit unions are participating in its flagship 7(a) loan guaranty program as of Dec. 31—over a 60% increase over 2003 levels. "This is terrific news and we believe the number of credit unions participating will continue to grow as more credit unions assess the benefits of providing business loans to their members," said CUNA's Mary Dunn, associate general counsel...

▶ Federal credit unions have no authority to provide investment services to non-members even if they use a shared employee with a broker-dealer, according to NCUA. Using a dual employee does not change the limitation on federal credit union services to non-members. A shared employee, acting on behalf of the broker-dealer, could provide services to non-members, but the federal credit union could not derive income from that activity...

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

Get in the ring. Score political points. Register today!

A strong agenda for credit unions

Heavyweight bankers from New York to California are sparring for advantages over America's credit unions. Be part of the defense this February at the CUNA Governmental Affairs Conference (GAC) in Washington, DC. The GAC is "The Main Event" where we'll use our strength in numbers send a strong message to the nation's power brokers.

Bring your entire team of managers and directors to this match-up of high-profile speakers, Capitol Hill visits, and informative exhibits.

Hear from influential speakers:

- **General Tommy Franks**, military leader and Presidential Medal of Freedom recipient, will provide observations on the war on terrorism and broader themes of leadership, citizenship, and values.
- **Treasury Secretary John Snow** will discuss major Administration priorities as Social Security and tax reform, as



well as the Administration's financial services agenda.

- **Rep. Michael G. Oxley** (R-OH), Chairman of the House Financial Services Committee will discuss the committee's agenda and its impact on credit unions.
- **Rep. Barney Frank** (D-MA), ranking minority member on the House Financial Services Committee, will offer the Democrats' perspective on financial services issues.
- **Rep. John Linder** (R-GA), a senior member of the powerful House Rules Committee, will discuss his ideas for major tax reform.
- **Rep. Ed Royce** (R-CA) and **Rep. Paul Kanjorski** (D-PA) will discuss factors that will affect the prospects for CURIA in the year ahead.
- Enjoy a point-counterpoint discussion with **Mark Shields** of CNN's *The Capital Gang*, and **William Kristol**, editor of the Washington-based political magazine *The Weekly Standard*.

CUNA GOVERNMENTAL AFFAIRS CONFERENCE • FEBRUARY 27-MARCH 2, 2005 • WASHINGTON, DC

VISIT WWW.CUNA.ORG

GAC CONFERENCE REGISTRATION FORM — February 27 - March 2, 2005

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 (_____) _____

E-mail (required) _____

(Important confirmation and program information will be sent electronically.)

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 to have 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.

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

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

Name _____

Telephone _____ Fax _____

E-mail (required) _____

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 _____

E-mail (required) _____

(Important confirmation and program information will be sent electronically.)



REGISTRATION INFORMATION

PAYMENT AND FEES:

Postmarked by January 28 Postmarked after January 28

Conference Registration Fee \$729 \$779
 GACDC05

Spouse/Guest Program
 GASDC05

Tours & Social Events \$325 \$350
 Social Events ONLY \$225 \$250

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 11, 2005, 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 11, 2005.

CONFIRMATION:

Upon receipt of your registration, a confirmation letter will be sent to your attention via e-mail. Please allow up to five business days to receive this information. Spouse/guest program registrants will also receive a confirmation letter via e-mail.

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 2005, 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.

WEB SITE:

Visit www.cuna.org. Look for GAC 2005.

FOR OFFICE USE ONLY:

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Customer # _____

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.



HOTEL RESERVATIONS

For room reservations,
please contact the hotels directly.

- Although the CUNA Housing Bureau officially closed on Friday, January 21, 2005, reservations can still be made directly through individual hotels.
- Beginning Thursday, February 3, 2005, you may contact the hotels directly with any changes or cancellations.
- After Tuesday, January 4, 2005, no refunds of your initial deposit will be given.

Continuing Professional Education (CPE) Credits

CUNA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Nashville, TN 37219-2417. Web site: www.nasba.org.

CPE Credits: You can earn 15 group-live CPE credit hours for the Governmental Affairs Conference. No advance preparation is required. For more information regarding administrative policies, such as complaint and refund, please contact CUNA at 800-356-9655, ext. 4892.

HOTEL A:

Conference Headquarters
Hilton Washington & Towers
202-483-3000
1919 Connecticut Ave., NW
Rates: \$189/Single
\$219/Double
Towers: \$307/Single
\$327/Double

HOTEL B:

Capital Hilton*
202-393-1000
16th & K Streets
Rates: \$193/Single
\$219/Double

HOTEL C:

Courtyard by Marriott
202-332-9300
1900 Connecticut Ave., NW
Rates: \$173/Single
\$189/Double

HOTEL D:

Jurys Normandy Inn
202-483-1350
2118 Wyoming Ave.
Rates: \$148/Single
\$163/Double

HOTEL E:

Omni Shoreham Hotel*
202-234-0700
2500 Calvert St., NW
Rates: \$187/Single
\$207/Double
\$227/Triple
\$247/Quad

HOTEL F:

The Churchill Hotel (formerly Sofitel)
202-797-2000
1914 Connecticut Ave., NW
Rates: \$160/Single
\$160/Double

HOTEL G:

Marriott Wardman Park Hotel*
202-328-2000
2660 Woodley Rd., NW
Rates: \$214/Single
\$214/Double
\$244/Triple
\$274/Quad

HOTEL H:

Hilton Embassy Row*
202-265-1600
2015 Massachusetts Ave., NW
Rates: \$199/Single
\$210/Double

HOTEL I:

Washington Plaza*
202-842-1300
10 Thomas Circle, NW
Rates: \$149/Single or
Double

* Shuttle bus service will be provided between these hotels.

CAPITOL HILL VISITS

CAPITOL HILL VISITS ARE AN IMPORTANT PART OF THE GAC EXPERIENCE. BE SURE TO JOIN YOUR CREDIT UNION COLLEAGUES IN "HIKING THE HILL" ON WEDNESDAY, MARCH 2.



>> Notes Bearing Interest

WOCCU Assesses CU Damages in Sri Lanka

More detailed reports of credit union damages in Sri Lanka from the December tsunami are arriving from the assessment team sent to the region by the World Council of CUs (WOCCU). Overall, it estimates more than 800 southeast Asia credit unions were destroyed in the disaster.

The team is evaluating the damages to credit unions along the southern coast toward Galle, an historic outpost heavily affected by the disaster. In one

case, Beruwela CU, an hour from the capital city of Colombo, was destroyed, leaving only a pile of rubble. Its chairman was killed.

WOCCU is working with SANASA, Sri Lanka's credit union federation and central liquidity facility to assess the needs. Eighty-five of the 90 credit unions in the Galle District alone were affected by the disaster. Of those, 23 were destroyed.

The National CU Foundation

(NCUF), working with WOCCU, is organizing U.S. credit unions' relief efforts for the region. According to WOCCU Interim CEO Brian Branch, the NCUF-WOCCU collaborative effort has raised nearly \$300,000 in total contributions—including \$100,000 from CUNA Mutual Group.

Visit NCUF's website to learn more about helping credit unions rebuild. 🏠

National CU Foundation
<http://www.ncuf.coop>

Financial Education Needs One Strategy

CUNA, other financial groups and consumer counseling agencies advised the Treasury's Financial Literacy and Education Commission not to duplicate efforts in creating a congressionally-mandated national financial education strategy, and instead, focus on bringing order to the maze of current options.

In response to the commission's request for feedback on the development of a national strategy to promote the basic financial literacy and financial education of everyone in the United States, CUNA advised that a wealth of financial education resources are currently available to the public

and no additional financial education materials are needed at this time.

CUNA recommended a multifaceted approach using existing materials, including the CUNA-backed National Endowment for Financial Education high school financial planning program, to foster financial education.

CUNA advised the commission of its vast array of financial education resources tailored specifically to the needs of credit unions and their members, both online and in print, which could be adapted by other organizations. 🏠

Youth Initiatives
<http://www.cuna.org/initiatives/youth/index.html>

▶ Deadline for '05 Desjardins Entries Set

The deadline for national entries from leagues for the 2005 Desjardins Youth Financial Education Awards is July 8. Each league must set its own entry deadlines for state-level credit union and chapter judging.

The award is named for the founder of the North American credit union movement, Alphonse Desjardins. It recognizes the leadership within the credit union movement on behalf of youth financial literacy.

The Desjardins award considers all activities supporting the personal finance education of young members and nonmembers, including, but not limited to, face-to-face teaching, publicity, lobbying for curriculum requirements, teacher and volunteer training, and promotion and use of the National Endowment for Financial Education (NEFE) High School Financial Planning Program (HSFPP).

For more information and entry forms, visit CUNA's website.

2005 Desjardins Youth Financial Education Awards
http://www.cuna.org/initiatives/youth/youth_desjardins.html

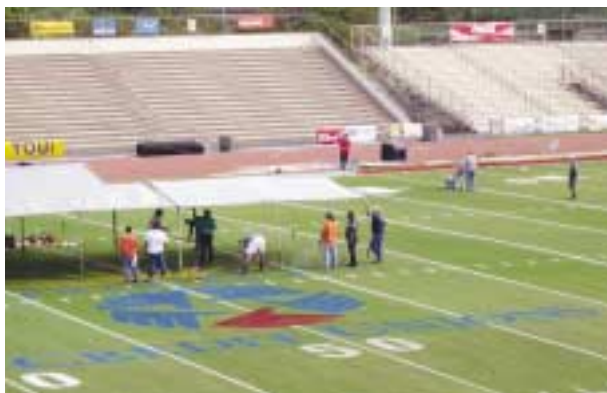
▶ From page 1

unions provide all the convenience of a bank—especially when they offer members thousands of surcharge-free ATMs nationwide through CO-OP Network."

According to CUNA President/CEO Dan Mica, the exposure of the credit union brand before the millions in the television and radio audiences was a significant boost to the recognition of credit unions.

"In innovative ways such as this, CUNA is striving to bring the image and ideas of credit unions before consumers so the more easily and clearly recognize the credit union difference," he said.

National CU Brand
http://www.cuna.org/initiatives/cu_brand



Workers paint the "America's Credit Unions" logo on the 50-yard line (below the "Hula Bowl" insignia) at War Memorial Stadium in Maui, the site of the 2005 Hula Bowl. (CUNA Photo)



>> Serving the Community

Contest Challenges Youth to Save

CUNA invites credit unions to participate in the second annual *National Youth Saving Challenge*, held in conjunction with *National CU Youth Week*, April 17-23, to encourage young members to open new accounts and make savings deposits throughout the week.

Participating credit unions register at no charge on CUNA's website, setting goals for the number of new accounts opened, the total number of young members making deposits, and the total amount of youth deposits during the week. At week's end, credit unions report their results to CUNA, which will announce the national figures. In addition, 10 participating credit unions chosen at random each will receive a \$100 check to award to a young saver.

The 2004 inaugural year of the saving chal-

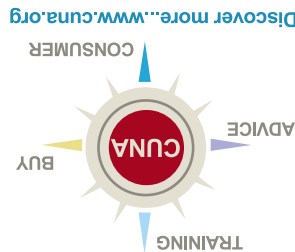


lenge exceeded expectations. Nearly 16,000 young members at 143 credit unions, including more than 1,850 new accounts, deposited nearly \$1.4 million in their saving accounts.

CUNA's website contains educational and promotional materials for *Youth Week* along with a free planning resource for credit unions. The site also includes celebration suggestions from fellow credit unions, 2004 success stories, general press releases and media tips to alert local media about this event, and more.

For more information, visit CUNA's website, or call Philip Heckman, CUNA's director of youth programs, at 800-356-9655, ext. 4088. 🏠

National Youth Saving Challenge
http://www.cuna.org/initiatives/youth/saving_challenge.html



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FIRST CLASS TIME SENSITIVE MATERIAL

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