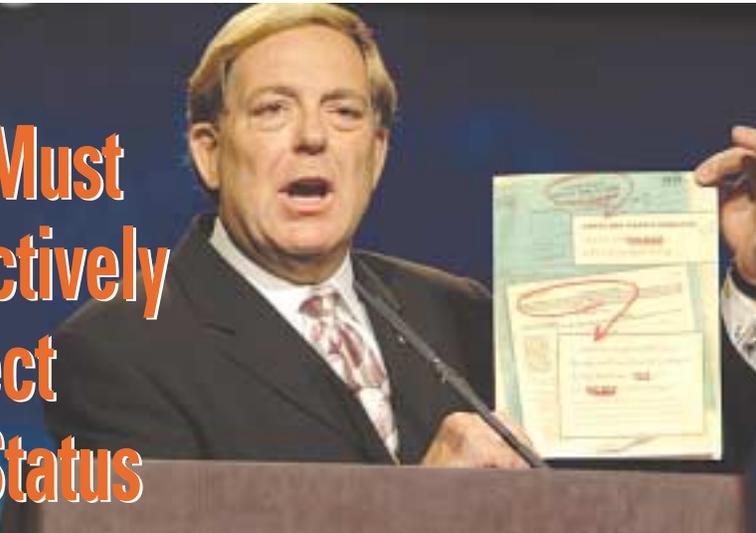


CU's Must Proactively Protect Tax Status



Holding a 1949 banking industry flyer that attacked credit unions' tax status, CUNA Chairman Dick Ensweiler during the Annual General Meeting Oct. 26 said it's déjà vu all over again with the banks attacking credit unions.

Holding a 1949 banking industry flyer that attacked credit unions' tax status, CUNA Chairman Dick Ensweiler during the Annual General Meeting Oct. 26 quoted former New York Yankees Coach Yogi Berra. "It's déjà vu all over again," he said of the banking industry's current aggression toward credit unions.

The meeting was held in conjunction with the 2004 CUNA Future Forum in Honolulu.

"When credit unions, leagues and CUNA come together, there's nothing we can't do," he said.

The chairman likened CUNA's public relations and lobbying staffs to strong pitching on a championship team. He said credit unions' competitive edge is political programs like Project Differen-

tiation, which demonstrates credit unions' uniqueness through stories. He pointed out that the best defense is a good offense.

"It's too late to start fighting after legislation is introduced because then you're already negotiating your position," said Ensweiler. He pointed to the success of moving forward proactive credit union legislation in the form of the CU Regulatory Improvements Act (CURIA, H.R. 3579).

Ensweiler, president/CEO of the Texas CU League, Farmers Branch, Texas, was elected to another term. 🏠

Bank Attacks: CUs Fight Back!
http://www.cuna.org/initiatives/bank_attack/index.html

Another Successful Election For CUs

Another successful election cycle for credit unions came to a close Nov. 2. Regardless of whether you're a Republican or a Democrat, credit unions came out ahead.

"We think we've elected a 109th Congress with at least as much support for the credit union tax status as we've enjoyed in the 108th Congress," stated John McKechnie, CUNA's senior vice president of governmental affairs. "We've still got behind us key members of Congress and those in the congressional leadership."

"President Bush and the Treasury Department have been crystal clear on supporting credit unions tax exemption," noted McKechnie.

"This was a great cycle for the CU Legislative Action Council," said Richard Gose, CUNA's vice president of political affairs. "Over \$2 million has been spent to date on candidates. We also spent more on independent expenditures this election cycle."

CUNA was involved in 30 of the 34 open U.S. Senate seats this cycle. Of the 30 races of which CUNA was involved, 28 of the candidates won. Unfortunately, Sen. Tom Daschle (D-S.D.) and candidate Brad Carson (D-Okla.) lost their races. In the

▶ See page 2

Inside

2 | Oxley Re-Elected

All other Ohioans on the House committee were re-elected as well.

3 | PCA Changes Considered

NCUA Board Chairman JoAnn Johnson is recommended three changes.

6 | Register For The 2005 GAC

Housing opens Nov. 16.

7 | Future Forum Coverage

CUNA Board and Executive Committee elected.



CUs Will Miss Rep. Crane's Support

After 18 terms in the U.S. House of Representatives, Illinois Rep. Phil Crane (R) lost his seat to Democratic challenger Melissa Bean for the 8th District seat.

"As a result of the Illinois election, credit unions have lost a champion who went far beyond the standard in his steadfast support for credit unions and their members," said Leon Peace, CUNA's legislative counsel for tax and pensions.

"Most recently, Congressman Crane took the lead in pulling together support among House Ways and Means Committee members for maintaining the tax exemption for credit unions. His legislative insight will be sorely missed in the next Congress," Peace related.

Crane served as vice chairman of the House Ways and Means Committee, the chairman of the subcommittee on trade and on the health subcommittee and joint taxation committee.



The Illinois CU League and its member credit unions this summer recognized Illinois Rep. Phil Crane (R), who had served on the powerful U.S. House Ways and Means Committee, for his strong support of credit unions and opposition to federal credit union taxation.

Don Edwards, senior vice president of federal governmental affairs for the Illinois CU League, said the league will work to build a relationship with Bean, who has 250,000 credit union members in her district.

Bean previously challenged Crane two years ago, and this time, she succeeded by winning a slim majority in Cook County. ☰

Campaign School Helps In West Virginia

In the way of campaign schools, West Virginia's Betty Ireland (R), who participated in the CUNA-affiliated school, won election to the post of the state's Secretary of State.



Betty Ireland (R)

"Credit unions are becoming central political players in the states and Ireland's election is just one example of this," said CUNA's John McKechnie, senior vice president of governmental affairs. "The campaign schools are a long-term investment in credit unions' political future."

The campaign schools help candidates run their campaigns by teaching them about writing campaign plans, fundraising, developing a message and Getting Out the Vote. "The schools are a unique opportunity for candidates," stated Gose, CUNA's vice president of political affairs.

This election cycle, CUNA ran 14 schools, compared to six schools in the 2002 election year. The campaign school in West Virginia was held in November 2003.

▶ From page 1

House, CUNA was involved in 36 open seat races.

"Additionally, credit unions, the leagues and CUNA expended resources on voter registrations and early/absentee voter programs. Over 12,000 people participated in the CUNA-sponsored early/absentee voter program," Gose added.

CUNA Helping Americans Vote
<http://cuna.helpingamericansvote.org/home8670.asp>

Financial Services Chairman Oxley Re-Elected



Michael Oxley (R)

Ohio's delegation to Congress will maintain its current roster, with Republicans holding a 12 to 6 advantage in Tuesday's elections, says the Ohio CU League.

With Republicans maintaining majority control in the House and Senate, Ohio likely will con-

tinue to hold key committee positions in Congress, most notably the chairmanship of the House Financial Services Committee. Rep. Michael Oxley (R), currently chairman of the committee, was re-elected.

Also re-elected were House Financial Services Committee members Robert Ney (R), Paul Gillmore (R), Pat Tiberi (R) and Steven LaTourette (R). ☰



>> Regulatory Affairs

NCUA Considers CUNA-Backed PCA Changes

NCUA Board Chairman JoAnn Johnson announced Oct. 22 that the agency is reviewing three rule changes related to Prompt Corrective Action (PCA) that, if adopted, would be good news for a number of credit unions. CUNA specifically recommended two of the changes.

NCUA is considering decreasing from 9% to 7% the net worth required for well-managed, well-capitalized natural person credit unions to qualify for the agency's RegFlex program and receive advantageous regulatory treatment in certain areas. In addition, NCUA is reviewing risk based net worth for corporate credit unions.

CUNA has supported both of these goals and advocated since the inception of RegFlex that the net worth required to be eligible should be no more than 7%.

"CUNA strongly supports the use of

risk-based net worth under PCA, including for corporate credit unions. We believe this is a positive announcement and look forward to working with NCUA as it continues to review these issues," said CUNA President/CEO Dan Mica. "In the meantime, we urge NCUA to continue working with us and the credit union system to develop meaningful PCA reform for all credit unions, including natural person, community development, low-income and corporate credit unions."

The third item, affecting well-managed and highly-rated low-income credit unions, provides the option for the credit union to release the portion of a secondary capital account that no longer counts as net worth. 🏠

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

SEC Delays Broker-Dealer Rule

The Securities and Exchange Commission (SEC) is delaying until March 31, 2005, the compliance date for banks regarding broker registration requirements under the Gramm-Leach-Bliley Act (GLBA).

Banks will not be required to develop compliance programs to meet the exceptions in the law that exempt them from SEC oversight for certain specific activities until the agency adopts a final rule under GLBA.

In June, the SEC proposed Regulation B, which replaced an earlier proposal and would implement the provisions of GLBA regarding bank exemptions. The proposal would also grant exemptions to credit unions regarding certain networking arrangements and trust services as well as sweep accounts. 🏠

Fed Finalizes Check Processing Amendments

The Federal Reserve Board on Oct. 29 announced final amendments, already effective, to Regulation J, which governs Reserve Banks' collection of checks and other cash items. The final amendments ensure that Regulation J covers the entire range of check processing services that the Reserve Banks will offer following the Oct. 28 effectiveness of the Check Clearing for the 21st Century Act.

The Check 21 Act permits financial institutions to use substitute checks in place of original checks in the check collection or return process. This law does not require any financial institution to accept checks electronically, although it facilitates the use of electronic transmission between financial institutions that choose to do so.

"In light of the Check 21 Act, the Reserve Banks plan to offer a wider range of electronic check processing services, including accepting items in electronic form for collection and return," the Fed said in a statement. 🏠

▶ CUNA Seeks More Certainty in FACT Act Regs

In a letter to the NCUA, the Federal Trade Commission and several banking agencies, CUNA and others expressed deep concerns about the impending Dec. 1 effective dates for many provisions of the Fair and Accurate Credit Transactions (FACT) Act.

Several provisions are subject to agency rulemakings that will require institutions to implement temporary compliance procedures on Dec. 1 that later will have to be changed when rules to implement those provisions become effective.

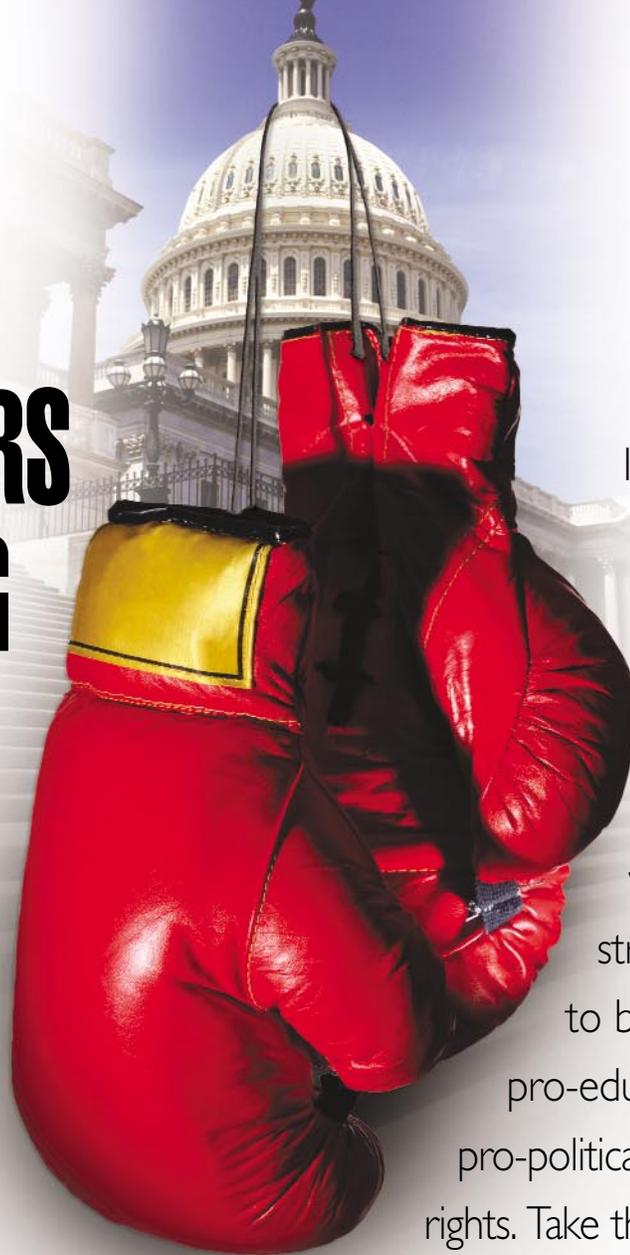
"Many of our members are concerned that the Dec. 1 effective dates for certain FACT Act provisions that are not implemented by agency rules, while perhaps appearing realistic at the time of enactment, now pose significant risks due to the complexity of the FACT Act implementation process and delays in that process," CUNA wrote.

CUNA requested that the agencies coordinate a formal announcement clarifying that compliance with FACT Act provisions that are subject to agency rule writing is not required until the compliance date specified in final regulations adopted by the designated agencies.

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

THE BANKERS ARE TRYING FOR A TKO!

The gloves come off this February at the CUNA Governmental Affairs Conference (GAC) in Washington, DC. Heavyweight bankers are sparring for an advantage over America's credit unions...and you can be a part of the defense.



In past rounds, we have made significant points politically, but credit unions can't let up — we must use our strength in numbers to be pro-active... pro-educational...and pro-political. Exercise your rights. Take the initiative, deliver a one-two punch, and send a strong message. Register today.

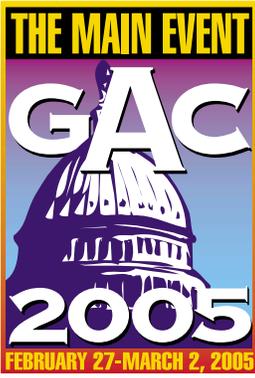


GOVERNMENTAL AFFAIRS CONFERENCE • FEBRUARY 27-MARCH 2, 2005 • WASHINGTON, DC

VISIT WWW.CUNA.ORG

GAC2005


CUNA
Credit Union
National Association



Register today

STEP 1: Hotel Reservations (see below)

STEP 2: Conference Registration (next page)

HOTEL RESERVATIONS

Housing opens November 16, 9:00 a.m. EST

ONLINE HOTEL ROOM RESERVATIONS AVAILABLE

Visit www.cuna.org, click on GAC 2005 and click on Housing Information/Reservations — 24 hours a day, 7 days a week — starting November 16 at 9:00 a.m. EST. 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, starting November 16.

- 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.
- FAX RESERVATIONS ARE **NOT** ACCEPTED ON OPENING DAY, NOVEMBER 16 ONLY. After that day, you can 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 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 Tuesday, January 4, 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: \$189/Single
 \$219/Double
 Towers: \$307/Single
 \$327/Double

HOTEL B:

Capital Hilton*
 16th & K Streets
 Hotel: \$193/Single
 \$219/Double

HOTEL C:

Courtyard by Marriott
 1900 Connecticut Ave., NW
 Hotel: \$173/Single
 \$189/Double

HOTEL D:

The Jury's Normandy Hotel
 2118 Wyoming Ave.
 Hotel: \$148/Single
 \$163/Double

HOTEL E:

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

HOTEL F:

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

HOTEL G:

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

* 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)

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. Telephone: 615-880-4200. Web site: www.nasba.org.

CPE Credits: You can earn 15 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 IN "HIKING THE HILL" ON WEDNESDAY, MARCH 2.

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 21 Postmarked after January 21

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:

12

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.



>> Notes Bearing Interest

Not Your Father's CUNA, Mica Says

CUNA President/CEO Dan Mica said in his president's report at the Annual General Meeting that at CUNA, everything is aimed at promoting credit unions and their interests. "But this is not your father's CUNA," pointed out the credit union leader.

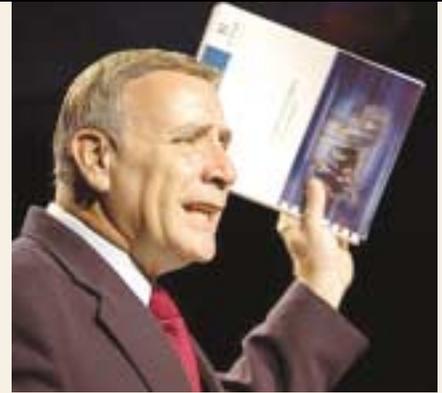
"It's our job to listen to credit unions," said Mica. "And the No. 1 item credit unions say they want is advocacy. CUNA is your voice, your eyes and ears in Washington."

Mica said the movement is growing with 86 million members. He ticked off a list of this year's accomplishments by the

national trade association. He noted that CUNA staffers also handled a myriad of other situations that never even hit credit unions' radar.

Mica reported to the board that relationships within the financial, cooperative and consumer movements are "superb" except for one. "I regret to inform the board of directors that relationships with bankers are bad," he said.

Finally, Mica reiterated that credit union must stay true to credit union principles. "We cannot become the competition to beat the competition," he said. "We must embrace our differences." 🏠



"It's our job to listen to credit unions," said CUNA President/CEO Dan Mica. "And the No. 1 item credit unions say they want is advocacy. CUNA is your voice, your eyes and ears in Washington." (CUNA Photo)

Bank Attacks: CUs Fight Back!

http://www.cuna.org/initiatives/bank_attack/index.html

CUNA Board Organized at Annual Meeting

Members of the CUNA Board and Executive Committee were elected during a board organizational meeting.

Re-elected to the Executive Committee:

- ▶ Chairman: Dick Ensweiler, president/CEO of the Texas CU League, Farmers Branch, Texas;
- ▶ Vice Chairman: Juri Valdov, president/CEO of Northwest FCU, Herndon, Va.;
- ▶ Secretary: Donald Larsen, president/CEO, Community CU, Tacoma, Wash.;
- ▶ Treasurer: Allan Kemp McMorris, president/CEO, Oakland County CU, Waterford, Mich.; and
- ▶ Member at Large: Tom Dorety, president/CEO, Suncoast Schools FCU, Tampa, Fla.

Newly elected board directors:

- ▶ Joseph Bergeron, president/CEO, Vermont CU League, South Burlington, Vt.;
- ▶ William Herring, president/CEO, Cincinnati Central CU, Cincinnati, Ohio;
- ▶ Robert Walls, president/CEO, Delaware CU League, New Castle, Del.;
- ▶ Patricia Wesenberg, president/CEO, Point Plus CU, Stevens Point, Wis.; and
- ▶ Harriet May, president/CEO, Government Employees CU of El Paso (Texas). 🏠

▶ CUNA Board Adopts Hispanic Principles

During the Annual General Meeting, Armando Cavazos, president/CEO of CU One, Ferndale, Mich., and chairman of CUNA's Hispanic Task Force, provided an interim report of activities, including nine principles.

Cavazos said the task force recommended and the CUNA board adopted the principles of credit union service to Hispanics:

1) Credit unions have a long tradition of providing high-quality, low-cost financial services to members according to cooperative principles. The growing population of Hispanics in the U.S. should have the opportunity to benefit from credit union services.

2) Hispanics expect the same high level of service that other consumers do. Credit unions are uniquely qualified to provide these services.

3) Although many credit unions do not have a significant group of Hispanics in their fields of membership (FOMs), each credit union has an obligation to determine whether it has Hispanics in its FOM, and if so, to serve them. Credit unions with only a small proportion of Hispanics in their

FOMs should consider assisting other credit unions that serve Hispanics.

4) Credit unions that serve the Hispanic market should develop a vision, a mission, cultural intelligence and a commitment to excellence in reaching out to and serving Hispanics.

5) It is consistent with good credit union philosophy to serve Hispanics.

6) It is good business for credit union to serve Hispanics, both for growth potential and as economically viable members.

7) Credit unions should give every member the same rights—the right to save and the right to borrow.

8) Credit unions should seek to become pacesetters in reaching out to the Hispanic market.

9) Credit unions that have a significant number of members from any other immigrant or underserved group should seek to apply the underlying principles developed for serving Hispanics to reaching out to the other underserved groups.

Hispanic Initiatives

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



>> The Marketplace

Mortgage Loans Made Faster



Credit unions can quickly process and close mortgages via a web-based tool offered by CUNA & Affiliates and the California CU League (CCUL).

Through CCUL's Rapid Real Estate Services website, credit unions can order appraisal services, property valuations, flood determinations, credit reports, document services, title services, closing and escrow services and tax services. Borrower information is entered once and submitted simultaneously to providers nationwide.

"Credit unions in California and Nevada have been using Rapid for nearly three years to expedite real estate settlement services," said CCUL President/CEO David Chatfield.

According to CCUL Vice President of Business Services Sylvia Fath, loan officers don't need to make phone calls to order each service separately, no documents need to be faxed and information is delivered directly to the loan officer's desktop.

"By speeding up and simplifying this process,"

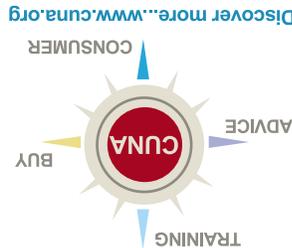
Fath said, "Rapid makes a credit union a more attractive lender in what has become a very fierce marketplace."

"The Rapid system is an efficient tool to help credit unions improve their processing time and close real estate loans faster," said Wes Millar, CUNA vice president of strategic alliances.

Millar said one of the attractive features is that credit unions can add their provider of choice if it is not already part of Rapid's 12,000-member network.

For more information, visit CUNA's website. 

 **Rapid Real Estate Services**
<http://www.curapid.com/>



RETURN SERVICE REQUESTED



Published 23 times per year by Credit Union National Association, Inc.,
601 Pennsylvania Ave. NW, South Bldg., Suite 600, Washington, DC 20004
Editorial: (202) 508-6767 • Editorial Fax: (202) 638-7716 • newswatch@cuna.coop
Address Changes:
CUNA E&S, P.O. Box 431, Madison, WI 53701-0431; or call (608) 232-8045
To get free instant e-mail delivery instead of regular mail, log on to www.cuna.org
and click Permission E-mail Service. Create your profile and check the box for
Newsletter - Newswatch.
© Copyright 2004 Credit Union National Association, Inc. ISSN 0899-5597

FIRST CLASS TIME SENSITIVE MATERIAL

NOVEMBER 8, 2004



A news service of the Credit Union System,
sponsored by your League, Credit Union National Association

PRESORT
FIRST CLASS MAIL
PAID
U.S. POSTAGE
MADISON, WI
PERMIT NO. 1949