



CUNA Hikes An All-American Issue

Uncle Sam, walking on stilts, mingles with credit union faithful attending last week's Election Fair as part of CUNA and the league's National Hike the Hill Month in Washington, D.C. (CUNA photo)

Nearly 1,000 credit union representatives blanketed Capitol Hill in Washington, D.C., as part of CUNA's National Hike the Hill Month. It peaked last week with more than 800 credit union representatives urging their lawmakers in Congress to ignore and discount false claims and fallacies bankers are spreading on Capitol Hill about credit unions.

The aim of the event is to ensure that bankers do not get in the "last word" before Congress adjourns in October.

Before setting out for Capitol Hill, CUNA President/CEO Dan Mica briefed the gathered credit union leaders about

the importance of connecting in person with lawmakers.

"The issue of credit unions is not Republican or Democrat—it's an American issue," he said. "Credit unions are about people helping people like you wouldn't believe. We need to tell story after story," he explained.

"This is an issue for a small group of bankers who are looking for a little more market share," said Mica. "But it's life or death for all credit unions and their 85 million member/owners."

Last week's highlight was an Election Fair, which [▶ See page 6](#)

Hikers Share Lessons From The Hill

The nearly 800 credit union leaders returning from visits with lawmakers on Capitol Hill last week endeavored to send a message to Congress. But they also took home lessons as well.

During post-hike debriefing sessions with CUNA and league staff, credit union activists echoed one key theme: Congress is hearing from the bankers.

"It's obvious the bankers have been on the Hill, making their case often and emphatically," said CUNA's John McKechnie, senior vice president of government affairs. "From what we're hearing, we need to continue to sit down lawmakers and their staff and consistently tell our story."

The bottom line is the bankers have intensified their efforts, reiterated Gary Kohn, CUNA vice president of legislative affairs. "Credit unions must recognize that they must continue doing what they've been doing, both in Washington and in the home districts," he said.

If anyone doesn't believe this fight is real, they obviously haven't been on the Hill. That's the assessment of Richard Gose. He is CUNA's vice president of political affairs.

[▶▶](#)

[▶ See page 6](#)

Inside

2 | Reg Relief Provisions Reviewed

CUNA favors most of Sen. Mike Crapo's reg relief matrix.

3 | NCUA Board Holds Monthly Meeting

Agency board takes up fixed assets, bylaws, and charters.

6 | FASB Rules on Loan Participations

"This is good news for credit unions..."

7 | Fighting Identity Theft

Free resource helps credit unions help protect their members.



CUNA Favors Most of Crapo's Reg Relief Matrix

CUNA presented positions on 29 proposals having a direct impact on credit unions that are contained in a regulatory relief "matrix" developed by U.S. Sen. Mike Crapo (R-Idaho).

Crapo has been charged with developing the Senate's version of financial services regulatory relief legislation. The House already passed its version of the bill.

"As you may recall from our testimony before the Senate Banking Committee on June 22, credit unions are the most heavily regulated of all insured financial institutions," CUNA President/CEO Dan Mica told Crapo in a letter. "Any effort to reduce or eliminate unnecessary paper-



Sen. Mike Crapo

work and regulatory obstacles can only help credit unions improve the quality of service their members have come to expect."

While Mica said CUNA supports a majority of the proposals directly affecting credit unions, some credit union provisions received additional comment.

CUNA offered no comment on provisions affecting banks and thrifts, which make up the bulk of the matrix.

Specific changes concerning member business loans (MBLs) CUNA recommended:

▶ **Limits on Member Business Loans:** The matrix fails to point out CUNA's clearly articulated position on this issue.

Through testimony before the House and Senate, as well as CUNA's strong support of H.R. 3579, it has made it very clear that while CUNA prefers that the MBL cap be eliminated totally, it support efforts to increase the cap to 20%;

▶ **Definition of Member Business Loan:** Again, the matrix fails to recognize CUNA's clearly stated position of support for increasing the definition from \$50,000 up to \$100,000;

▶ **Restrictions on Member Business Loans:** CUNA has made its position of support of this provision very clear as well, although not noted in the matrix. 🏠

Governmental Affairs
http://www.cuna.org/gov_affairs/index.html

Matricula Protected Under Spending Measure

The House approved the fiscal year 2005 Transportation/Treasury appropriations bill (H.R. 5025) last week that includes language supporting the continued use of Matricula Consular Cards as a valid form of identification at financial institutions.

In a letter this month to all House members, CUNA and the World Council of CUs (WOCCU) urged the removal of a negative Matricula amendment, which had been inserted by the House Appropriations Committee. This amendment would have banned financial institutions from accepting the Matricula card as a valid form of identification.

CUNA and WOCCU told House members that many credit unions already accept the Matricula cards from Mexican nationals and that these cards provide a safe alternative to payday lenders and check cashers. They said accepting the official cards also provide a measure of protection against fraud. 🏠

CUNA Legislative Issues: Matricula
http://www.cuna.org/gov_affairs/legislative/issues/matricul.html

▶ CUNA Monitors Tax Bills

CUNA is staying alert through the remainder of the Congressional session to ensure that negative tax legislation affecting credit unions is not passed.

Congress is expected to adjourn around mid-October in order for members to continue their campaigns for re-election. However, the legislature may return after the November elections to complete work that must get done this year, including all 13 federal appropriations bills for fiscal year 2005.

Last week, CUNA attended a hearing, for example, on selected tax issues in the House Ways and Means Committee for any discussion—or sign of it—about the credit union tax status.

The hearing of the select revenue measures subcommittee is

not aimed at the credit union tax exemption, and is not necessarily expected to address credit unions directly, but CUNA's John McKechnie said the association needed to watch the proceedings very carefully.

"While the focus of the hearings is certainly not credit unions, and we do not necessarily expect any reference to the credit union tax exemption, we still feel it important to keep in touch with the hearing, just in case anything comes up," said McKechnie, senior vice president of governmental affairs.

CUNA will keep alert to any other similar hearings as well.



John McKechnie



>> Regulatory Affairs

NCUA Takes Up Fixed Assets, Bylaws, Charters

At NCUA's monthly board meeting Sept. 23, Chairman JoAnn Johnson and Board Member Debbie Matz adopted a final rule on fixed assets, issued a notice and request for comment on Federal Credit Union Bylaw changes and approved one expansion of and two conversions to community charters.

The final rule amends the agency's fixed asset rule. The fixed asset rule limits a federal credit union's investment in fixed assets to 5% of its shares and retained earnings.

In addition, the rule also imposes requirements on the planning for, use of, and disposal of real property acquired for future expansion. The board decided to update the rule as a result of its internal rolling review of regulations.

The final rule adds a new paragraph with a cross-



JoAnn Johnson



Debbie Matz

reference to the RegFlex rule's provision that federal credit unions that qualify for RegFlex treatment are exempt from the 5% limitation. It also states that federal credit unions that once qualified

for the RegFlex program but no longer qualify for

RegFlex must comply with all the provisions of the fixed assets rule.

Second, the board issued for a 60-day comment period a notice and request for comments on ways to update, clarify, and simplify the Federal Credit Union Bylaws. The board will review the com-

ments received and then issue a proposed rule with specific bylaw changes.

Third, the board approved community charter requests from First Community FCU to expand its community charter to include nine counties in southwestern Michigan; US Airways FCU, Pittsburgh, Pa., to convert from a multiple group charter to a community charter; and Pennsylvania Central FCU, Harrisburg, Pa., to convert from a multiple group charter to a community charter.

Twenty-seven percent of the First Community's areas are classified as underserved communities. The credit union committed to serving the full community and has special programs in place already for serving its Hispanic members.

Johnson and Matz pointed out the serving the underserved accomplishments of all three federal credit unions. ☪



CUNA's RegWatch
http://www.cuna.org/reg_advocacy/member/regwatch/regwatch.html

CU Capital Focus of NCUA Summit

NCUA will gather credit groups to address all issues relating to credit union capital. The Summit on Credit Union Capital will happen at NCUA's Alexandria, Va., headquarters on Oct. 19.

"All issues relating to capital for America's credit unions will be on the table," said NCUA Chairman JoAnn Johnson. "Capital is a critical issue affecting all institutions—both natural person and corporate credit unions. We need to expand the dialogue and bring credit union officials together as we explore safe and sound opportunities for capital."

CUNA, among other organizations, will participate in the summit. Each organization will be allotted up to 30 minutes total with a maximum of three presenters for oral statements.

The capital issue has gained additional attention this month after the Government Accountability Office (GAO) released a Sept. 7 study on credit union capital, "Credit Unions: Available Information Indicates No Compelling Need for Secondary Capital." ☪

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

CUNA To Present At NCUA Budget Briefing

Kansas CU League President Marla Marsh will present the views of CUNA at NCUA's fourth annual budget briefing and public forum, which is scheduled for Oct. 12.

Conducted by NCUA Executive Director Len Skiles, the briefing will introduce the proposed 2005 budget to stakeholders and invite public input and comment.

CUNA's Operation Comment
http://www.cuna.org/reg_advocacy/index.html



BRILLIANT. BOLD. CREATIVE. AND WAY OUT THERE.

Put on your sunglasses...adjust your attitude...and take off for Hawaii. Come to CUNA's Future Forum 2004! It's more than an ordinary credit union gathering. It's a voicing of ideas, a venue for discussion, and a platform for exploration. From a discussion of authentic leadership, to the power of organizational story-telling, CUNA's Future Forum 2004 is brilliant, bold, and creative. *And it's all waiting out there.*



A BRILLIANT START TO YOUR LEARNING EXPERIENCE

Arrive in Hawaii early to attend these thought-provoking sessions.

Experience This!

- **Juli Lynch** will present a high energy, interactive session on the beach. Meet and greet your fellow participants in this exciting, pre-opening event.

PRECONFERENCE WORKSHOPS

- Lessons in Leadership from the Links
- Maximizing Your Creative Genius
- A Disaster Preparedness Simulation
- Xtreme Team

BOLD KEYNOTE SPEAKERS INSPIRE INNOVATION

- **The Leader's New Clothes** – **Gary Heil**, author of *"The Leader's New Clothes,"* describes a CEO's journey to become an authentic leader.
- **From Inspiration to Innovation** – **Andy Stefanovich**, CEO of PLAY, uses creativity to develop solutions in branding and leadership.
- **CU Sound-Off** – **Kate O'Beirne and Bill Press**, two Washington insiders, offer lively updates on national politics.
- **The Power of Storytelling** – **Kevin Carroll**, "Katalyst" for Nike, uses stories to foster creativity, individual learning, and change.
- **Credit Union Real Stories Live!** – **Patrick Adams**, EVP, St. Louis Community CU, brings to life the "people helping people" philosophy.



Preconference Sessions • October 23-24, 2004 / **Conference**

FOR INFORMATION: E-MAIL: futureforum@cuna.com **OR CALL:** 800-356-9655, ext. 5700



THE PERFECT FIT: SESSION TOPICS CUSTOMIZED TO YOUR VISION

The Future Forum has breakout sessions dedicated to senior management and directors, but **there's something for everyone**. CEOs, directors, volunteers, marketers, lenders, and operations staff will all find exciting learning opportunities.

The Board Governance Process

What lessons have we learned about organizational governance post Enron?

Inventing Tomorrow: A Look at Innovation in the Credit Union Industry

"The best way to predict the future is to invent it!" – Alan Kay

Does Asset Size

Really Matter?

So who should you benchmark your CU against?

Emerging Trends in Financial Services

Discover insights from this year's Credit Union Environmental Scan.

Servant Leadership – Creating a High Engagement Workplace

Is your staff fully engaged?

Trends and Implications in Electronic Banking – The Value of Information

Are you up to speed on EFT issues?

Building a Strategy for Residential Mortgage Lending

When your members shop around for mortgage loans, do they buy into your program?

The Economy and its Impact on CUs

Get advice for coping with these turbulent economic times.

Incentives and the Balanced Scorecard

Are you ready to translate strategy into action?

Catch Me if You Can, Is Your Identity Safe?

According to the FBI statistics, identity theft is currently our nation's fastest growing crime. Learn what you can do to raise the level of protection for your credit union and your members.

Should Our Credit Union Explore Small-Business Lending?

The record growth of small businesses and the trend toward home offices can offer BIG opportunities.

Are You Ready for Check 21?

Understand the new rule for substitute checks.

Board Succession Planning

Does your board represent your membership?

REGISTER NOW!

• October 24-27, 2004 / **Hilton Hawaiian Village** • Honolulu, HI



REGISTER ONLINE: training.cuna.org



Update: FASB Rules on Loan Participations

The Financial Accounting Standards Board (FASB) decided last week to allow credit unions and other financial institutions to continue to treat loan participations as sales on their books, provided certain conditions are fulfilled.

"This is extremely good news for credit unions, and CUNA appreciates the support from NCUA, leagues and credit unions that we received during deliberations on this issue," said CUNA Accounting Task Force Chairman Scott Waite after hearing the news.

Under the decisions reached during the board's most recent deliberations, financial institutions must obtain "true sale" opinions from a lawyer and address several other requirements to prove isolation before being permitted to utilize sales accounting treatment for loan participations.

This approach is very similar to what CUNA's representative, Steve Bisker, an attorney in private practice in Virginia specializing in credit union issues, argued for during the FASB public roundtables on this issue held this summer.

FASB is expected to issue a revised draft of the proposed loan participation rules later this year or in the beginning of 2005. Following the public comment period, the FASB Board would meet again to finalize the proposed rule.

Access CUNA's website for more details.

FASB's Loan Participations Project
http://www.cuna.org/reg_advocacy/member_hot_topic/fasb.html

▶ From page 1

All-American Hike

was intended to train credit union representatives to harness and direct the potential voting power of the 85 million Americans who are credit union members.

Sen. Lindsey Graham (R-S.C.) and Rep. Mike Michaud (D-Maine) addressed the election fair

participants. Both have received credit union support in their election victories in 2002. Also speaking was Charlie Cook of *The Cook Political Report*. Cook provided a breakdown of potential voter power of credit unions, and offered hints to the credit union partici-



CUNA President/CEO Dan Mica emphasizes the importance of refuting bankers' rhetoric before the end of the Congressional session. He holds a copy of CUNA's "Straight Talk" booklet, which credit union representatives took with them to Hill visits. (CUNA photo)

pants on how best to tap that power.

The Fair also featured a wide array of displays and booths showcasing many of the political and grassroots programs that demonstrate credit unions' resolve to be a complete participant in the political process. ■

▶ From page 1

Hikers Share Lessons From The Hill

"We definitely have members of Congress who love credit unions unconditionally," he noted. "But then there are those that are more specific about the conditions of their love."

During the week, hikers also learned that CUNA grassroots programs can make an impact with lawmakers.

During a visit with the Alabama credit union delegation, an aide to U.S. Rep. Mike Rogers (R-Ala.) asked how many credit

union members lived in the congressman's district. Will McCarty, Alabama CU League vice president of governmental affairs, offered to show him. Using the office computer, McCarty pulled-up Project Zip Code data for Rogers' congressional district. The aide was astonished at the number, according to McCarty.

Project Zip Code
http://www.cuna.org/gov_affairs/political/index.html

North Carolina credit union representatives walk the halls of the Cannon House Office Building last week on their way to a meeting with U.S. Rep. Walter Jones (R-N.C.) during CUNA's National Hike the Hill Month. (CUNA photo)





>> Notes Bearing Interest

Free Resource Helps Members Fight ID Theft

As the number of identity thefts increase, credit unions are bolstering efforts to ensure members' personal information and data are protected. Now credit unions can help members learn to protect themselves using a new resource



available free from CUNA.

Credit unions can place on their websites a link to the free online Anytime Adviser Identity Theft Coach, the newest addition to Anytime Adviser personal finance coaches.

Through quizzes, games, and simulations, the Anytime Adviser Identity Theft Coach gives members the tools to guard their personal and financial records. By the end of the course, credit union members will be able to:

- ▶ Spot common methods of identity theft;
- ▶ Implement safeguards to prevent identity theft;

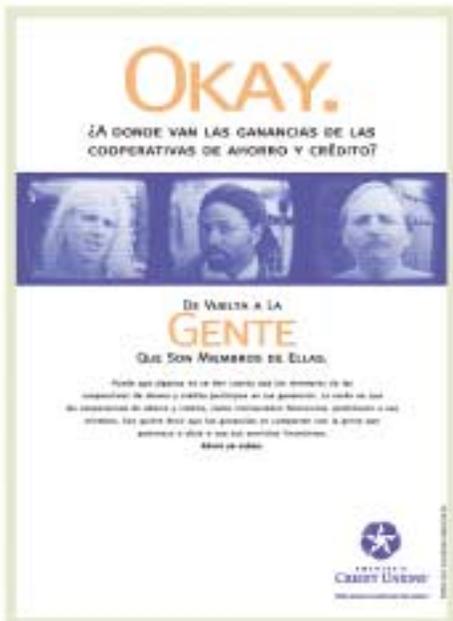
- ▶ Identify warning signs of identity theft;
- ▶ Recognize e-mail scams and determine the security of a website; and
- ▶ Take action when they suspect identity theft.

All affiliated credit unions can link to a non-customized version of the Identity Theft Coach without charge. Credit unions need only register, then place a text link on a website or use one of the free linking buttons provided. For details, check CUNA's website. 

Resources to Fight ID Theft
 <http://www.cuna.org/initiatives/idtheft.html>

CU Brand Done in Spanish

The public education component of CUNA's National CU Brand Campaign is now available in Spanish. The ads—TV, radio, collateral print materials which now include bus board ads—use “person on the street” interviews to raise the public's understanding of credit unions as member-owned, not-for-profit financial cooperatives.



Like the English version, the Spanish public education ads ask and answer three questions:

- ▶ “Quick, who really owns credit unions?” (“The people who are credit union members.”);
- ▶ “Okay, where do credit union profits go?” (“Back to the people who belong to them.”); and
- ▶ “So, what exactly are credit unions?” (“Financial cooperatives owned by the people who belong to them.”)

The entire line of campaign materials includes taggable posters; brochures; bus boards; digest, newspaper and magazine ads; three 30-second television commercials; and a series of three 30-second radio spots.

The English version of this campaign was tested in eight markets and proven to be effective in raising the public's level of understanding and awareness of credit unions, said Mark Wolff, CUNA senior vice president of communications. “We believe the Spanish-language public education materials will be equally effective in educating the Hispanic community, and especially new immigrants who often know little about or are wary of tradi-

tional financial institutions,” he said.

Leagues can use the ads in organizing cooperative advertising campaigns. Credit unions may purchase the ads by calling CUNA Member Services at 800-356-8010, press 3. The television ads are stock #26251-NW; the print/radio kit is stock #26250-NW; and the complete kit, consisting of print/radio, and television, is stock # 26252-NW.

Visit CUNA's website for more information. 

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

Notice of CUNA Board Meeting

This is the official legal notice to all members of CUNA's 70th Annual General Meeting (AGM), scheduled for Tuesday, Oct. 26, 2004, from 8:45 a.m. to 10:15 a.m. at the Hilton Hawaiian Village in Honolulu, Hawaii.

It will be held in conjunction with CUNA's Future Forum Oct. 24-27.

The AGM will update member credit unions and leagues on the actions of their association during the past year.

About CUNA
 <http://www.cuna.org/cuna/index.html>

>> The Marketplace

CU Staff Pay Hikes Down, But Better Than Average

The average pay increases given to credit union employees in 2003 continue to be slightly higher than the averages among corporations nationwide. However, pay increases for credit union employees continue to decline, reports the *CUNA 2004 Complete CU Staff Salary Survey*.

On average, credit union full-time management employees received a 4.12% pay increase in 2003, down from an average of 4.31% in 2002 and 4.83% in 2001. Full-time nonmanagement staff received an average pay increase of 3.82% in 2003, compared to 4.04% in 2002 and 4.36% in 2001.

U.S. employers gave their employees pay increases averaging 3.3% in 2003 and 2004. The average pay increases are expected to increase only slightly in 2005, according to Mercer Human Resource Consulting.

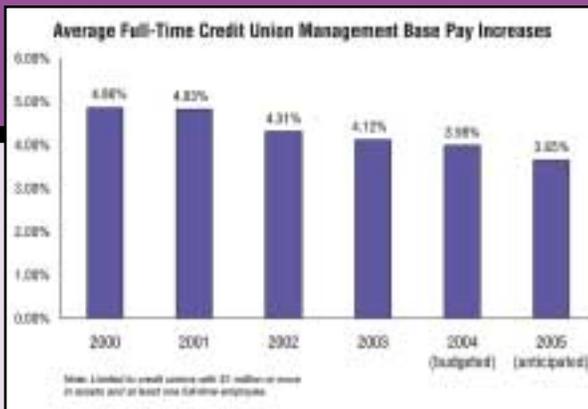
Although credit union pay increases are expected to decline, credit unions need to keep an eye on current economic

condi-

tions. "If the economy picks up as CUNA economists predict, credit unions may need to make adjustments in their salary budgets in the upcoming years," the executive summary says.

The 600-page salary survey report contains salary information for 89 full-time and eight part-time positions common in credit unions. It also includes newly revised job descriptions, bank comparisons and breakdowns by various peer comparison categories.

For more information or to order the survey, visit CUNA's website or call 800-356-8010, press 3 and ask for stock #25732-NW. 🏠



CUNA 2004 Complete CU Staff Salary Survey
<http://buy.cuna.org/detail.php?sku=25732>



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 ER&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

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

FIRST CLASS TIME SENSITIVE MATERIAL

SEPTEMBER 27, 2004

