

# NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

## Fair Credit and ID Theft Bill on the Move

With House passage of CUNA-endorsed fair credit and identity theft legislation Sept. 10, and the Senate Banking Committee planning a Sept. 23 markup of its own related bill, Congress is poised to renew several important federal preemptions that form the

uniform national standards for credit reporting.

The Fair and Accurate Credit Transactions Act (FACT Act) permanently renews these federal preemptions. CUNA President Dan Mica believes making these national standards permanent is a critical element in assuring that

the nation's consumers have easy access to credit and that they receive fair and appropriate protections of their personal and financial information.



*(continued on page 2)*

## CUNA Files Motion to Intervene in Banker Lawsuit

CUNA filed a motion on Sept. 12 seeking permission to intervene in the bankers' most recent lawsuit filed in July against the NCUA by the American Bankers Association (ABA) and the Utah Bankers Association (UBA).

CUNA filed the motion jointly with the Utah League of CUs, the National Association of Federal CUs (NAFCU), and the three affected credit unions: Tooele (Utah) FCU; America First FCU, Riverdale, Utah; and Goldenwest FCU, Ogden, Utah.

*(Continued on page 6)*

## Hurricane Isabel Bumps NCUA Board Meeting

The NCUA Board postponed its monthly meeting, scheduled for Sept. 17, until Wed., Sept. 24 at 10 a.m., because of severe weather affecting the Washington, D.C. area last week.

The NCUA Board is expected to approve as a final rule its new member business lending regulation. It also is scheduled to consider requests by two federally insured credit unions to convert to community charters, as well as whether to issue a proposed rule addressing credit union conversions to mutual thrifts.

Check CUNA's Web site for current developments. ♦



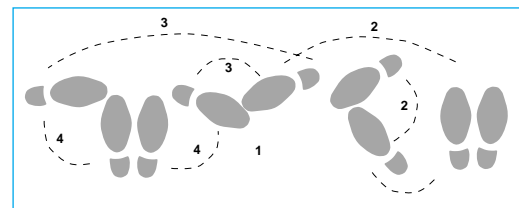
## HIGH lights

**Page 2** Reg relief bill now likely up in 2004

**Page 3** The top U.S. political action committees

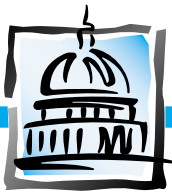
**Pages 4-5** Schedule your staff training next year

**Page 6** Learn the bankers' latest song and dance



**Page 8**





## Regulatory Relief May Wait until 2004

Legislation to provide regulatory relief to credit unions is more likely to pass Congress next year, allowing the Senate Banking Committee to work more with the House Financial Services Committee in developing its own proposal.

"While we were hopeful the House would move on the bill

sooner, we understand that this is part of the congressional process," says CUNA lobbyist Gary Kohn. "It is more important for both the House and Senate to work together to craft something that is likely to pass, so we welcome their efforts and look forward to moving the bills ahead in the coming months."

Two House committees have

already approved the Financial Services Regulatory Relief Act of 2003, leaving this bill ready for consideration by the full House.

The House bill would reduce regulatory burdens on financial institutions, including the first specific relief for credit unions in two decades. All 13 of the credit union provisions remain intact. ♦

## Fair Credit and ID Theft Bill on The Move

(continued from page 1)



*"The Senate will no doubt take note of the strong margin that the bill received in the House."*

--CUNA's chief lobbyist John McKechnie.

CUNA strongly supports the House legislation since it addresses the serious and growing problem of identity theft as well.

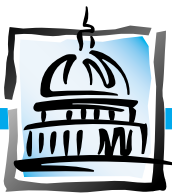
CUNA worked right up to the last minute with House and Financial Services Committee leadership from both political parties to ensure that the FACT Act got the strongest vote possible.

The Senate Banking Committee is scheduled to consider its version of the legislation Sept. 23. Committee Chairman Richard Shelby (R-Ala.) is making permanency of the uniform national system contingent on allowing consumers to "opt out" of their information being shared with affiliates for marketing purposes. ♦

For More,  
CLICK HERE  
[Governmental Affairs](http://www.cuna.org)  
[www.cuna.org](http://www.cuna.org)



*U.S. Rep. Shelley Moore Capito (R-W.Va.), left, discusses identity theft and the Fair Credit Reporting Act with CUNA lobbyist Gary Kohn during a Sept. 9 Hike the Hill event with West Virginia credit unions at the Credit Union House on Capitol Hill, Washington, D.C. About half of the 46 Hike the Hill visits scheduled for this year will take place during the final weeks of this congressional session.*



# CUNA Works to Expand Individual Development Accounts

Expanding individual development accounts (IDAs) for credit unions remains a lobbying priority for CUNA, particularly as legislation that encourages charitable giving—which contains the IDA provisions—moves into formal conference negotiations.

The House approved the Charitable Giving Act of 2003 on Sept. 17. The Senate approved its ver-

sion in April. The next step is for negotiators from the House and Senate to resolve differences in the respective bills.

CUNA has been lobbying Congress to include in its final legislation the Senate-passed provision that allows for a tradable tax credit that would expand credit unions' opportunities to provide IDAs.

"We will continue to work with coalition partners and members of Congress in anticipation of a conference committee between the House and Senate in support of the Senate's tradable tax provisions," promised CUNA lobbyist Gary Kohn. ♦



## House Votes to Ban Internet Access Taxes

The Internet Tax and Nondiscrimination Act passed the House Sept. 17. The bill would permanently ban Internet access taxes.

"Every dollar added to the cost of Internet access will mean additional costs that many Americans cannot afford, forcing those of modest means in our society to reduce or even forgo their use of the Internet as a tool for education, exploration, and individual opportunity, and leading to less utilization of the Internet by thousands of lower income American families nationwide," says CUNA President Dan Mica.

The current moratorium on these taxes is set to expire in November. ♦



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

PAC Name	Total Amount
Laborers Union	\$827,250
Wal-Mart Stores	\$773,500
Assn of Trial Lawyers of America	\$638,999
National Assn of Home Builders	\$586,500
American Fedn of St/Cnty/Munic Employees	\$569,500
Machinists/Aerospace Workers Union	\$562,000
National Auto Dealers Assn	\$560,050
National Beer Wholesalers Assn	\$542,000
National Assn of Realtors	\$524,550
Service Employees International Union	\$506,500
United Parcel Service	\$500,985
Intl Brotherhood of Electrical Workers	\$478,700
SBC Communications	\$477,232
<b>Credit Union National Assn</b>	<b>\$449,989</b>
Carpenters & Joiners Union	\$441,000
United Auto Workers	\$409,000
American Bankers Assn	\$399,565
Air Line Pilots Assn	\$387,000
Ironworkers Union	\$350,550
Lockheed Martin	\$350,279

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 Monday, Aug. 11, 2003.

# CUNA Center for Professional Development

## 2004 Calendar

## An Experience that's nothing

### DIRECTORS & VOLUNTEERS

**Strategic Planning Institute**  
March 14 - 17  
Ft. Lauderdale, FL  
Room rate: \$179 sgl/dbl  
May 2 - 5  
San Francisco, CA  
Room rate: \$170 sgl/dbl  
Reg fee: \$1,095

**Volunteer Leadership Institute  
Panama Canal Cruise**  
March 19 - 29

**Volunteer Leadership Institute**  
Hawaii  
January 21 - 24  
Jamaica  
November  
Reg fee: \$1,195  
Guest program: \$199

**Supervisory and Audit  
Committee Conference**  
December 7 - 10  
Las Vegas, NV  
Room rate: \$99 sgl/dbl  
Reg fee: \$795

### FINANCE & ECONOMICS

**CU Finance for Non-Financial  
Managers and Volunteers**  
March 7 - 10  
San Diego, CA  
Room rate: \$175 sgl/dbl  
October 3 - 6  
Ft. Lauderdale, FL  
Room rate: \$139 sgl/dbl  
Reg fee: \$1,195

#### eSchool

**CU Finance for  
Non-Financial Managers  
and Volunteers**  
Starts May 4  
Reg fee: \$1,195

**Economics and  
Investments Conference**  
July 25 - 28  
Baltimore, MD  
Room rate: \$179 sgl/dbl  
Reg fee: \$1,095

### **Financial Management School: Parts I & II**

March 7 - 12  
Savannah, GA  
Room rate: \$139 sgl/dbl  
August 8 - 13  
Denver, CO  
Room rate: \$139 sgl/dbl  
Reg fee: \$1,595

### **Financial Management Update**

November 14 - 17  
San Diego, CA  
Room rate: \$165 sgl/dbl  
Reg fee: \$1,095

#### eSchool

**Financial Management: Part I**  
Starts January 13

#### eSchool

**Financial Management: Part II**  
Starts March 23  
Reg fee: \$1,195 each part

### **Tenth Annual CUNA CFO Council Conference and Roundtable**

May 16 - 19  
San Diego, CA  
Room rate: \$189 sgl/dbl

### HUMAN RESOURCE MANAGEMENT

#### **Human Resource Management School: Parts I & II**

September 19 - 24  
Denver, CO  
Room rate: \$139 sgl/dbl  
Reg fee: \$1,295

### **CU University Workshop**

October 3  
St. Pete Beach, FL  
Room rate: \$150 sgl/dbl  
Suite: \$200  
Plus \$8 resort fee  
Reg fee: \$425

### **Experience Learning Live**

October 3 - 6  
St. Pete Beach, FL  
Room rate: \$150 sgl/dbl  
Suite: \$200  
Plus \$8 resort fee  
Reg fee: \$795

### **Tenth Annual CUNA HR Training & Development Council Summit**

April 18 - 21  
Miami Beach, FL  
Room rate: \$169 sgl/dbl

### LEADERSHIP & MANAGEMENT

#### **Branch Management Institute: Part I**

March 28 - April 1  
Palm Springs, CA  
Room rate: \$159 sgl/dbl  
August 22 - 26  
San Francisco, CA  
Room rate: \$170 sgl/dbl  
Plus \$6 resort fee  
Reg fee: \$1,295

#### **Branch Management Institute: Part II**

October 10 - 14  
Tempe, AZ  
Room rate: \$159 sgl/dbl  
Reg fee: \$1,295

### **Executive Boot Camp**

October 17 - 20  
Blaine, WA  
Room rate: \$145 sgl/dbl  
Suite: \$225  
Reg fee: \$1,750

### **CUNA Management School**

July 18 - 29  
Madison, WI  
Reg fee: \$1,900

### **Executive Institute Series:**

**World-Class Customer Service**  
November 14 - 17  
Phoenix, AZ  
Room rate: \$209 sgl/dbl  
Reg fee: \$1,495

### **Leadership Development Institute**

September 12 - 17  
St. Pete Beach, FL  
Room rate: \$129 sgl/dbl  
Suite: \$179  
Plus \$8 resort fee  
Reg fee: \$1,495

### **Management Essentials for Supervisors: Parts I, II, & III**

March 14 - 19  
St. Pete Beach, FL  
Room rate: \$172 sgl/dbl  
Plus \$8 resort fee  
November 7 - 12  
(Parts I & II only)  
San Diego, CA  
Room rate: \$165 sgl/dbl  
Reg fee: \$1,295

### LENDING & COLLECTIONS

**Business Services  
and Lending Conference**  
May 12 - 14  
San Francisco, CA  
Room rate: \$170 sgl/dbl  
Reg fee: \$795

### **Business Lending Institute: Parts I & II**

July 18 - 23  
Madison, WI  
Room rate: \$135 sgl/dbl  
Reg fee: \$1,195

### **Collections and Bankruptcy Introduction**

March 21 - 26  
Tempe, AZ  
Room rate: \$175 sgl/dbl  
October 17 - 22  
Baltimore, MD  
Room rate: \$179 sgl/dbl  
Reg fee: \$1,295

### **Collections and Bankruptcy Update**

June 6 - 11  
San Francisco, CA  
Room rate: \$170 sgl/dbl  
Reg fee: \$1,195

### **Consumer Lending School: Parts I & II**

March 7 - 12  
San Diego, CA  
Room rate: \$175 sgl/dbl  
October 10 - 15  
St. Pete Beach, FL  
Room rate: \$150 sgl/dbl  
Suite: \$200  
Plus \$8 resort fee  
Reg fee: \$1,295



## TRAINING ON DEMAND

Don't miss out on our monthly eLearning options for all staff.

Check the Web site or call for the latest schedule.

short of extraordinary!

**eSchool**

**Consumer Lending Part I**

Starts May 4  
Reg fee: \$1,195

**Residential Mortgage Lending School**

February 8 - 13  
Tempe, AZ  
Room rate: \$175 sgl/dbl  
Reg fee: \$1,295

**Advanced Mortgage Lending Strategies School**

May 16 - 19  
San Antonio, TX  
Room rate: \$179 sgl/dbl  
Reg fee: \$1,095

**Tenth Annual CUNA Lending Council Conference**

November 14 - 17  
New Orleans, LA  
Room rate: \$199 sgl/dbl

**MARKETING & SALES**

**Business Development School: Parts I & II**

February 8 - 13  
Tempe, AZ  
Room rate: \$175 sgl/dbl  
September 12 - 17  
Baltimore, MD  
Room rate: \$179 sgl/dbl  
Reg fee: \$1,295

**Marketing Management School: Parts I, II & III**

June 13 - 18  
San Diego, CA  
Room rate: \$165 sgl/dbl  
Reg fee: \$1,295

**Member Relationship Management Conference**

May 16 - 18  
San Antonio, TX  
Room rate: \$179 sgl/dbl  
Reg fee: \$795

**Sales and Service Culture Institute and**

**Advanced Sales and Service Culture Institute**

March 21 - 26  
Tempe, AZ  
Room rate: \$175 sgl/dbl  
November 14 - 17  
St. Pete Beach, FL  
Room rate: \$154 sgl/dbl  
Suite: \$204  
Plus \$8 resort fee  
Reg fee: \$1,195

**Eleventh Annual CUNA Marketing Council Conference**

March 10 - 13  
Miami Beach, FL  
Room Rate: \$199 sgl/dbl

**REGULATORY COMPLIANCE**

**Compliance Fundamentals Seminar**

April 24 - 25  
St. Pete Beach, FL

**Regulatory Compliance: Introduction**

April 25 - 30  
St. Pete Beach, FL

**Regulatory Compliance School: Update**

April 25 - 29  
St. Pete Beach, FL  
Room rate: \$172 sgl/dbl  
Suite: \$222  
Plus \$8 resort fee

**Compliance Fundamentals Seminar**

September 18 - 19  
Tempe, AZ

**Regulatory Compliance: Introduction**

September 19 - 24  
Tempe, AZ

**Regulatory Compliance School: Update**

September 19 - 23  
Tempe, AZ  
Room rate: \$139 sgl/dbl  
Reg fee: \$500 (Seminar)  
Reg fee: \$1,295 (Introduction)  
Reg fee: \$1,195 (Update)

**eSchool**

**Compliance Fundamentals Seminar**

Starts June 2

**eSchool**

**Regulatory Compliance School: Introduction**

Starts February 4

**eSchool**

**Regulatory Compliance School: Update**

Starts October 6  
Reg fee: \$500 (Seminar)  
Reg fee: \$1,195 (Introduction)  
Reg fee: \$1,195 (Update)

**SECURITY & RISK MANAGEMENT**

**Robbery & Fear Seminar**

April 18  
St. Pete Beach, FL

**Security and Fraud: Update**

April 18 - 21  
St. Pete Beach, FL

**Security and Fraud: Introduction**

April 18 - 23  
St. Pete Beach, FL  
Room rate: \$172 sgl/dbl  
Suite: \$222  
Plus \$8 resort fee

**Robbery and Fear Seminar**

September 26  
Las Vegas, NV

**Security and Fraud: Introduction**

September 26 - October 1  
Las Vegas, NV  
Room rate:  
Sat. arrival - \$139 sgl/dbl  
Sun - Fri - \$109 sgl/dbl  
Reg fee: \$395 (Seminar)  
Reg fee: \$1,295 (Introduction)  
Reg fee: \$1,095 (Update)

**OPERATIONS & TECHNOLOGY**

**Ninth Annual CUNA Technology Council Summit**

August 25 - 28  
Baltimore, MD  
Room rate: \$179 sgl; \$199 dbl

**Seventh Annual CUNA COO Council Conference**

September 26 - 29  
New Orleans, LA  
Room rate: \$165 sgl; \$189 dbl

**CONFERENCES**

**CUNA Governmental Affairs Conference**

February 22 - 25  
Washington, DC

**CUNA Future Forum**

October 24 - 27, 2004  
Honolulu, Hawaii

**The National Association of Community Credit Unions (NACCU) Sixth Annual Credit Union Forum**

October 3 - 6  
Phoenix, AZ  
Room rate: \$215 sgl/dbl



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# CUNA Files Motion to Intervene in Banker Lawsuit

(Continued from page 1)

According to the bankers' suit filed July 15 in U.S. District Court



*"Courts have regularly given great deference to regulators in such cases, and there is no reason to expect a court not to do the same in this case."*

--CUNA General Counsel Eric Richard

in Salt Lake City, the ABA and the UBA claim that field of membership changes approved by the NCUA Board last spring for Tooele (Utah) FCU; America First FCU, Riverdale, Utah; and Goldenwest FCU, Ogden, Utah were "arbitrary and capricious."

Bankers have asked a federal court to declare the field of membership alterations "unlawful, null

and void." The bankers additionally claim that the competition to local banks resulting from the changes would be "unlawful and ruinous."

CUNA General Counsel Eric Richard said that the bankers face a difficult task in convincing a court that their judgment is superior to that of a regulator. ♦

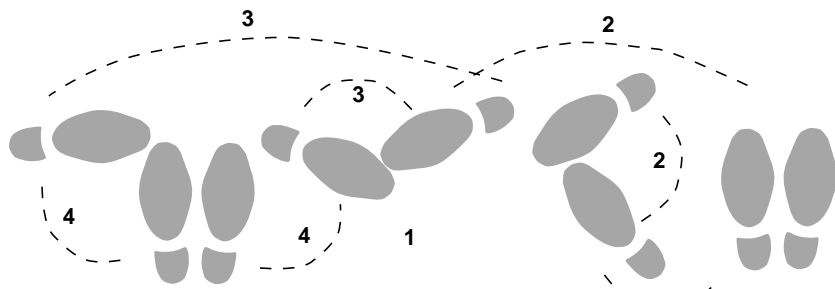


## Learning the Bankers' Song and Dance

A new dance is all the rage with bankers and their trade associations at statehouses across the U.S.A. It's called "The Bankers' Two-Step." (In some parts of the country, it's called the "Hypocrite's Hop" or "Doin' the Doubletalk.")

Lest audiences be fooled by the bankers' latest song and dance, CUNA reveals the basic dance steps behind the bankers' fancy footwork.

Your last edition of NewsWatch outlined "The La-La Lawsuit Swing." This week it diagrams two simultaneous steps in a bankers' move called, "The Subchapter S Shuffle." ♦



### The Subchapter S Shuffle

#### MOVE PERFORMED IN STEP 1:

During 2003, banks and their associations in more than a dozen states push for legislation calling for state-chartered credit unions to pay more taxes.

Banker-backed bills introduced in several states eventually are repelled by credit union grassroots efforts.

Bankers vow to resume their attacks in upcoming state legislative sessions.

#### SIMULTANEOUSLY IN STEP 2:

In July 2003, banking trade groups promote legislation to relax Subchapter S corporation tax laws, which they estimate will double the number of such banks to nearly 4,000.

Under the S-corporation structure, companies can pass tax obligations on to shareholders.

At the rate Subchapter S banks are growing, CUNA projects the dollar value of Subchapter S banks' tax benefits will exceed the dollar value of credit unions' federal income tax exemption by 2006.

## HUD Will Consider CU Comments on RESPA

CUNA representatives met with U.S. Dept. of Housing and Urban Development Assistant Secretary for Housing John C. Weicher, and HUD General Counsel-Designate Richard A. Hauser to discuss proposed amendments to the Real Estate Settlement Procedures Act.

The proposed rules will permit lenders to offer borrowers Guaranteed Mortgage Packages, and will make significant changes to the Good Faith Estimate form.

Weicher indicated that the final rule likely will differ from the proposed rule based on the more than 40,000 comment letters received by HUD. He added that comments from credit unions have been among the most thoughtful.

HUD's proposal is intended to address consumer concerns about the complexity of the mortgage process, which CUNA applauds, according to CUNA Assistant General Counsel Jeffery Bloch. But CUNA thinks the changes will be "unduly burdensome for lenders with very few corresponding benefits for consumers." ♦



## Paper Transactions Shrink

**E**-checks will pick up steam as consumers increasingly accept electronic scanning and storage, and an end to the need to handle actual paper, reports *CUNA's 2003 CU Environmental Scan*.

Passage of Congress' Check Clearing for the 21st Century Act will mean financial institutions will not have to return original paper checks as electronic facsimiles will have the same legal standing. Depending on how the House and Senate work out differences between the two check-clearing bills, up to 80% of the checks currently processed at lockbox sites could become electronic transfers by 2006.

Among other *E-Scan* trends affecting paper transactions:

- Electronic transaction volume will grow by 23.2 billion items from 2000-2007;

- Check transaction volume will decline by 4.4 billion items in 2000-2007 time frame;

- Check electronic elimination eliminates 10.45 billion check postings in 2007; and

- Proposed Check Truncation Act may drive out remaining checks from update process.

For more information or to order *E-Scan*, call 800-356-8010, press 3 and ask for stock number 20583-PR-NW (report), 23507-PR-NW (PowerPoint), or 30006-PR-NW (video). ♦



## By the Way...

- The Federal Reserve Board and Treasury Department set Oct. 9 as the target date for issuing the "safer, smarter, more secure" \$20 U.S. note for circulation. Training and informational materials are available at no cost from Treasury's Bureau of Engraving and Printing that include training videos, CD-ROMs, posters, brochures, and customer take-one cards.

- In a comment letter to the NCUA on its examination surveys given to credit unions, CUNA suggested that the surveys request an assessment concerning loans, investments, and deposits. They should also request whether the credit union believed examiner knew the credit union's financial position before commencing the exam.

- The National Credit Union Foundation (NCUF) is seeking credit unions to participate in a national initiative to foster and improve affordable housing programs, due to \$500,000 in awards to NCUF for the Rural Community Development Initiative (RCDI). RCDI funds are allocated to develop the ability of nonprofit organizations, low-income rural communities, or federally recognized tribes to undertake projects for housing, community facilities, or community economic development in rural areas. Credit unions interested may call 1-800-356-9655, ext. 6771.

## CUs' Loan-to-Savings Ratio Rises

Credit unions' loans continued to outpace savings growth during July, resulting in a loan-to-savings ratio of 69.2% in July, an increase from 68.2% in June, according to CUNA's monthly credit union estimates.

Credit unions' savings totaled \$537.4 billion, an increase from the \$480.8 billion saved in July 2002. Savings declined 0.05% during the month, mirroring a similar decline in July 2002. Year-to-date savings growth increased to 7.6% from 7.2% in July 2002. Money market accounts and regular shares grew 0.6%, while share drafts declined 2.3%.

The savings decline is seasonal, with June, July, and August typically the worst months for savings growth, says CUNA economist Steve Rick. Still, with loan growth growing faster than savings, credit unions will need to put their funds where they will be most productive, into loans, instead of investments. ♦



## Q What is the typical response rate for a member survey?

A These estimates will vary depending on how many questionnaire mailings are done, and whether the member returns the questionnaire directly to the credit union (which will yield a lower response rate) or to another party (e.g., a research firm, which will yield a higher re-

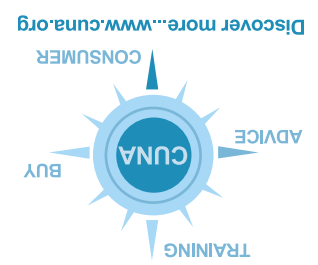
sponse rate).

These estimates assume that the credit union or outside party provides members a business-reply paid envelope in which to return their completed questionnaires:

- 10-15% if the credit union does only one mailing, and questionnaires are returned to the credit union;
- 20-25% if the credit union does two mailings (i.e., mails the questionnaire to members who did not return theirs from the first mailing), and questionnaires are returned to the credit union;
- 15-20% if the credit union does only one mailing, and questionnaires are returned to the outside party; and

• 30-35% if the credit union does two mailings (i.e., mails the questionnaire to members who did not return theirs from the first mailing and questionnaires are returned to the outside party.

“Ask Eva” is a live online consultant feature of CUNA’s The Point for CU Research & Advice. Ask your questions on the Web at <http://thepoint.cuna.org>. ♦



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