



# NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

## Credit Unions Welcome New Congress



Rep. Jim Gerlach (R-Pa., center) is one of 65 new federal lawmakers. On his first day, he hosted constituents at Credit Union House.

The 108th U.S. Congress convened in Washington, D.C. with 65 new lawmakers among the 535 swearing in. Most were supported by credit unions during their elections, and many met with CUNA and state credit union leagues during their first week in session.

Both the House and Senate quickly approved legislation to

reauthorize the program that provides more than 90% of the flood insurance on U.S. loans.

*(Continued on Page 4)*

## Help Shape CUNA's Agenda

Credit unions who received a Political Action Survey are urged to respond and help shape CUNA's legislative agenda for the new Congress. The survey was mailed last month to 2,000 scientifically selected credit union CEOs and board members.

Respondents determine their top legislative and regulatory priorities out of more than 20 possible issues.



*"Your responses will allow us to prioritize legislative and regulatory efforts with a higher degree of certainty."*

- Dan Mica, President & CEO  
Credit Union National Association

It's also an opportunity to indicate what types of grassroots activities you would take to support important legislation. This helps CUNA's Political Affairs Department plan grassroots strategies when they need to energize credit unions for an urgent cause. ♦

## What to Expect from NCUA

In Part 3 of *NewsWatch's* interview with NCUA Chairman Dennis Dollar, the Chairman describes a new emphasis at NCUA, examines existing law, and outlines the regulator's priorities for early 2003.

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## HIGH lights

**Page 3** CUNA seeks solution for state credit unions

**Pages 5&7**

Discount extended for CUNA's Governmental Affairs Conference

For More, CLICK HERE  
GAC 2003  
www.cuna.org



**Page 6**

Panel to show how CUs are viewed on Capitol Hill



Bob Ney



Brad Sherman

"New generation" to address CUs



Harold Ford, Jr.



Miss America

**Page 8** How secure is your high-speed connection?



## What to Expect from NCUA



(Continued from Page 1)

### **NewsWatch: Will NCUA place more emphasis on a credit union's business plan when evaluating community charter applications?**

Chairman Dollar: "That is where our emphasis should be."

"Instead we have been requiring credit unions to provide us with inches thick documentation of hospitals, schools, baseball teams, newspapers, telephone directories, festivals and the like. Those criteria are a part of being a city, county, or Metropolitan Statistical Area. They should not dominate the application process when the local community is already well defined."

"We are safety and soundness regulators -- not merely another federal agency trying to come up with a new definition of local community. State governments, local governments and, at times, other federal agencies have clearly defined what is a local community."

"We should keep our focus on whether this is a supportable safety and soundness decision by a well-managed credit union with a business and marketing plan that

can work within the credit union's financial ability to serve the entire community."

### **Is Congressional action needed to clarify any field-of-membership issues?**

"That's for Congress to decide. I believe the Credit Union Membership Access Act of 1998 allows us to go further than our previous field-of-membership rules."

"That's why we introduced our latest FOM proposal (*NewsWatch*, Nov. 25, 2002). We want to provide federal credit unions opportunities for managed and planned growth within the law."

"Should Congress decide they would like to look at the FOM laws again, we would gladly work with them to find additional areas that could perhaps be improved statutorily."



*Federal credit unions added 23.5 million potential members to their fields of membership in the past year.*

"But, until they choose to revisit the statute, we want to make the existing law work the way it should."

"The focal point of the law was enhanced access for more Americans to have the option to join a safe and sound, growing credit union. Our latest proposal is a

natural progression toward making that 'access' more of a reality."

"It is also a significant improvement in the viability of the federal charter."

### **In addition to finalizing the FOM regulation, what are your other priorities for 2003?**

"Important though it is, the FOM regulation is hardly our only priority for 2003. In the first quarter, we have final rules coming on credit union investment authority, overseas branching, and first-tier Net Worth Restoration Plans."

"We will also continue implementing NCUA's risk-focused supervision program and risk-based exam scheduling. This enables us to better apply our limited resources on managing risk, and less on micro-managing well-run credit unions."

"We will also be working to continue our efficiency efforts at NCUA, both in our allocation of resources and in controlling costs without sacrificing standards."

"Finally, but most importantly, we want to see credit union financial performance remain at the historically strong levels of recent years. It does not matter how many services a credit union offers or how many members it has -- without a commitment to safety and soundness as the top priority, all other bargains will be short-term." ♦

*Comments on NCUA's latest FOM proposal are due on February 3. Use CUNA's "Operation Comment" system to make your voice heard.*





# CUNA Finds Solution for State CUs

CUNA has found a solution to a court ruling that could have forced credit unions chartered in various states to make costly disclosures that federal charters would not have

to make.

After 3 weeks of negotiations, CUNA reached an agreement with its 10 co-plaintiffs and the California Attorney General.

"This agreement makes it extremely unlikely this statute will ever be a compliance problem for state charters," explains CUNA General Counsel Eric Richard. "More importantly, this heals the rift that could have developed between state and federal charters after the judge's original order."



*"We will continue doing everything we can to protect the interests of all credit unions."*

- Eric Richard, General Counsel  
Credit Union National Association

## Does State Law Apply?

If it applied, the law could have required CUs in various states to:

- Provide detailed disclosures to any credit card holders in California who can make monthly payments under 10% of their balances;
- Make special disclosures to California cardholders who make minimum payments for 6 straight months; and,
- Provide for a toll-free hotline to counsel all California cardholders.

If the agreement is approved as expected by U.S. District Court Judge Frank Damrell, Richard says it will be a "fantastic outcome for the entire credit union community." ♦

## 4 Comment Deadlines Near

CUNA's Web site is set to help you comment on 4 pending proposals that will impact credit union operations.

Please share your comments with CUNA by the early deadlines, so CUNA can incorporate more credit union input into its comments to regulators.



### Fields of Membership

Unnecessary FOM restrictions would be eased on federal credit unions serving communities, industries, and associations.

Comment to CUNA by this week, and to NCUA by February 3.

### Net Worth Restoration

Federally insured credit unions that slip below 6% net worth due to sudden share growth would have a "safe harbor" under NCUA's "Abbreviated Net Worth Restoration Plan."

Comment to CUNA by January 17, and to NCUA by January 28.

### Truth-In-Lending

The Fed is changing certain fees and disclosures under Regulation Z.

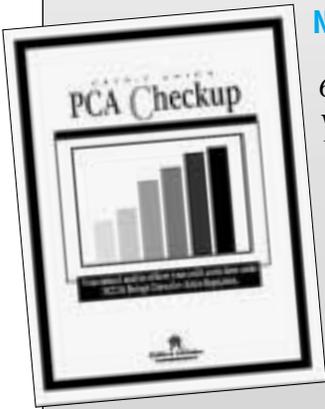
Comment to CUNA by January 20, and to the Fed by January 27.

### Small Credit Unions

NCUA would have to consider the impact of its rules on CUs with assets up to \$10 million (rather than \$1 million). All

rules would be reviewed every 3 years.

Comment to CUNA by January 24, and to NCUA by February 3. ♦



## Nationwide Call on Lending Changes

3 major issues are changing the way consumer loans are made.

CUNA's nationwide call will help you deal with these changes:

- 1) 0% Auto Financing — How to strengthen your loan portfolio despite this permanent competitive initiative;
- 2) Home Mortgage Disclosure Act — How to comply with new requirements in HMDA rules;

- 3) Real Estate Settlement Procedures Act — Why several industries are concerned, and what to expect when RESPA changes become final in 2003.

Credit unions on the call can ask questions of expert panelists.

For more info, call Cherish Schwenn at 1-800-356-9655, ext. 4139, or e-mail [cschwenn@cuna.coop](mailto:cschwenn@cuna.coop) ♦



### Audio Conference: Consumer Lending Changes

January 29  
1:00 - 2:30 PM CDT





## Credit Unions Welcome New Congress

*(Continued from Page 1)*

H.R. 11 reauthorizes the Federal Emergency Management Agency's National Flood Insurance Program, which had expired on December 31, 2002.

The bill is retroactive to that date -- so it prevents any interruption to credit union loans in areas where flood insurance is required.

CUNA thanked the lead sponsors, House Financial Services Committee Chairman Michael

Oxley (R-Ohio) and Ranking Member Barney Frank (D-Mass.), for their quick action.

They were among many credit union friends returning to Capitol Hill, thanking credit unions for their campaign support and preparing to address credit union issues in the new Congress.

Credit union leagues from seven states -- Georgia, Illinois, Minnesota, North Carolina, Pennsylvania, South Carolina, and South Dakota

-- brought delegations to Washington to welcome their new and returning lawmakers.

In all, CUNA and the leagues attended about two-thirds of the swearing-in events. Senators and Representatives spent quality time with their credit union constituents.

As CUNA Senior VP John McKechnie concluded, "It's a great time for credit unions to be on the Hill." ♦



*Freshman Rep. Jim Marshall (D-Ga.) shares the hectic pace of Congress' opening day with Georgia CU Affiliates President Mike Mercer (left) and Senior Vice President of Advocacy Cindy Connelly (right).*



*John McKechnie (left), CUNA's Senior VP of Governmental Affairs, discusses committee assignments with freshman Rep. Rick Renzi (R-Ariz.). Rep. Renzi was later chosen to serve on the House Financial Services Committee.*



*Freshman Rep. Rob Bishop (R-Utah) surveys the political landscape with CUNA Political Affairs VP Richard Gose (left).*



*Rep. Shelly Moore Capito (R-W.V.), author of the Financial Services Regulatory Relief Act of 2002, is welcomed back by Gary Kohn (center), CUNA's VP of Legislative Affairs & Senior Legislative Counsel, with Linda Gualtieri (right), CUNA's new Legislative Affairs Manager.*



*Credit union champion Earl Pomeroy (D-N.D.) greets CUNA's McKechnie (right) in the hallway of the Longworth House Office Building. Rep. Pomeroy thanks credit unions for their support of his reelection campaign.*

*South Dakota CU League President Don Couch (left) and Legislative Director Wally Myers (center) meet with Chris Braendlin, a top staffer for freshman Rep. Bill Janklow (R-S.D.), the former Governor of South Dakota. On the reception desk (right) are flowers sent to Rep. Janklow's new office by Couch and Myers.*



# Raise your voice.



**No one can tell the credit union story better than you can.** That's why the 2003 CUNA Governmental Affairs Conference (GAC) is such an integral part of our political-involvement strategy. It's our opportunity to speak out on key issues from the credit union perspective, to tell newly elected members of Congress who we are and why it's vital consumers have a choice when it comes to financial services. ■ Let's remind the folks on Capitol Hill that credit unions represent the shared interests of some 80 million members. Lend your voice. Network with colleagues. Visit the Hill. Gain political insights, training and instruction from the experts. Learn the very latest developments on key legislative issues. ■ Be stimulated in breakout sessions. Be inspired, engaged and entertained by influential speakers. Make plans today in your 2003 budget to bring your entire management team and all your directors. Let's make some noise! For more information, call **202-508-6763**

#### Featured speakers include:



Tom Brokaw



Rep. Michael Oxley



Charlie Cook



## GOVERNMENTAL AFFAIRS CONFERENCE • FEBRUARY 23-26, 2003

Banks are stepping up their own grassroots involvement efforts as part of their anti-credit union strategy.

*"Just do something." That is an increasingly familiar sentiment among bankers regarding credit unions.*

—ABA Banking Journal, October 2002. **We can define ourselves, or let others do it for us. Let's speak up.**



SEE REGISTRATION INFORMATION ON THE FOLLOWING PAGES OR REGISTER ONLINE AT **www.cuna.org** ENTER "GAC2003" IN SEARCH BOX

REGISTER BY **January 24** FOR EARLY-BIRD DISCOUNTS

**Be front & center. Sign up today.**

**GAC REGISTRATION FORMS:**

**Step 1:**

Hotel Reservations  
(see below)

**Step 2:**

Conference Registration  
(next page)

**Look what's awaiting you at GAC 2003**



**TOM BROKAW**, famed anchor of NBC Nightly News, shares thoughts on major national and international issues of the day, including insights from a recent visit to Iraq.



**REP. BARNEY FRANK (D-MA)**, the Financial Services Committee's senior Democrat, offers the minority perspective on the committee agenda.



**HECTOR BARRETO**, chief of the U.S. Small Business Administration (SBA), explains how the SBA can help credit unions offer small business services.



**CHARLIE COOK**, editor of *The Cook Political Report* and a regular on CNN's highly rated *Inside Politics*, provides expert analysis of the political dynamics shaping the 108th Congress and what it means for credit unions.



**REPS. BOB NEY (R-OH) AND BRAD SHERMAN (D-CA)**, two key House Financial Services Committee members, head a panel discussion on how Congress views credit unions.



**NCUA BOARD CHAIRMAN DENNIS DOLLAR AND BOARD MEMBERS JOANN JOHNSON AND DEBORAH**

**MATZ**, highlight upcoming agency initiatives.



**REP. MICHAEL OXLEY (R-OH)**, Chairman of the House Financial Services Committee, previews the panel's 2003 agenda.



**REP. HAROLD FORD, JR. (D-TN)**, one of the youngest members ever elected, presents his "new generation" of ideas to credit unions.



**MISS AMERICA 2003 ERIKA HAROLD**, speaks on behalf of credit unions and the Children's Miracle Network.

**More speakers will be announced.** Don't miss the Capitol Hill visits, the NCUA Board/RD walk-in reception, educational sessions on financial privacy and USA Patriot Act, political communication, Hispanic outreach (to name just a few), the Grand Exhibit Hall, great food and entertainment, and so much more.

**Step 1: Hotel Reservations**

**New for 2003! Online hotel room reservations.**

Visit [www.cuna.org](http://www.cuna.org), enter **GAC2003** in the search box, click on housing—24 hours a day, 7 days a week. This will link you to CUNA's Housing Bureau's web page. Once on the web page, just follow each easy step. **OR** Call **800-492-7886** Monday through Friday from 9:00 AM – 5:00 PM EST

- A \$200 per room deposit, payable by major credit card is required for **ALL** reservations at the time of booking. A \$50 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 email) from the Housing Bureau.
- Hotel rates listed are subject to a 14.5% sales tax.
- Fax your reservation to: 847-940-2386 or 800-521-6017.
- A limit of 10 room reservations per call will apply to all hotels.
- NOTE: 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.

**For cancellations and/or changes to existing reservations:**

- Any cancellation made prior to or on Monday, January 6, should be directed to the CUNA Housing Bureau and will be charged a \$50 cancellation fee. The remaining deposit of \$150 will be refunded.
- Beginning on Tuesday, January 7, the entire deposit of \$200 for any cancellation will be forfeited.
- All cancellations or changes should be directed to the CUNA Housing Bureau until 5:00 pm on Friday, January 17. Between January 17 and 26, the CUNA Housing Bureau will transfer reservation information to participating hotels. During this time, no changes can be made.
- Any cancellations and/or changes on or after Monday, January 27 should be made with the hotel directly.

**Continuing Professional Education (CPE) Credits**

CUNA & Affiliates 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](http://www.nasba.org).

**CPE Credits: You can earn 15 CPE credit hours for the GAC.**

**FEBRUARY 23–26, 2003**



# Step 2: GAC Conference Registration Form



Name \_\_\_\_\_

Name preferred on badge \_\_\_\_\_

Title \_\_\_\_\_

Check One:  Credit Union Staff  League Staff  Credit Union Director  League Director  Other

Credit Union or League Name \_\_\_\_\_

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.

Mailing Address  HOME  CU  LEAGUE \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone  HOME  CU \_\_\_\_\_ Fax \_\_\_\_\_

E-mail Address \_\_\_\_\_

Spouse/Guest Name (as it should appear on badge—only if attending conference) \_\_\_\_\_

Spouse/Guest Mailing Address (Guest confirmation will be sent to this address)  HOME  CU \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Emergency Contact, DAY – Name \_\_\_\_\_ Telephone \_\_\_\_\_

Emergency Contact, NIGHT – Name \_\_\_\_\_ Telephone \_\_\_\_\_

Check here if you have a disability that requires special services. Describe services required: \_\_\_\_\_

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

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

Name \_\_\_\_\_ Telephone \_\_\_\_\_

Fax \_\_\_\_\_ E-mail \_\_\_\_\_

This will help us in processing your registration more quickly!

## Registration Information

### PAYMENT AND FEES

Postmarked by January 24    Postmarked after January 24

Conference Registration Fee  \$679  \$729  
GACDCO3

Spouse/Guest Program  \$259  \$309  
GASDCO3

Total amount enclosed \$ \_\_\_\_\_

### TAX EXEMPTION / CONFERENCE AIRLINE

Federal credit union tax exemption information and airline discount procedures will be sent with confirmation.

### REFUND POLICY

Refunds will be issued until February 7, 2003, minus a \$75 administration fee. Substitutions accepted anytime. All cancellations and substitutions must be submitted in writing. No refunds will be issued after February 7, 2003.

Check here if you are interested in receiving CPE credits.

### CONFIRMATION

Upon receipt of your registration, a confirmation letter will be sent to your attention via fax. Please allow up to five business days to receive this information. Spouse/guest program registrants will also receive a confirmation letter via mail at the spouse address listed above.

### FOR MORE INFORMATION

For registration information, call 800-356-9655, ext. 5700, or e-mail [gacinfo@cuna.com](mailto:gacinfo@cuna.com). For specific program information, visit [www.cuna.org](http://www.cuna.org). Enter "GAC2003," in the search box, or call 202-638-5777.

## 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](http://www.cuna.org). Enter "GAC2003" in the search box. Look for "Register Online Now" on GAC site.

### FOR OFFICE USE ONLY:

I5

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Parent # \_\_\_\_\_

Authorization \_\_\_\_\_

Order # \_\_\_\_\_

Confirm date \_\_\_\_\_

Please be advised that CUNA & Affiliates 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.



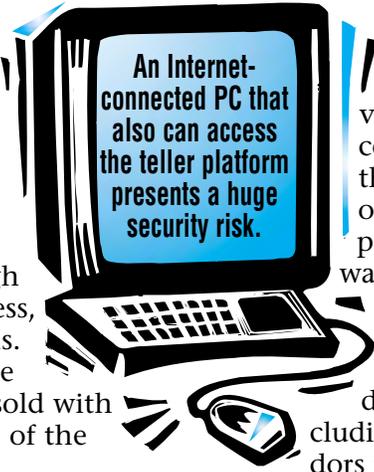
# How Secure is Your High-Speed Connection?

Many credit unions seeking greater data volume and faster responses are opting for high-speed Internet access through DSL, cable, wireless, or T1 connections.

But often, these connections are sold with little explanation of the security risks.

## High-Speed = High-Risk

"High speed access is a 24/7 connection to the Internet, even if you only use the connection for e-mail," relates Kevin Prince, Security Consultant for CUNA Network



Services.

Prince often sees CUs buying high-speed services and relying on a telecom company's assurance that either there is no risk, or that there is security protection through a firewall they provide.

"But a credit union that doesn't define its security policies and procedures for a vendor -- including any third-party vendors it communicates with -- cannot be adequately protected by a generic firewall unmanaged by security professionals," Prince warns.

An unmanaged firewall (and one that isn't updated regularly), won't protect a CU based on its

specific types of communications with vendors, Prince explains.

"Members expect security, and NCUA regulations require it."



CUNA Network Services offers high-speed DSL along with online security services -- including Remote Vulnerability Assessments (RVAs), managed Internet services (NETCU), managed firewall services (NetScreen), security policies and procedures consulting. ♦

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