

# NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

## CUNA Seeks Serious Bankruptcy Reform Effort

While House Judiciary Chairman James Sensenbrenner (R-Wis.) is challenging the financial industry to break a potential Senate filibuster against his bankruptcy abuse reform bill next year, CUNA is looking for a serious attempt to pass the bill into law.

"We will get behind any serious effort to pass a bankruptcy abuse reform bill," says John McKechnie, CUNA's Senior VP of Governmental Affairs.

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*Chairman Sensenbrenner's bill will be very similar to the compromise reached in a House-Senate conference this year -- except it will not include the "clinic violence" amendment that caused the previous bill's defeat.*

## Proposal to Help CUs of All Sizes

*This is Part 2 of a 3-part interview with NCUA Chairman Dennis Dollar, exploring proposed changes to federal credit unions' fields of membership.*

**NewsWatch:** Will your regulation offer growth opportunities for smaller credit unions as well as larger ones?

**Chairman Dollar:** "One of the real benefits of this proposed rule for small credit unions is their ability to recruit select employee groups (SEGs) without the cost of a new branch."

*(Continued on Page 2)*

## CUNA Opens Dialog with Hispanic Community



*Mica (center) talks with Ramon Rodriguez of the U.S. Hispanic Chamber of Commerce. Others in the dialog included (from left): DC CU League rep Carla Decker, President/CEO of District Government EFCU; Sabrina de Santiago, Legislative Correspondent for Rep. Lucille Roybal-Allard (D-Calif.); and Damian Lara, Legislative Assistant for the Congressional Hispanic Caucus.*

Credit unions and Hispanic leaders discussed how to expand their outreach to the Hispanic community, during a high-level meeting at the Credit Union House on Capitol Hill.

"The Hispanic community is in need of affordable, community-owned financial services," said CUNA President & CEO Dan Mica. "Credit unions can meet this need."

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Credit unions energize voters

New Ranking Member supports credit unions



House Financial Services Chairman Michael Oxley joins CUNA's Governmental Affairs Conference, February 23-26

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





# Proposal to Help Credit Unions of All Sizes

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“Under this rule, an ATM or shared branch can enable credit unions to recruit SEGs nearby. Since many smaller credit unions lack the financial resources to open additional branches, the ability to diversify around an ATM or shared branch could be a very positive option. This proposal includes several diversification and growth options for smaller credit unions.”

**NewsWatch:** What feedback have you received on the proposed elimination of overlap protection?

**Chairman Dollar:** “I think credit unions, large and small, realize that overlapping fields of membership are a fact of life. With family member eligibility, ‘once a member / always a member,’ and merging sponsors, every credit union has dealt with overlaps for years.”

“I don’t hear many complaints about overlaps any more. I guess credit unions have come to realize that Bank of America, CitiBank and Merrill Lynch overlap them all.”

“Credit unions see no advantage in fighting among themselves. They see the need to cooperate for long-term stability. That’s why we are seeing more shared service centers.”

**Access Across America has led to unprecedented gains in potential membership. Now how can credit unions convert a healthy percentage of those into new members?**

“Membership growth at credit unions adopting underserved areas is running a few percentage points above their peer group. However, it may take 10 years before we are able to fully evaluate how successful credit unions have been in positively impacting underserved communities.”

“Without the incentive provided in Access Across America, many of these credit unions would not have been willing to go through the process of adopting an underserved area. This has provided many Americans with a viable lower-cost option to pawnshops and title loan companies.”

“One of the common themes



from credit unions that have adopted underserved areas is that the marketing efforts must be community-based and people-to-people driven. They have worked in tandem with community groups, churches, and local organizations to target the needs of the community.”

“It’s a different type of marketing, but it’s crucial to success in neighborhoods that distrust traditional financial institutions. Credit unions must sell the credit union difference, or many residents will continue to use the check-casher down the street.”

“I challenge credit unions to evaluate whether adopting an underserved area is right for them.” ♦



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## CUNA Opens Dialog with Hispanic Community

*(Continued from Page 1)*

Despite Hispanics’ growing homeownership and spending power, 38% have no relationship with a U.S. financial institution. Many Hispanics pay exorbitant fees to check-cashers and predatory lenders.

“A number of credit unions are already providing services to Hispanic communities,” Mica told the group. “Our thought is to build on those efforts to ensure

more Hispanics in this country have access to credit unions.”

Other Hispanic leaders in the dialog represented Congressmen Ruben Hinojosa (D-Texas) and Ciro Rodriguez (D-Texas), and the U.S. Hispanic Chamber Foundation.

Other credit union organizations included the Virginia CU League, National CU Foundation, and World Council of CUs.

The Neighborhood Reinvest-

ment Corp. also joined the dialog.

The effort drew commendations from NCUA Chairman Dennis Dollar and Board Member Debbie Matz.

“Serving the Hispanic community is not charity,” Matz asserted. “It’s good business. This community provides a relatively untapped market for credit unions looking to expand their membership base.” ♦



# Regulatory Advocacy

## New Rule Would Allow More Investments

Federal credit unions could gain new investment authorities under a proposed rule released for comment by a unanimous NCUA Board:

- Eligible FCUs could purchase equity-linked options for the sole purpose of offering members equity-linked dividends.
- FCUs could provide mortgage servicing under incidental powers, as long as they own the loan.
- RegFlex FCUs could purchase Commercial Mortgage-Related Securities not otherwise allowed under NCUA rules. Each RegFlex FCU could purchase such CMRS up to 50% of its aggregate net worth.
- RegFlex FCUs could purchase an investment with proceeds from a borrowing transaction, even if the investment matures after the borrowing transaction. (The purchase amount could not

exceed net worth.)

FCUs are encouraged to apply under NCUA's investment pilot program to propose other investment activities.

To be RegFlex-eligible, most CUs must have net worth at least 9%. CUs with a risk-based net worth requirement must have net worth at least 200 basis points above that requirement (or 9%, whichever is higher). All RegFlex CUs must have earned a CAMEL 1 or 2 in their last 2 exams.

The proposed investment rule would require more diligence in several areas. For details, click the *Regulations* computer button, then RegWatch.



Meanwhile, NCUA Board Member Debbie Matz is seeking to change exam procedures to help CUs avoid unscrupulous broker-dealers. ♦

## Actions Have Impact

In other actions from its final 2002 meeting, the NCUA Board unanimously:

- Approved 5 membership expansions totaling 3 million potential members — many of those underserved by for-profit institutions.
- Stressed that occupational FCUs can't serve a business park without individual applications to serve each of its employers.
- Publicized funds available for community development loans and technical assistance.
- Maintained the National CU Share Insurance Fund's normal operating level.
- Proposed updates to corporate FCU bylaws.

For details, click the *News Now* computer button, then View Archive, then 12/20. ♦



# Legislative Affairs

## New Ranking Member Supports Credit Unions

House Financial Services Committee Ranking Member Barney Frank (D-Mass.) strongly supported CUs in a key meeting last week.

National and state CU leaders solicited Rep. Frank's support in:

- Member business lending
- Alternative capital
- Regulatory relief
- Financial literacy
- Affordable housing
- Economic development
- Check-cashing and remittance services for low-income individuals.

CUNA thanked Frank and Chairman Michael Oxley (R-Ohio) for planning to reauthorize the National Flood Insurance Program early in 2003. This will prevent any interruption in CUs' ability to fund loans where flood insurance is required. ♦



*Rep. Barney Frank (2nd from right) meets with Massachusetts CU League President Dan Egan (right), Senior VP Mary Ann Clancy (center), CUNA President/CEO Dan Mica (left), and National CU Foundation Executive Director Gary Officer (second from left).*

## Survey to Come

All CUNA-member credit unions next month will receive their annual yearbook survey to track new trends in CU offerings not covered by NCUA's 5300 call report.

Responses allow CUNA to answer questions about credit unions from the public, government agencies, and elected officials.

The size of the survey has been cut in half. CUs may complete it online in 10 minutes. For info, e-mail Marc Shafroth at [mshafroth@cuna.coop](mailto:mshafroth@cuna.coop) ♦



# Governmental Affairs

## Credit Unions Energize Voters

With the 108th Congress to convene next month, *NewsWatch* presents the 3rd in our series of post-election snapshots.

These are among hundreds of campaigns across the country where credit unions and their state leagues energized voters to elect CU-friendly candidates:

### Alabama

The Alabama CU League identified CUs' strongest political asset: members' concern for their CUs. To reach those members, the league established a full-time, ongoing CU consumer advocacy council called "CU-Vote."

First, CU-Vote hosted a candidates' forum that enabled members to hear candidates speak directly. It also empowered CUs to educate the candidates.

To survey everyone running for office, CU-Vote sent a brief questionnaire to all candidates. Responses were published in a 16-page voter guide. The guide explained the uniqueness of CUs and important issues for members.

Then CU-Vote set up voter registration drives in 126 CU branches.



"Our final Get-Out-The-Vote effort was most important," reported League President Gary Wolter. "We produced an individualized copy of the voter guide to

mail to CU members who were registered voters." These guides reached over 150,000 CU households 10 days before the elections.

"We were able to demonstrate

to candidates and state political parties that we have the ability to communicate effectively to an enormous amount of voters," Wolter related.

### Michigan

In communications to CUs and media, the Michigan CU League publicized its bipartisan endorsements of 14 federal candidates.



Rep. Joe Knollenberg (R-Mich.) aired the league's endorsement in Detroit-area radio ads throughout the campaign. Senator Carl Levin (D-Mich.) visited Lansing Automakers FCU for a meet & greet with members.

All endorsements were based on candidates' support of CU issues and accessibility to CUs in Washington and at home. The endorsements were then packaged into statement stuffers mailed to nearly 250,000 members.

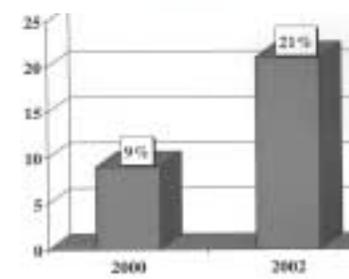
To get out the vote, the league printed thousands of posters for CU lobby displays and e-mailed 1,600 postcards for CU officials to forward to staff, friends and family. Hundreds of CUs also used their newsletters to urge members to vote.

### North Carolina



This picture spoke more than a thousand words. During her high-profile race for the U.S. Senate,

% of Voters Contacted by CUs



This American Viewpoint survey found CUs made nearly as many election contacts as AFL-CIO or the National Federation of Independent Businesses.

Elizabeth Dole (R-N.C.) ran a statewide TV ad promoting her endorsement by the North Carolina CU League.

At the same time, in a smaller race without a national spotlight, CUs worked behind the scenes to help elect freshman Rep. Brad Miller (D-N.C.).

### Oklahoma

Oklahoma CUs hosted many site visits where candidates met with CU leaders, toured facilities, and had photos taken for CU newsletters.

CUs put together a unique event for House Financial Services Member Frank Lucas (R-Okla). 125 CU people (and 10 horses) gathered at a Clydesdale ranch to show their support for Lucas, whose district grew to nearly half the state. Lucas was overwhelmingly reelected.



Leading up to the elections, CUs used the league's cooperative ad fund to sponsor a gubernatorial debate and election night TV coverage in Oklahoma City and Tulsa. "This gave us great exposure," reported league Senior VP Lisa Finley. "It displayed our commitment to the political process not only to the general public, but those seeking elected offices." ♦

# Imagine 80 million people speaking at once.



**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**



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|---|---|---|
|  |  | <p><b>Featured speakers include:</b><br/><b>Tom Brokaw.</b> Famed anchor, <i>NBC Nightly News With Tom Brokaw</i>, and best selling author, <i>The Greatest Generation</i>.<br/><b>Rep. Michael Oxley (R-OH).</b> Chairman, House Financial Services Committee.</p> |
|---|---|---|

## 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 17** 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)

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.

PARTICIPATING HOTELS AND RATES

HOTEL A:

Conference Headquarters  
**Hilton Washington & Towers**  
1919 Connecticut Ave., NW  
Hotel: \$176/Single  
\$206/Double  
Towers: \$299/Single  
\$319/Double

HOTEL B:

**Capital Hilton \***  
16<sup>th</sup> & K Streets  
Hotel: \$181/Single  
\$206/Double

HOTEL C:

**Courtyard by Marriott**  
1900 Connecticut Ave., NW  
Hotel: \$162/Single  
\$177/Double

HOTEL D:

**The Jury's Normandy Hotel**  
2118 Wyoming Ave.  
Hotel: \$139/Single  
\$154/Double

HOTEL E:

**Omni Shoreham Hotel \***  
2500 Calvert Street, NW  
Hotel: \$174/Single  
\$194/Double  
\$214/Triple  
\$234/Quad

HOTEL F:

**The Churchill Hotel  
(formerly Sofitel)**  
1914 Connecticut Ave., NW  
Hotel: \$155/Single  
\$155/Double

HOTEL G:

**Marriott Wardman Park Hotel\***  
2660 Woodley Road, NW  
Hotel: \$195/Single  
\$195/Double  
\$228/Triple  
\$261/Quad

\* Shuttle bus service will be provided between the above listed hotels.

When making your room reservations either by 800#, online or fax, please be ready with the following information:

1. Name of conference—CUNA's Governmental Affairs Conference
2. 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> choices of hotels listed above
3. Arrival and departure dates
4. Number of rooms required
5. Type of room needed—single or double, smoking/nonsmoking
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. Email address for each person (required for confirmations)

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

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:

I4

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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.



# Legislative Affairs



# Serving the Community

## CUNA Seeks Serious Bankruptcy Reform Effort

(Continued from Page 1)

Credit unions, led by CUNA and their state leagues, were the vanguard of the grassroots effort for the financial industry during the 107th Congress. Thousands of CUNA members visited their lawmakers, made phone calls, and wrote letters urging bankruptcy abuse reform.

But near the end of the process, many CU leaders were told they were the only advocates making the effort.

CUNA's Governmental Affairs Committee reaffirmed that bankruptcy reform should be a priority as long as bankruptcy abuse remains a problem.

McKechnie says CUs need to stress the distinction between legitimate bankruptcies based on need and the frivolous filings a reform bill would prevent.

"Needs-based bankruptcies are caused by hard times," McKechnie explains. "But the abuse credit unions are seeing is just a byproduct of people using bankruptcy as financial planning." ♦

## How to Counsel Members

CUNA's Staff Training and Recognition (STAR) program has released *Financial Counseling for Members*. This training module shows how CUs make counseling effective.

Topics include:

- Causes of financial problems
- Emotional aspects
- Goals of counseling
- Skills of counselors

For more info or to order, contact your league or follow this computer button. CUs in Alaska, California, and Nevada can order at 1-800-356-8010. Press 3 and ask for Module S1301. ♦



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Credit Union National Association, Inc. P.O. Box 431, Madison, WI 53701-0431  
Published by Credit Union National Association, Inc. 601 Pennsylvania Ave. NW,  
South Bldg., Suite 600, Washington, DC 20004  
A biweekly news service of the Credit Union System, sponsored by your League,  
CUNA & Affiliates  
Editorial: (202) 508-6767 • Editorial Fax: (202) 638-7716  
Address Changes: (608) 232-8045  
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ISSN 0889-5597  
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