

NOVEMBER 12, 2002

CREDIT UNION

NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

Credit Union Friends Win Majority of Races

Right up through Election Night, credit unions and their leagues across America campaigned for candidates who promised to work in the best interests of their members — and the vast majority of them won.

The Credit Union Legislative Action Council contributed to candidates in a record 359 House races — and 345 won.

CULAC also contributed to candidates in 26 Senate races — and 21 won.

Of the 9 close races profiled in *NewsWatch* before the elections, credit union friends won at least 6 — possibly 7.

(Continued on Page 5)



"Congress will see 10% turnover in 2003. Our challenge will be to educate these newcomers and all returning members about the credit union difference."

- Dan Mica, President & CEO
Credit Union National Association

Bankruptcy Activists Ready

As Congress returns this week for a lame-duck legislative session, CUNA is asking supporters of bankruptcy abuse reform to be ready on a moment's notice.

(Continued on Page 5)

HIGHlights

Pages 2-4

Registration is now open for CUNA's Governmental Affairs Conference, February 23-26. Hotel reservations open November 14 by phone (1-800-492-7886) and by Web.



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

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Credit unions raise tech budgets

Page 7

New CUNA task force to examine accounting issues

CUNA nominee chosen for FASB Advisory Council



Scott Waite

NCUA Cuts Budget

Credit unions' federal regulator plans to cut its budget by \$796,000 (0.5%) for 2003, with much larger savings to come.

Under Chairman Dennis Dollar's Accountability in Management (AIM) initiative, the agency by May 2005 will close its Region IV office in Lisle, Illinois, and move its Region VI office from Concord, California.

These changes will save \$27 million over 10 years, projects NCUA Executive Director Len Skiles.

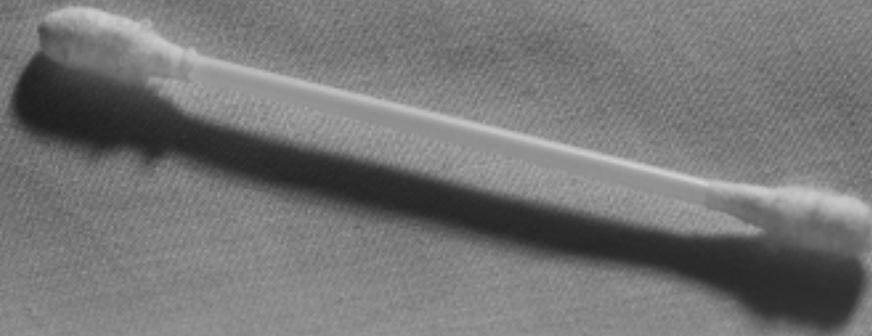
Final approval is scheduled November 21. ♦



In testimony to NCUA, CUNA Examination & Supervision Subcommittee Chairman John Franklin made 4 points about NCUA's budget. See Page 6.

For More, CLICK HERE RegWatch www.cuna.org

Let's make sure the folks
on Capitol Hill hear us.



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

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.

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**



GOVERNMENTAL AFFAIRS CONFERENCE • FEBRUARY 23-26, 2003



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www.cuna.org



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

REGISTER BY **January 10**
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 – Housing opens November 14th 9:00 a.m. EST

NEW FOR 2003! ONLINE HOTEL ROOM RESERVATIONS

Visit 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 RESERVATIONS ARE **NOT** ACCEPTED ON OPENING DAY, NOVEMBER 14 ONLY. After that day, you can 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.



FEBRUARY 23–26, 2003

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 *
 16th & 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. 1st, 2nd, and 3rd choices of hotels listed above
3. Arrival and departure dates
4. Number of rooms required
5. Type of room needed—single or double, smoking/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.

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

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 10 Postmarked after January 10

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. For specific program information, visit 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. Enter "GAC2003" in the search box. Look for "Register Online Now" on GAC site.

FOR OFFICE USE ONLY:

I1

Customer # _____

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.



Special Report

Credit Union Friends Win Majority of Races

(Continued from Page 1)

Indiana



Credit unions were campaigning for candidate Chris Chocola (R-Ind.) since last spring. On Election Day, Chocola came from behind in the polls to score a convincing win over former Rep. Jill Long Thompson in the 2nd Congressional District. On the night the results were announced, the race was highlighted by Bob Novack of CNN's The Capital Gang.

Kansas



In a race that featured campaigning by national leaders, House Financial Services Committee member Dennis Moore (D-Kan.), a credit union friend, held onto his 3rd

District seat by about 7,000 votes.

Kentucky



Likewise, House Financial Services Committee member Ken Lucas (D-Ky.), also a credit union friend, was reelected in the 4th District by about 7,000 votes.

Maine

(See next story.)

North Carolina

Credit unions waged a widespread effort to elect Elizabeth Dole (R-N.C.) to the Senate. Word of credit unions' support spread hundreds of miles. As former Sen. Bob Dole (R-Kan.) pointed out, "The credit unions in



North Carolina are helping my wife." She won the seat by 196,000 votes over a former White House chief of staff.

North Dakota



Credit union friend Earl Pomeroy (D-N.D.) fought off a tough challenge for his House seat representing the entire state.

Colorado



Credit unions and their league campaigned hard in the 7th District on behalf of open seat candidate Mike Feeley (D-Colo.). Feeley drew within 405 votes of his pro-bank opponent. At press time, the race was still too close to call. ♦

CULAC Takes Advocacy to New Levels

The Credit Union Legislative Action Council contributed a record \$2.1 million to CU-friendly candidates during the 2002 election cycle — 55% Republicans, 45% Democrats.



"Positive ads were a way to differentiate ourselves from some of the other independent expenditures across the country."

- Richard Gose, VP-Political Affairs
Credit Union National Association

And for the first time in history, CULAC used additional funds to sponsor broadcast ads on behalf of specific candidates. For example:

- In Maine's 2nd Congressional District, CULAC spent \$49,000 on

survey research and radio ads for candidate Mike Michaud (D-Maine) — a credit union board member. The ads helped Michaud's campaign rally a large bloc of undecided voters and win 52% of the vote despite heavy spending by Michaud's opponent.

- In Nevada's 3rd District, CULAC spent \$48,000 on radio ads supporting candidate Jon Porter (R-Nev.) — a small businessman who championed credit unions in the State Senate. After pulling only about 46% in pre-election polls, Porter won the election with 57% of the vote.

Why were the ads so effective?

Positive reinforcement, says Richard Gose, CUNA's VP of Political Affairs. "Our ads stayed positive with messages upholding the virtues of our candidates." ♦

Bankruptcy Activists Ready

(Continued from Page 1)

"Credit union activists need to be ready to pour on the grassroots if the bankruptcy bill is put on the floor of either chamber," urges John McKechnie, CUNA's Senior VP of Governmental Affairs.

"CUNA will be very fast on its feet this week asking Congress to finish the job on bankruptcy abuse legislation."

For the latest word, check with your league and CUNA's Web site. ♦

For More,
CLICK HERE
Government Affairs
www.cuna.org



CUNA Makes Points on NCUA Budget

Testifying at the 2nd Annual NCUA Budget Briefing & Public Forum, CUNA made 4 major points about the federal regulator's budget process:

1) Positive Steps

NCUA has taken positive steps to contain and reduce expenses, while providing comprehensive information on priorities and funding mechanisms.

"We attribute this to the leadership of Chairman Dollar and to the support of the NCUA Board members," testified CUNA Examination & Supervision Subcommittee Chairman John Franklin.

2) Continued Accountability

Because NCUA has made such strides, the agency may now be tempted to terminate the hearing

process.

"We feel such action would not be in the best interests of credit unions," stressed Franklin, who serves as President of the South Carolina Credit Union League. "We urge the Board to continue its commitment to accountability through annual budget hearings, regardless of who is on the Board."

3) Examiner Priorities

NCUA (as well as state regulators) should include their major policy priorities in training information for examiners.

"For example," Franklin explained, "we continue to hear that some examiners are not encouraging increased service to underserved areas and/or member busi-

ness lending when appropriate — even though all 3 NCUA Board members have supported these endeavors."

4) "Insurance-Related" Costs

In allocating resources between NCUA and the National Credit Union Share Insurance Fund, the agency relies on an internal assessment of "insurance-related costs." Yet this term has not been defined.

"Credit unions remain uninformed about how the agency distinguishes between insurance-related expenses and costs that should be borne from operating fees," Franklin concluded. "We urge the agency to request comments on how 'insurance-related costs' should be defined." ♦

Credit Unions Raise Tech Budgets

What are credit unions your size spending on technology budgets?

See where you stack up in CUNA's 2002 *Technology & E-Commerce Survey Report*.

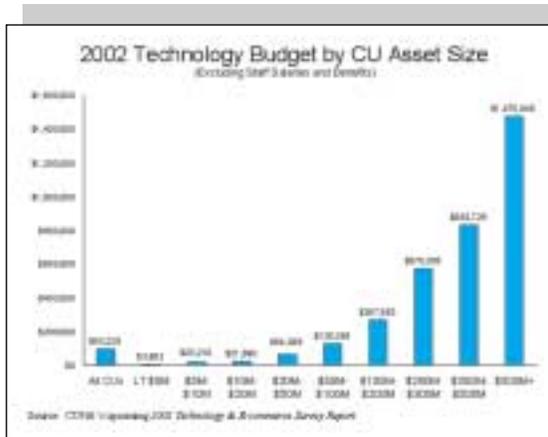
Average technology expenditures amount to nearly \$95,000, excluding staff salaries and benefits.

But the average rises dramatically with asset size — to a nearly \$1.5 million tech budget for credit unions over \$500 million in assets.

More tech spending is being leveraged in credit union marketing budgets. On average, according to CUNA's 2002

National Member Survey, credit unions devote 13% of marketing dollars to promoting remote financial services.

To order these reports, call 1-800-356-8010, press 3, then ask for Stock No. 24845-NW and Stock No. 24196-NW. ♦



How to Negotiate Tech Purchases

Here are 5 ways to negotiate tech purchases, courtesy of the Credit Union Technology Advisory Centre (CUTAC).



1) Play vendors off each other. This may prompt a better deal from your vendor.

2) Plan long term. Avoid last-minute purchases.

3) Avoid favoritism. Use a team for procurement.

4) Send a "weighted RFP." This forces vendors to place a value on each component of their proposal.

5) Consider used equipment from a busted dot-com. But make sure it comes with warranty, service and support agreements!

CUNA has negotiated deep discounts on 10 big-ticket items to help your budget.

For details, start with this computer button, click Strategic Alliances, then Budget 2003. ♦



New CUNA Task Force to Examine Accounting Issues

CUNA's Governmental Affairs Committee has established a new Accounting Task Force (ATF) to help CUNA and credit unions respond when accounting issues arise.

"Credit unions need a strong voice on issues that affect their accounting operations," says CUNA President & CEO Dan Mica. "This task force, as well as our representation on the Advisory Council to the Financial Accounting Standards Board, will give credit unions greater input than ever before."

Unlike a traditional task force formed to accomplish a single specific task, the ATF will help credit unions on important accounting issues as they arise. For example:

- NCUA proposal on retirement benefits for federal credit union employees
- NCUA changes on Allowance for Loan & Lease Losses (ALLL)
- IRS proposal on interest paid to non-resident aliens

The ATF will be chaired by CUNA CFO Council Chairman Scott Waite, Senior VP & CFO of Patelco Credit Union in San Francisco.

The other ATF members are:

- Frank Vassallo, CFO, Fort Belvoir FCU, Virginia (and CUNA CFO Council Executive Committee



"With the increasing number and importance of accounting regulations for credit unions — particularly in the wake of Enron and changes in oversight of the accounting profession — the Accounting Task Force will be a big help for credit unions."

- Dick Ensweiler
Chairman, CUNA Governmental Affairs Committee
Vice Chairman, CUNA Board of Directors
President, Texas Credit Union League

member)

- Brian McVeigh, Senior VP & CFO, State Employees CU, Michigan (and CUNA CFO Council Executive Committee member)
- Jim Regan, Senior VP & CFO, Digital FCU, Massachusetts
- Watt Prichard, President & CEO, River City FCU, Texas
- Kelly Diven, President & CEO, 66 FCU, Oklahoma
- Norman Okimoto, President, Hawaiian Tel Employees FCU (also President, Hawaii Society of CPAs)
- Ron Parker, CPA & Partner, Clifton Gunderson, Tucson ♦

CUNA Nominee Chosen for FASB Advisory Council

For the first time ever, a credit union representative has been chosen to serve on the high-powered Financial Accounting Standards Advisory Council:



Scott Waite

CUNA CFO Council Chairman Scott Waite.

FASAC members are selected from high-powered corporate CEOs and CFOs, senior partners of public accounting firms, executive directors of professional organizations, and senior members of the academic and analyst communities.

The only other financial institution rep is the CFO of banking giant J.P. Morgan.

Waite is Senior VP & CFO of Patelco Credit Union.

As a member of FASAC, Waite will advise the Financial Accounting Standards Board on how issues related to Generally Accepted Accounting Principles will affect credit unions.

Each FASAC member provides "an important sounding board," says Chairman Richard Swift, "to help FASB understand what constituents are thinking about a wide range of issues."

"Credit unions have never been represented on the Advisory Council, and Scott Waite will make a great contribution," concludes Mary Dunn, CUNA's Senior VP for Regulatory Advocacy.

Dunn, who oversaw the application to nominate Waite, says "his background and experience have given him the depth the Advisory Council is looking for." ♦



CUNA is hosting its first Supervisory & Audit Committee Conference, Dec. 3-6 in Las Vegas. For program info, call Debbie Bergenske at 1-800-356-9655, ext. 8068. To register, use ext. 4387.

For More,
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Training & Education
www.cuna.org



Personalize Your Site with CU Web Wizard

It's the first product of its kind that gives you flexibility to choose the e-business products and vendors you want.

It lets your employees easily update your Web site, giving members a reason to keep coming back.

And it makes the Web more functional -- and more fun -- for members.

It's CU Web Wizard, the new software package from CUNA Network Services.

"The application gives credit unions the ability to choose and manage their own Web content, the power to provide secure access, improve how forms and applications are routed for processing, and make electronic delivery channels easier to manage," explains President & CEO John Hobko.

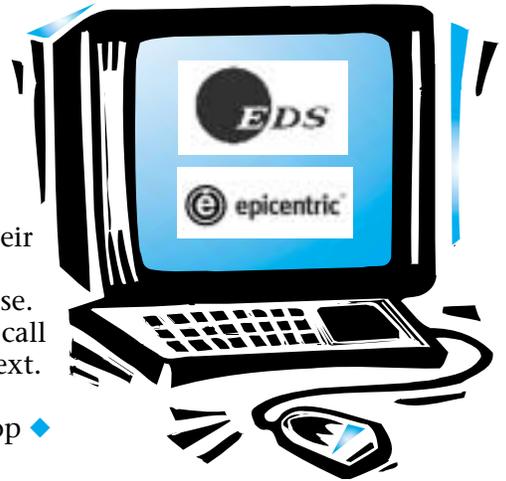
It also helps simplify the Web experience for members.

CU Web Wizard serves as the centralized sign-on point for all electronic services. Each member can personalize "My Web Page" with commonly used

services such as home banking and check image viewing.

Members can also add news, weather, and entertainment, and set the page as their browser's home page if they choose.

For more info, call 1-888-344-3414, ext. 2344, or e-mail salesinfo@cns.coop ♦



Developed by EDS and Epicentric, CU Web Wizard intends to help credit unions of all sizes.



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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
 CUNA & Affiliates
 A biweekly news service of the Credit Union System, sponsored by your League,
 Editor: (202) 508-6767 • Editorial Fax: (202) 638-7716
 Address Changes: (608) 232-8045
 To get free instant e-mail delivery instead of
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 ISSN 0889-5597
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