



NEWS Watch



Legislation, Regulation, and Innovation from CUNA & Affiliates

Next Steps on Bankruptcy Reform

More credit unions and leagues are hearing from lawmakers that bankruptcy reform may be passed in a "lame duck" session of Congress after the November 5 elections.

CUNA is preparing the next steps in its bankruptcy strategy to account for that -- or any other action that may arise.

"Because it is a conference report, the bankruptcy legislation could be brought up at any time in the House," notes John McKechnie, CUNA's Senior VP of Governmental Affairs. "While we continue to hear reports about a possible 'lame duck' session, we remain prepared to support the bill at any time should it be brought up."

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Jolette to "Keep Pushing" as CUNA Chairman

Barry Jolette, CEO of San Mateo Credit Union in Redwood City, California, has been reelected for a second year as volunteer Chairman of the CUNA Board.



"I am going to keep pushing on political involvement and political action," he pledges.

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Giuliani Shares Lessons with Credit Unions

"The terrorists who struck the World Trade Center on September 11 thought they could break our spirit -- but they were wrong," said former New York City Mayor



Rudy Giuliani at CUNA's Symposium. "The strength of our belief in America prevented the terrorists from accomplishing their goals."

The most important characteristic of a leader, says Giuliani, is "a set of beliefs: religion, philosophy, anything that's truly important to you."

(Continued on Page 3)

"You do terrific work and help a tremendous number of people," Rudy Giuliani told credit unions at CUNA's Symposium. "You give people a chance to understand the value of American capitalism in owning property, watching it grow, and providing for family."

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Special Report

Jolette to "Keep Pushing" as CUNA Chairman

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"It's not going to be an easy year for us," Jolette told the CUNA Board. "We are struggling to get our #1 priority on Capitol Hill (bankruptcy abuse reform)... Political advocacy is the main thing our members want from CUNA."

Jolette urged all credit unions to complete Project Differentiation, Project Zip Code, and all 9 steps of the Political & Legislative Action Network (*NewsWatch*, March 18).

"There is nothing more important for us to do," Jolette emphasized. "Our efforts will determine whether we have the options and choices to do what we want, or whether others will make those choices for us." ♦



Credit Union Grassroots Growing Deeper

During the Credit Union Membership Access Act of 1998, CUNA President & CEO Dan Mica called the grassroots effort "a mile wide and an inch deep."

That's why credit unions could not overcome Congressional votes that imposed Prompt Corrective Action and a business loan cap.

Over the past 4 years, Mica says, "we've come a long way. Now we're a mile wide and a foot deep."

Still, Mica told CUNA's 68th Annual General Meeting, "If we don't do more, we'll wish we had when the next battle comes."

Mica encouraged credit unions to step up their support for the Credit Union House on Capitol Hill, Hike the Hill visits, and other political action programs from CUNA and their leagues.

But Mica underscored that these efforts will not sway lawmakers unless credit unions are united.

"When we have a disagreement, let's keep the debate within the system and not take it public," Mica implored. "When we're united, there isn't a battle or a goal that we cannot win."

CUNA's next Annual General Meeting will be in Reno, Nevada, September 29 - October 2, 2003. ♦



"Our goal is to be a mile wide and a mile deep," says CUNA President & CEO Dan Mica.

CUNA Board Reelects Officers

After reelecting Barry Jolette as Chairman, CUNA Board members reelected their other 4 officers for a second and final year in these positions:

• Vice Chairman — Dick Ensweiler, President, Texas Credit Union League



A former credit union CEO, Ensweiler is also a former Chairman of the American Association of Credit Union Leagues (AACUL), the Credit Union Legislative Action Council (CULAC), and U.S. Central Credit Union.

• Secretary — Juri Valdov, CEO, Northwest Federal Credit Union, Herndon, Virginia



After 26 years on active and reserve duty in the U.S. Marine Corps, Valdov began a credit union career that has spanned 18 years. He has served on numerous CUNA committees, including Examination & Supervision and Facilities. He currently chairs CUNA Strategic Services, Inc. (CSSI) and CUNA Network Services (CNS).

• Treasurer — Don Larsen, CEO, Community Credit Union, Tacoma, Washington



Active in the movement for more than 21 years, Larsen co-chaired CUNA's Small Credit Union Task Force and served on numerous committees for the Washington Credit Union League.

• Officer At-Large — Allan Kemp McMorris, CEO, Oakland County Credit Union, Waterford, Michigan



The newest member of CUNA's Executive Committee, McMorris is a former Chairman of the Michigan Credit Union League. He was also recently reelected to the NCUF Board.

Giuliani Shares Lessons with Credit Unions

(Continued from Page 1)

Speaking to more than 1,500 attendees at CUNA's Symposium, Giuliani shared 5 more principles that helped him galvanize New York after the attacks:

2) Courage

"Most people assume they couldn't be as courageous as police, soldiers, or firefighters. But courage isn't the absence of fear. Courage is managing your fear and then doing what you have to do."

3) Optimism

"Train yourself to focus on solutions instead of problems."

4) Preparation

"We hadn't prepared for terrorists flying planes into the World Trade Center — but we had prepared for blackouts, natural disasters, and plane crashes. That preparation helped."

5) Teamwork

"Leadership isn't about the leader. It's about how the leader organizes his or her team. A true leader balances his or her weaknesses with the strengths of others."

6) Communication

"If you want to be a leader, sincerity is the best form of communication. And leadership is best communicated by example." ♦

Opportunities in Economic Downturn

Today's economic slowdown means many opportunities for credit unions, suggests Bob Hoel, Executive Director of the Filene Research Institute in Madison, Wisconsin.

Here are 4 of the opportunities Hoel shared at CUNA's Symposium:

- Build loan portfolios by refinancing bank loans at lower rates.
- Reduce expense ratios through smart deposit growth.
- Hire good people who might normally not be in the job market.
- Strengthen loyalty by helping members through rough times.

For more Symposium coverage, click "View Archive" in the News Now section of CUNA's Web site. You'll find Symposium stories in each daily issue from September 26-30.

Next year's Symposium will be in Reno, Nevada, September 29 - October 2, 2003. ♦

For More,
 CLICK HERE
 News Now
www.cuna.org

Attendees Raise Critical Issues

What are credit unions' most pressing issues? Take your pick from the National Issues Forum at CUNA's Symposium.



"Oversight of NCUA should be one of our top issues," said Bucky Sebastian, CEO of GTE Federal

Credit Union of Tampa, Florida. "In 1980, NCUA supervised 18,000 credit unions with a \$30 million budget. Today NCUA supervises 9,000 credit unions with a \$140 million budget."

In the forum moderated by

Credit Union Times Publisher Mike Welch, one attendee suggested bankruptcy is more pressing. "Our credit union is losing a lot more money to bankruptcy than we're paying to NCUA."

Another said secondary capital is also critical.

Missouri Credit Union System President Rosie Holub agreed. "Capital ratios are declining due to the influx of shares in this economy. Credit unions that need to



should be able to access alternative funding to raise their capital

ratios. Unfortunately, NCUA is undecided because credit unions are divided."

Another attendee asked if state charters and private share insurance are viable options.

"CUNA is the strongest advocate for the dual chartering system,"

replied John McKechnie, CUNA's Senior VP of Governmental Affairs.

"We're working to promote choice in both chartering and insuring." (See Page 6.) ♦





Next Steps on Bankruptcy Reform

(Continued from Page 1)

10 state credit union delegations have made "Hike the Hill" visits in the days leading up to Congress' targeted pre-election adjournment date.



This is the kind of procession that CUNA President & CEO Dan Mica envisioned when calling for a "constant drumbeat" of constituents on Capitol Hill.

Credit union delegations have met with dozens of House and Senate offices so far this month, including leadership of both parties.

Senate Majority Leader Tom

Daschle (D-S.D.) has said he wanted to address bankruptcy reform shortly before the November 5 elections.

House Republicans said that this week may be the last before an election break. Some told their credit union visitors that an "even better bankruptcy bill" could be achieved if both the House and Senate were under Republican control after the elections.

"It's up to credit unions now to stay on message, regardless of which way Congress goes," McKechnie urged. "That message is:



House Rules Committee member John Linder (R-Ga., 4th from left) briefed a delegation of Georgia Credit Union Affiliates after a caucus meeting where Republican lawmakers said bankruptcy reform would have a good chance for passage after the November 5 elections.

"We want a vote on bankruptcy; we will be very disappointed if Congress cannot resolve this issue." ♦

For More,
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Government Affairs
www.cuna.org

Credit Union House Hosts First Videoconference with Lawmakers

In the first videoconference originating from the Credit Union House on Capitol Hill, more than 80 Virginia credit union constituents held a joint meeting from their home state with their Congressional Representatives in Washington.

The Virginia credit unions gathered in Norfolk, Richmond and Roanoke to hear presentations and ask questions of members of Congress attending the 90-minute event at Credit Union House.

Reps. Bob Goodlatte (R-Va.), Virgil Goode (I-Va.), and Frank Wolf (R-Va.), as well as an aide to Rep. Eric Cantor (R-Va.), briefed the credit union attendees and answered their questions.

The hot topic: bankruptcy abuse. All of the Congressmen said they support bankruptcy reform legislation, but noted several different possibilities for its future.

In a week with a wide range of speculation on timing of a bankruptcy vote, the videoconference gave credit unions an opportunity to see and hear the latest news directly from their lawmakers.

"The Virginia Credit Union League's bold first step shows what a vital contribution Credit Union House can make in helping credit unions become better connected to their Representatives," said CUNA President & CEO Dan Mica. "Here's to more such events at Credit Union House as it realizes its full potential."

"Members of Congress recognized our vision," said League President Rick Pillow. "Rep. Goodlatte remarked that he was pleased to see credit unions making such great use of technology to press their interests with Capitol Hill. Credit unions expect us to take advantage of this facility and this technology. And it works." ♦



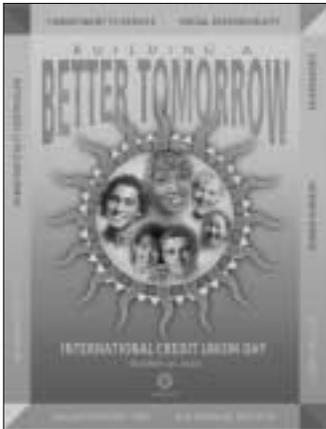
CUNA President & CEO Dan Mica, Virginia Credit Union League President Rick Pillow, Rep. Virgil Goode (I-Va.), and CUNA Governmental Affairs Committee Chairman Dick Ensweiler watch and listen to questions from credit union constituents.



Credit Unions' Core Values Stretch Worldwide

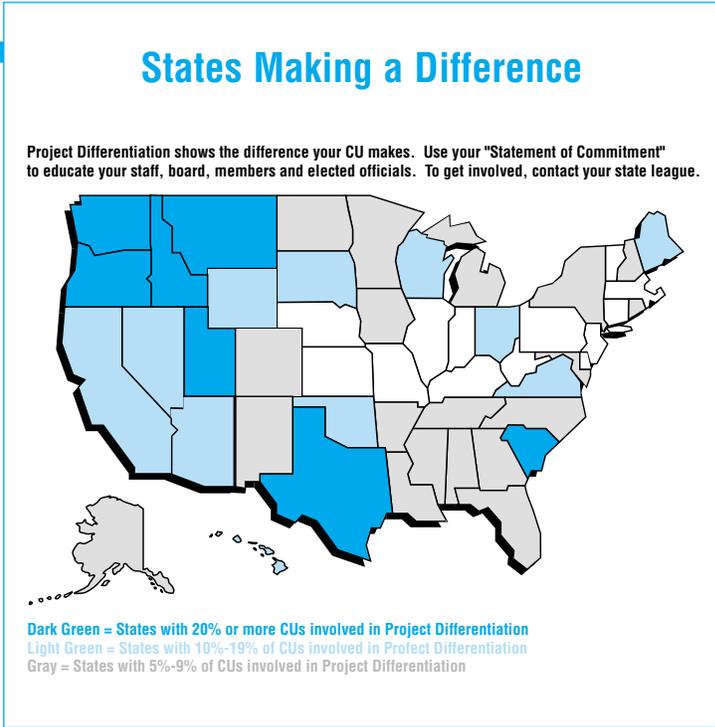
The past year has been marred by financial management malpractice, deception, and fraud at major U.S. and international corporations. But as International Credit Union Week begins next week, credit union values set an example for others to follow.

"Credit unions are naturally trustworthy institutions, because they are member-owned, democracy-based and service-driven," says Arthur Arnold, President & CEO of the World Council of Credit Unions (WOCCU). "Credit unions provide access to affordable financial services, enabling 112 million members worldwide to grow through self-help principles."



International Credit Union Day is October 17. For celebration ideas and promotional materials, go to www.cuna.org and type ICUday in the Search box.

Credit unions are also distinguished by volunteerism. Unlike many stock-owned institutions, credit



Montana leads the U.S. with 56% of its credit unions involved in Project Differentiation. Close behind are Oregon (45%) and Idaho (41%) Montana has made the greatest advances this year, increasing participation by 30 points and reaching the highest percentage of completed statements. Texas has the most CUs with completed statements. Ohio has the most CUs starting their statements.

unions are chaired by volunteers who do not double as CEOs — one of many checks and balances in the credit union system.

In the U.S., each credit union is encouraged to present a "Statement of Commitment to Members" with CUNA's Project Differentiation program. ♦



Stuffer Urges Members to Vote

A new statement insert is available to encourage members to vote in the November 5 elections: "If Credit Unions Don't Vote, Credit Unions Don't Count."

The cover matches artwork for 1 of 3 free posters available to download from CUNA's Web site.



The flip side includes CUNA's online voter registration service.

The insert costs \$18 per 200 copies. ♦



To order, call 1-800-356-8010, press 3, and ask for Stock No. 24902-NW.

More Time on PATRIOT Act?

There are now indications — although no guarantees — that institutions will be given some time beyond October 25 to comply with USA PATRIOT Act regulations that will be finalized only days earlier.

Shortly after the regs are finalized, CUNA will post a complete analysis of the requirements, sample board policy, and compliance checklist. CUNA is also planning another audio conference in late October or early November. ♦





The Marketplace

State & Federal Teams to Preserve Chartering

In a historic meeting during CUNA's Symposium, CUNA's State Credit Union Subcommittee and Federal Credit Union Subcommittee came together to brainstorm ways to preserve credit unions' dual chartering system.

With Governmental Affairs Committee Chairman Dick Ensweiler presiding, subcommittee members began to identify issues that affect the long-term viability

of dual chartering. Such as:

- Independence and budgeting of state credit union regulators
- Private insurance options
- Renaissance implementation on the federal and state levels
- NCUA's "overhead transfer" rate

"We want to tackle the hard is-



"These issues affect us all. It's very important that in one voice we get some consensus."

- Lee Williams
Chairwoman, CUNA's State Credit Union Subcommittee
CEO, Aviation Associates Credit Union, Wichita, Kansas



"There is no more important issue than the preservation of dual chartering."

- Bucky Sebastian
Chairman, CUNA's Federal Credit Union Subcommittee
CEO, GTE Federal Credit Union, Tampa, Florida

sues," said State Subcommittee Chairwoman Lee Williams, "and come up with strategies for solutions." ♦



Compliance

What Examiners Want from You

"98% of credit unions do a great job. It's the 2% who don't consider risks properly that cost the National Credit Union Share Insurance Fund a lot of money. Our exam program has to find the elements of weakness in the system."

That's the mission of NCUA's new risk-based exam program, according to Examination & Insurance Director Dave Marquis.

On a conference call with 215 credit unions hosted by CUNA, Marquis urged credit unions to account for the potential impact of any risks they take.

"Credit unions that succeed take risks -- but they are careful to mitigate their risks before they go forward with them," Marquis explained.

Examiners will be looking for risk in 7 areas: credit, interest rates, liquidity, transactions, compliance, strategies, and reputation.

Credit unions with high capital

are no exception. "We've seen credit unions with 11% capital have it evaporate overnight," Marquis stressed.

He encouraged credit unions to look at the NCUA Examiner's Guide, which was just posted October 1 at www.ncua.gov.

CUNA's Examination & Supervision Subcommittee is working with NCUA to continue to im-



Dave Marquis, NCUA Examination & Insurance Director

For More, [CLICK HERE](http://www.ncua.org) Regulations/Compliance www.ncua.org

prove the exam process.

"We want to make exams more positive for credit unions by focusing on areas where they need help," said Subcommittee Chairman John Franklin, President of the South Carolina Credit Union League. "We think credit unions can expect a better process — including less time with examiners under their feet." ♦

Quarterly Call Reports Begin Now

For the quarter that ended September 30, all federally insured credit unions — including those under \$50 million -- must file a quarterly call report this month to NCUA.

Credit unions up to \$10 million can use NCUA's new short call report (Form 5300SF).

The short form was requested by CUNA's Examination & Supervision Subcommittee and Small Credit Union Subcommittee.

Credit unions up to \$10 million may continue to use the 7-page short form for each 1st-quarter and 3rd-quarter report. ♦

For More, [CLICK HERE](http://www.ncua.org) Small CU Issues www.ncua.org



Serving the Community

CUNA Circulates Financial Literacy Handbook

To show credit unions' commitment to financial literacy, CUNA will distribute its new handbook to all members of Congress and the National Conference of State Legislatures.



"Schools don't spend enough time teaching youth how to manage their money."

- Allan Kemp McMorris,
Chairman
CUNA Financial Literacy
Handbook Task Force

Entitled *Credit Unions Support Financial Literacy in High Schools*, the handbook highlights credit unions' financial education efforts.

The handbook also advocates legislation requiring financial education for teachers as well as students.

Another CUNA task force has chosen a state lawmaker for a Desjardins Award for Financial Literacy.

Michigan State Rep. Michael Bishop (R-Rochester) introduced and passed a law requiring financial education.

He will be honored at CUNA's Governmental Affairs Conference in Washington, February 23-26, 2003. ♦

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



Handbooks are priced at cost (\$4.75) at 1-800-356-9655, ext. 6725. Free printouts are available on CUNA's State Government Affairs Web site.

Kohn Joins Jump\$tart Board

Gary Kohn, CUNA's VP of Legislative Affairs & Senior Legislative Counsel, has been named to the board of the Jump\$tart Coalition for Personal Financial Literacy.



Jump\$tart says CUNA earned the board seat through credit union activities supporting the coalition's goals.

"Financial education is a top priority with credit unions and CUNA," says Kohn. "Through our involvement with the Jump\$tart Coalition, we can expand our support for this vital effort, and help highlight the critical role credit unions play in helping consumers become financially educated and experienced."

Jump\$tart has a 3-part mission:
1) Evaluate the financial literacy of young adults.
2) Develop and encourage the use of standards for grades K-12.
3) Promote teaching of personal finance. ♦

Education Opportunities for Credit Unions

CUNA's Center for Professional Development invites credit unions to "experience learning" and stay warm in November.

For info, call 1-800-356-9655 and the extension listed after each event:

- Volunteer Leadership Institute, November 3-6, Cancun, Mexico (ext. 8068)
- Executive Institute Series: World Class Customer Service, November 10-13, Phoenix, Arizona (ext. 4890)
- Sales and Service Culture Institute, November 10-13, Palm Springs, California (ext. 4892)
- Experience Learning Live!, November 10-13, San Diego, California (ext. 4139)
- Branch Operations

Institute: Part II, November 10-14, San Diego, California (ext. 4139) ♦

For More,
CLICK HERE
Training & Education
www.cuna.org



Christmas CDs Benefit Children's Hospitals

The Children's Miracle Network is asking credit unions to sell compact disks of Christmas songs.

Including counter displays, the CDs' wholesale cost is \$4.49 each.

CMN suggests that credit unions sell each CD at the retail price of \$6.99.

The \$2.50 difference will be donated to each credit union's local CMN-affiliated children's hospital. ♦



To order CDs in counter displays,
call 1-800-276-9658, ext. 105.



The Innovators

OCTOBER 7, 2002



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Small Business Guide Here

Master all the regulations governing member business loans. Learn more about support programs available from federal agencies.

It's all in CUNA's free *Guide to Federal Agencies Serving Member Businesses*.

This guide is the latest result of CUNA's Small Business Summit, where the White House and 6 federal agencies offered ideas to help credit unions serve small busi-



Gene Poitras

nesses in new ways (*NewsWatch*, April 22).

"Small businesses across America need the services of credit unions," observes Gene Poitras, Chairman of CUNA's Business/SEG Services Committee. "Building a strong bond between small business and credit unions builds member loyalty and increases market penetration."

For more info, contact committee liaison Kevin Lytle at 1-800-356-9655, ext. 4001, or email klytle@cuna.coop ♦

For More, **CLICK HERE**
Business/SEG Services
www.cuna.org

SBA Looks to Reduce Loan Size

The Small Business Administration wants to reduce its average loan size from \$233,000.

Credit unions could help. The average credit union member business loan is \$80,000.

In their latest meeting with SBA Administrator Hector Barreto, CUNA and the National Federation of Community Development Credit Unions offered 2 solutions:



- 1) Allow more than just community-wide credit unions to offer SBA-guaranteed loans.
- 2) Simplify SBA's loan application process.

Barreto invited CUNA and NFCD-CU to an upcoming White House conference on small business. ♦

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