



AMERICA'S
CREDIT UNIONS™



FCUL

Florida Credit Union News

A publication of the Florida Credit Union League 

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Embree inducted into FCUL Hall of Fame

Longtime Fairwinds Credit Union employee **Tom Embree** has been honored with the highest award FCUL can bestow upon an individual. Tom, who is retiring after 27 years with Fairwinds on July 1, was selected to be inducted into the FCUL Hall of Fame by the Hall of Fame Nominating Committee. Tom was formally inducted into the FCUL Hall of Fame at the League's 69th Annual Meeting on May 30.

Tom came to Fairwinds Credit Union (then called Navy Orlando Federal Credit Union) in 1978 as an elected official in the



Hall of Fame inductee Tom Embree and FCUL President/CEO Guy Hood

City of Casselberry where he served for 10 years. His political involvement combined with his more than 22 years of U.S. Navy experience made his job as the Legislative Liason for the credit union an obvious fit. He was soon elected to the Florida Credit Union League Board of Directors in 1981 which he served for 12 years. In 1991 he was appointed as a Trustee of the Florida Credit Union Political Action Committee (CUPAC) and served as its chairman in 1992 and 1993.

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Dora Maxwell, Louise Herring Awards announced

The statewide competition in the Dora Maxwell Award for Social Responsibility and the Louise Herring Award for Philosophy in Action has been completed and the winners recognized at the 69th Annual FCUL Convention. Each credit union that was recognized as a first place, second place or honorable mention winner was awarded a plaque at the Convention's general session on May 29.

This year's winners:

Dora Maxwell Award:

\$500 million in assets and above:

1st Place:
Central Florida Educators' FCU

2nd Place:
Pen Air Federal Credit Union

Honorable Mention:
MacDill Federal Credit Union

\$200 million-\$500 million:
1st Place:
Insight Financial Credit Union

2nd Place:
Jax Federal Credit Union

\$100 million-\$200 million:
1st Place:
SunState Federal Credit Union

2nd Place:
Tampa Bay Federal Credit Union

\$50 million-\$100 million:
1st Place:
THE Credit Union of Palm Beach County

2nd Place:
Gold Coast Federal Credit Union

Honorable Mention: NCSC FCU

\$20 million-\$50 million:

1st Place:
JM Associates Federal Credit Union

Louise Herring Award:

\$100 million in assets and above:

1st Place:
Fairwinds Credit Union

2nd Place:
Insight Financial Credit Union

Honorable Mention:
Educational Community Credit Union

Less than \$100 million:

1st Place:
Gold Coast Federal Credit Union

Thank you for helping make the 69th Annual Convention & Exposition such a success by attending.

We look forward to seeing you next year, June 17-19 at the Wyndham Palace in Orlando!

Sincerely yours,
The Florida Credit Union League

Florida Credit Union League Board of Directors

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At Large Director
Tropical Financial CU

John Hirabayashi, 1st Vice Chairman
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Educational Community CU

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President: Guy M. Hood
VP of Communications: Mark Ivester
Managing Editor: Amy Jowers
www.fcu.org

Now, more than ever

Thanks to our friends in the State Legislature and in Congress, the League has been able to keep tabs on the increased efforts of the Florida Bankers Association against credit unions. We've not been surprised to hear as much.

Your League is stepping up its efforts to counter the bankers' propaganda by continuing our schedule of "Hike the Hill" efforts and "meet and greets" in the local areas. Your participation in all these events will be critical.

FCUL draws its strength from the active participation of its affiliates. Time after time we are told how much it means to policymakers and lawmakers to actually visit with real live credit union professionals and volunteers. It's one thing for the paid lobbyists and FCUL staff to visit with these folks, but the bigger impact is made when they meet with you and all of your peers.

It is so critical that we take the opportunity when presented with such to educate our elected officials about credit unions. It is apparent that the bankers will continue to pound home their mantra that large credit unions are simply banks in credit union clothing, a "fact" that bears no similarity with actual truth. Bankers also like to point out how much they pay in taxes and that it just isn't fair to compete with an industry that pays no taxes. Of course, they conveniently forget to mention the fact that 55 banks in Florida, a 300% increase since 1997, are now Subchapter S banks and pay no corporate income taxes.

We also must remember that even though the bankers continue to state they are not interested in taxing small, single-group credit unions, we do know that in their recent paid for "study" it says that if *ALL* credit unions paid every tax they are currently exempt from, the various governments would raise over \$100 million annually. They can't get there without taxing all of us.

Let's also lay to the rest this myth that the bankers keep spreading about the 1951 decision by the Congress to tax savings and loan associations and mutual savings bank. A careful examination of the record, which FCUL has done, clearly reveals the motivation behind that decision. Those institutions became taxed when Congress determined that the tax benefit enjoyed by those institutions were being passed *on to stockholders and not customers*.

As the 1951 law stated, credit unions retained their exemption because they were not-for-profit, democratically controlled and had no stockholders. Period. We must all remember this and be ready to refute this ridiculous notion that other financial institutions were taxed because they began to resemble banks in the services they offered. That simply isn't true.

Now, more than ever, we need you to participate, educate and motivate your brethren. The bankers are on the march. We must all be ready to defend.



Guy M. Hood
President/CEO



**View photos from the 69th Annual
FCUL Convention & Exposition
ONLINE!**

To access the photos go to
<http://www.ClubPhoto.com> and enter
FCUL2003 in the Album Search text box.

Credit Union Political Action

GA Department promises long, productive summer



Aletta Shutes,
Executive VP,
FCUL

With the end of the regular legislative session, the Governmental Affairs department staff began to redirect its focus on what promises to be a fast-paced summer schedule. Grace Potter Freni, Mark Landreth and myself will

travel to events to represent Florida's credit unions and will host what we hope will be a valuable schedule of events just now in formation.

In no particular order, we will attend CUNA's GAPS conference, the National Conference of State Legislatures, the American Legislative Exchange Council, the Democratic Party's Jefferson Jackson event (the Republican Party's Lincoln Day

dinners have already been held), and the Republican Party's annual legislative event. Additionally, an ambitious number of meet & greets, breakfasts, luncheons, dinners, receptions and other events are on tap for the summer. We plan to concentrate on party leadership more than ever before.

The League is increasing its political activity this summer to an even higher level in anticipation of Florida bankers' sure-to-come attack on credit unions' tax exempt status. We will be calling on you to also step up your political action involvement. With the participation of credit union CEOs, senior managers and volunteers, the League's efforts will harvest goodwill for the inevitable time the League will need the assistance of legislators on the Hill.

FCUL's Shutes attends prestigious First Lady's Luncheon in Washington, D.C.

FCUL Executive Vice President Aletta Shutes attended the Annual First Lady's Luncheon last month as the guest of a Florida congressman's wife. The Annual First Lady's Luncheon was originally started for spouses of House, Senate and Cabinet members. Through the years it evolved into an event which allowed the spouses to invite up to two guests to accompany them to the luncheon.

This year, FCUL's Shutes had the honor of being invited by Vicki Miller, wife of Congressman Jeff Miller. The First Lady, Laura Bush, was the keynote speaker. As a special surprise, the wife of British Prime Minister Tony Blair, Cherie Blair, was the honored guest of Mrs. Bush. Mrs. Blair spoke to the group as well.

Aletta Shutes took the occasion to renew old acquaintances with several spouses of Florida congressmen. She also took time to pay a visit to the offices of several members of the Florida congressional delegation.



FCUL Executive VP Aletta Shutes (right) with Vicki Miller, wife of Congressman Jeff Miller

New short form for



CUNA and your League introduced Project Differentiation to a host of groans and moans due to the time required to complete the exercise. Given the importance of the program as a tool for illustrating the credit union difference to state and national legislators, CUNA developed a shorter survey as a means to start kick-start the process.

The new survey-type exercise simplifies the completion of Project Differentiation and is just four pages long. It includes all the elements of the traditional Project Differentiation program. It is intended to highlight the uniqueness of each credit union and provide the details for a "differentiation" document.

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Oh, how sweet it is...

The League GA department has created two candy bar wrappers for credit unions to use to raise money for CUPAC. The idea is to buy Hershey® candy bars by the box and turn around and sell them for \$1. One wrapper is more generic and carries the slogan "For the Sweet Success of Credit Unions" and the other features the Deduct-A-Buck logo along with the "Together We Can Preserve Your Credit Union" slogan. More than 5,000 candy bar wrappers have been distributed to Florida credit unions, and there are more available for your credit union. Call and order the wrapper of your choice today!



It matters what you pay for...

By Clinton Koker



Liz Russell

This is the final article in our 5-part series on incentive planning. Credit unions are constantly working to provide new services to members and enhance their financial situations while ensuring the credit union's longevity. Properly planned incentive programs can help provide the competitive edge needed in today's uncertain economic times.

"Many years ago, when Green Giant discovered too many insect parts in the pea pack from one of its plants, it designed a bonus plan that paid people for insect parts. Green Giant got what it paid for: insect parts. Innovative Green Giant employees brought insect parts from home to add to the peas right before they removed them and collected the bonus." *Source: G.T. Milkovich and J. M Bloom, Compensation, 6th ed. Preface (Irwin/McGraw-Hill, 1999).*

This is a case of getting what you paid for but not what you wanted.

The most effective incentives, as a source of motivation, are those where the "line-of-sight" between individual efforts are directly related to the desired results. Employees can see and understand how their efforts can affect the results.

For example, if my incentive is based on selling new checking accounts, and I have a job that provides the opportunity to sell checking accounts, I should have an excellent line-of-sight between my efforts and the results. It doesn't mean that I will sell checking accounts. It simply means if I were motivated and trained to do so, I could.

On the other hand, if my incentive was based on the credit union's overall growth of checking accounts, my line-of-sight is not quite as clear. If my incentive were based on the contribution our checking program has on ROA, a line-of-sight would be very difficult to establish and maintain. Without the line-of-sight, employees are not likely to be motivated by the incentive.

The Green Giant employees had a clear line-of-sight. The more insect parts found, the more money they made. The problem is that the desired organizational objective (to reduce the number of customer complaints about insect parts) was not what they paid for. In this case, a better objective would have been one where the direct line-of-sight might not be so close. Instead of paying employees for the number of insect parts they found, pay them for a reduction in the number of customer complaints about insect parts in peas. Line-of-sight would need to be established by management through communications. The incentive would also be a group incentive, not an individual incentive.

Obviously, individual incentives based on individual results have the greatest likelihood of meeting the line-of-sight criteria. However, incentive programs that are not sales related can be just as effective, utilizing group incentives matched up with organizational (company wide, division, department, work group) objectives. In fact, team or group incentives can be much more effective than individual incentives. They just need to be designed correctly and require more communications to help employees establish a better line-of-sight.

Clinton Koker is CEO of Koker Goodwin & Associates, a performance-based compensation consulting firm that partners with the League is providing compensation and performance programs to member credit unions. He can be reached on the Web at Clinton@KGAssociates.com or by calling 800.897.3308.

A foundation for credit unions



Connie Stoutamire

The 2003 Annual Drive Fund is underway for The Florida Credit Union Foundation. The foundation is truly "People Helping People." With your contribution, many credit unions—that otherwise might not have the resources—are able to provide valuable training for staff and volunteers.

A sincere thank you to the following credit unions for their donation:

Platinum level (\$1,000 or more)

Eastern Financial Florida CU
Pen Air FCU
Tropical Financial CU

Gold level (\$500-\$999)

Florida State University CU
TMH FCU
Duval FCU
Bay Gulf CU
Campus USA CU
Central Florida Educators' FCU

Silver level (\$250-\$499)

Flag CU
Envision CU
Community Educators' CU
Florida Aircraft FCU
St. Petersburg Municipal Employees CU

Bronze level (\$100-\$249)

San Antonio Citizens FCU
Central FL Healthcare FCU
Ed Gallagly, President, Florida Central CU
HSN FCU
Boca Raton Employees FCU
Florida West Coast CU
Florida Customs FCU
Coast to Coast CU



Regulatory Update

Bill Berg, CCUE, CUCE, vice president of compliance, brings regulatory changes to your attention through this column. If anyone has questions or suggestions for additional topics, call 800.342.1266 or 850.576.8171 ext. 1028, FAX to 850.558.1029 or e-mail billb@fcu.org.

Proposal Revising PCA Rule on Net Worth Restoration Amendment (NWRA)

The NCUA Board approved a proposal revising the PCA rule on a Net Worth Restoration Amendment (NWRA). The proposal would allow credit unions to submit an abbreviated 1st tier net worth restoration plan in lieu of a standard net worth restoration plan in the event net worth falls marginally below “adequately capitalized” because rapid share and deposit growth temporarily outstrip income growth.

Eligibility for the NWRA is based on historical net worth, growth and performance.

First, the credit union’s current net worth ratio must be at least 5.5 percent preceded by three quarters with a minimum six percent ratio. If a risk-based net worth requirement applies, the credit union must not have failed it by more than 50 basis points.

Second, over the current and three preceding quarters the credit union’s net worth ratio must have increased by the equivalent of 60 basis points return on average assets. Third, growth in total assets over the current and three preceding quarters cannot exceed 110 percent growth in net worth, shares and deposits over that period.

Final Rule on Annual Adjustment of Mortgage Fee Amount Triggering HOEPA Requirements

The Fed published a final rule amending the staff commentary that interprets the requirements of Regulation Z. As required, the Board annually adjusts the dollar amount that triggers requirements for certain mortgages bearing fees above a certain amount. The Home Ownership and Equity Protection Act (HOEPA) sets forth rules for home secured loans in which the total points and fees payable by the consumer at or before loan consummation exceed the greater of \$400 or eight percent of the total

loan amount. As required, the Board annually adjusted the \$400 amount based on the annual percentage change reflected in the Consumer Price Index that is in effect on June 1. The adjusted dollar amount for 2003 is \$488.

The effective date of this rule was January 1, 2003.

E-SIGN Act Housing Foreclosure, Repossession, and Default Notices Exception

The Electronic Signature in Global and National Commerce Act (E-SIGN Act) validates and facilitates the use of electronic records and signatures and removes uncertainty about the validity of contracts that are entered into electronically. An exception in the E-SIGN Act applies to notices of default, acceleration, repossession, foreclosure or eviction with regard to an individual’s primary residence. This means that the E-SIGN Act does not apply to these notices.

The Department of Commerce is soliciting comments to determine whether this exception continues to be necessary for the protection of consumers: simplify prompt corrective action (PCA) rule, Part 702. The final rule provides a tiered system of minimum capital standards for federally insured credit unions and corresponding remedies to restore net worth. The numerous rule revisions include:

- New risk-based net worth (RBNW) “alternative components” for “callable” long-term real estate loans and for loans sold with partial recourse;
- Relaxed minimum quarterly earnings retention requirement for “adequately capitalized” new credit unions; and
- Relaxed requirements for regulator consent to charge losses to the regular reserve and to pay dividends from the regular reserve when undivided earnings are depleted.

This rule is effective on January 1, 2003.

The Telephone Consumer Protection Act (TCPA)

The Federal Communications Commission (FCC) issued a notice of proposed rulemaking (NPRM) under the Telephone Consumer Protection Act. The FCC seeks to review the practices used to market goods and services over the telephone and facsimile machine that are the focus of the TCPA and the Commission’s implementing regulations. In doing so, the FCC asks whether it should refine its existing rules on the use of autodialers, prerecorded messages and unsolicited facsimile advertisements; adopt any additional rules to ensure that the telemarketing requirements protect the privacy of individuals and permit legitimate telemarketing practices; and reconsider the option of establishing a national do-not-call list as authorized by Congress in the TCPA.

Flood Hazard Determination Form

NCUA posted the revised Flood Hazard Determination Form that became mandatory on March 1. The form is used for determining whether real property offered as collateral on a loan is located in a special flood hazard area. Revisions were made by the Federal Emergency Management Agency (FEMA). A copy of the form with instructions is attached to NCUA’s *Regulatory Alert*.

Financial Trends for 2002

The NCUA posted its analysis of *Financial Trends for Federally Insured Credit Unions* through year-end 2002. The six-page analysis examines trends in net worth, shares, loans, delinquencies, investments, earnings, liquidity, asset/liability management and risks.



Send submissions for the "News From You" section to the League by the first of each month.

Florida House Representative attends Northeast Chapter meeting

The Northeast Florida Chapter of Credit Unions was thrilled to have as its guest at a recent Chapter meeting, the newest member of the Florida House, Rep. Jennifer Carroll (R-13). Rep. Carroll was elected April 15, 2003 in a special election to replace Mike Hogan who resigned to run for Duval County Tax Collector (he was also successful in his race which was decided on May 15, 2003). Rep. Carroll visited with the almost every credit union leader in the room and stayed for the entire dinner meeting. Grace Potter Freni, FCUL Director of Political Action, was on hand for the meeting to give a League update. "The Northeast Chapter did a great job making Rep. Carroll feel welcome and as a result, our ties with her will be stronger," said Grace.



Left to Right: Ernie Webster, JAX FCU Board Member and his wife Ann; Rep. Jennifer Carroll (R-13); and Mark Cammuso, JAX FCU, VP, Information Systems.

FOCUS Credit Union's Marianna branch construction underway

The groundbreaking for FOCUS Credit Union's newest branch, located in Marianna, was held May 22. Construction is expected to finish and the credit union to

open third quarter of this year.

The credit union's main office is in Chattahoochee with another branch located in Quincy.



Left to Right: David Pinson, Chairman, Board of Directors; Russell Rodgers, Board Member; Ben Dudley, Board Member; Terry Holt, Board Member; Bill Enfinger, CCUE, President/CEO; Jo Johns, Executive Vice President; David Periloux, Job Superintendent.

SunState FCU wins NAFCU's 2003 Innovation Showcase Award

SunState Federal Credit Union recently received the national first place Innovation Showcase award from the National Association of Federal Credit Unions. SunState received the award for innovative use of technology to improve member satisfaction with the credit union by identifying ways the credit union could save members time and money on an individual basis. The innovation was developed as a joint project between the Information Services and Marketing Departments at the credit union.

Sunshine State elects Directors to Board

Sunshine State Credit Union is pleased to announce the election of Thomas E. Napier, S. Strom Maxwell and Keith A. Hopkins to its Board of Directors. Mr. Napier continues on the board and will be Chairman for 2003. Mr. Maxwell also continues on the board and will be Secretary. Mr. Hopkins is a first time director.

The election was held on April 22, at the credit union's 51st Annual Meeting.



Tom Napier, Chairman

Strom Maxwell, Secretary

Keith Hopkins, Director

Schumacher, Tampa Bay FCU-TPD'S 2003 Citizen/Business of the Year

The Tampa Police Department (TPD) recognized **Tampa Bay FCU** and Dale Schumacher, CCUE, CEO/President, as its 2003 Citizen/Business of the Year, recently. The ceremony was held at the Florida Aquarium in Tampa with Police Chief Bennie Holder and Tampa's new Mayor Pam Iorio presiding.

For many years, the credit union has teamed with the TPD to accomplish a number of community service related goals and introduce innovative programs. According to Chief Holder, "the partnership between the credit union and TPD has strengthened and grown as a direct result of the leadership and direction of Dale Schumacher."

"It is quite an honor to be recognized as a leader in your community," said Dale

Schumacher, "but it is a team effort. Without the support of the Board of Directors and our team of professionals, such recognition would not be possible."



Left to right: Tampa Mayor Pam Iorio; Dale Schumacher, CCUE, CEO, Tampa Bay FCU; and Police Chief Bennie Holder

GTE FCU breaks ground on new headquarters

GTE Federal Credit Union broke ground on its new headquarters on April 21, as more than 150 guests looked on.

The twelve and a half acre campus will serve as a hub for the credit union's operations. Phase I encompasses the

construction of a four story, 125,085 square foot headquarters building and a 20,000 square foot Information Technology center. Additional space has been earmarked for future growth and expansion.

Embree inducted into Hall of Fame

CUPAC grew during Tom's tenure as a Trustee, and even after his term ended, he remained enthusiastic about its phenomenal growth during the last 10 years. He has been proud to see CUPAC and the FCUL Governmental Affairs activities develop from a minor force to a power that elected officials now recognize and respect. Tom was certainly a part of this effort, especially in Central Florida, and we can all be thankful that because of efforts like his, credit unions are not only on the radar scope, they are a dominant player in the political arena.

"Tom's special talent involves his ability to meet with government officials, legislators in Tallahassee and members of

Congress," says Ed Baranowski, Fairwinds President and CEO.

From "Hiking the Hill" each year in Washington to hosting political meet and greets year round, Tom Embree has been a political activist determined to fight for the credit union industry. Although his imprint on credit union history may not be written in books or literature, it is leaders like him that make it possible for all of us to support an industry truly concerned about "People Helping People."

Tom was completely surprised by the award and thanked the group present at the Annual Meeting with a short emotional comment.

Project Differentiation

continued from page 1

Each credit union should complete the survey to the best of their ability. It is not necessary to fill-out every section. The idea is to identify and select the programs and services that will tell your credit union's story to a policymaker. What is the history of your credit union and the members you serve? What does your credit union do that is different than the other financial institutions in your area? What are your success stories? Has your credit union served individuals who have been turned away by another institution? How are you serving the people of your community—the same people who are constituents of your elected officials?

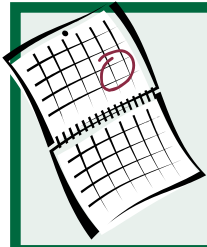
Once your credit union has completed the survey, you should have enough information to prepare a "differentiation" document, something kin to a promotional essay or brochure telling your story. Share your completed survey and "differentiation" document with your League. In providing these documents, you will be assisting the Leagues and CUNA in collecting data that can be used for lobbying and regulatory advocacy. The League will notify CUNA that you have completed Project Differentiation.

Bring your finished brochure/document to your meetings with your legislators and policymakers. Use the information as a tool in your discussions. Leave a copy behind when you meet with legislators and staff.

This document should also be shared with your membership. It's a great way to remind them why they love their credit union.

If you have questions or would like a copy of the new short form, please call Grace in the GA Department at 800.342.1266 ext. 1010.

Next month's
Florida Credit Union News
will feature more events
and photos from the
**69th Annual FCUL
Convention & Exposition.**
Be on the lookout...
you might see someone
you know!



FCUL Calendar of Events

CHAPTER MEETINGS

For further information, please refer to the League Website

www.fcul.org

June 2003

Date Event

Deposit Account Compliance

18 Webcast - Fee: \$149

CUNA Mutual Discovery Conference

25-28 Boca Raton - Fee: \$850

SE Supervisory Committee Conference

26-28 Savannah, GA - Fee: \$300

July 2003

Date Event

SRCUS Directors Conference

13-16 Hilton Head, SC - Fee: \$450

Broward Chapter

June 19

Central Florida Chapter

July 10

Escambia Chapter

July 10

Tallahassee Chapter

June 19

The *Florida Credit Union News* is a monthly publication of the Florida Credit Union League (www.fcul.org). For business information or subscriptions, write the Florida Credit Union League, P.O. Box 3108, Tallahassee, FL 32315-3108, call (800) 342-1266, or e-mail amy.jowers@fcul.org. Two copies are supplied free to each affiliated credit union in Florida. Additional copies may be purchased for \$3 per issue or \$36 for a single one-year subscription. Articles may be submitted to the editor for publication and are subject to editing and approval.

President: Guy M. Hood

VP of Communications: Mark Ivester

Managing Editor: Amy Jowers



Florida Credit Union League

P.O. Box 3108

Tallahassee, Florida 32315-3108

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